



NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

and

MANAGEMENT INFORMATION CIRCULAR

**ANNUAL AND SPECIAL MEETING OF UNITHOLDERS
TO BE HELD ON JUNE 16, 2015**

May 7, 2015

These materials require your immediate attention. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors.

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InnVest

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NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

TO: THE UNITHOLDERS OF INNVEST REAL ESTATE INVESTMENT TRUST

TAKE NOTICE that the annual and special meeting of unitholders (the “**Meeting**”) of InnVest Real Estate Investment Trust (the “**REIT**”) will be held

on **Tuesday, June 16, 2015**
at **2:00 p.m. (Toronto time)**
at the **Royal York Hotel, 100 Front Street West, Lobby Level (Imperial Room), Toronto, Ontario, Canada M5J 1E3**

for the following purposes:

- to receive the consolidated financial statements of the REIT for the year ended December 31, 2014 and the auditors’ report thereon;
- to appoint the auditors of the REIT and authorize the trustees of the REIT (“**Trustees**”) to fix the remuneration of the auditors;
- to consider, and if thought appropriate, pass a special resolution authorizing an amendment to the declaration of trust governing the business and affairs of the REIT (the “**Declaration of Trust**”) to permit the REIT to have a maximum of ten Trustees with immediate effect, as described more fully in the management information circular accompanying this notice (the “**Circular**”);
- to consider, and if thought appropriate, pass a resolution fixing the number of Trustees at ten, as described more fully in the Circular;
- to elect eight Trustees;
- to consider, and if thought appropriate, pass a special resolution authorizing an amendment to the Declaration of Trust to make certain changes to section 2.9 of the Declaration of Trust regarding the compensation of the Trustees, as described more fully in the Circular;
- to consider, and if thought appropriate, pass a resolution approving the adoption of a deferred unit plan for the REIT’s non-employee Trustees and ratifying the grant of certain deferred units to the Trustees pursuant to such plan, as described more fully in the Circular; and
- to transact any other business properly before the Meeting.

Unitholders of record as of the close of business on May 15, 2015 will be entitled to vote at the Meeting or at any adjournment thereof.

Whether or not you plan to attend the Meeting in person, please complete the enclosed form of proxy and return it in the postage prepaid envelope to Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1. To be effective, your proxy must be received by Computershare Trust Company of Canada no later than 2:00 p.m. (Toronto time) on Friday, June 12, 2015 or such later time as the Chairman of the Meeting may determine.

By order of the Board of Trustees,

(signed) *Andrew C. Coles*

Andrew C. Coles
President and Chief Executive Officer

Toronto, Ontario
May 7, 2015

GLOSSARY OF TERMS

The following terms shall have the meanings set forth below when used in this Circular unless the context requires otherwise. These defined terms are not always used in and may not conform exactly to the defined terms used in the schedules to this Circular or any agreements referred to herein.

“Additional Deferred Units” has the meaning specified under *“Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - Summary of Deferred Unit Plan - Distributions”*;

“AFFO” means adjusted funds from operations (formerly referred to by InnVest as “distributable income”), which is used by InnVest as a measure of normalized cash flow in order to assess its ability to fund distributions for current or potential investors. InnVest calculates adjusted funds from operations based on funds from operations (FFO) adjusted for: (i) non-cash deferred financing charges; (ii) the reserve for replacement of furniture, fixtures and equipment and capital improvements; and (iii) any other adjustment determined by the Trustees in their discretion;

“Administrative Services Agreements” means, collectively, (i) the amended and restated administrative services agreement dated July 1, 2012 between the REIT and the Manager, as may be further amended, supplemented or replaced in accordance with its terms from time to time, and (ii) the Operator Administrative Services Agreement;

“Average Market Price” has the meaning specified under *“Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - DU Plan Aggregate and Individual Limits”*;

“Board” means the board of trustees of the REIT;

“Board Size Resolution” means the ordinary resolution fixing the number of Trustees at ten and authorizing the Board to change the number of Trustees from time to time within the minimum and maximum specified in the Declaration of Trust, the text of which is set out at *“Business of the Meeting - IV - Size of Board”*;

“CDS” means CDS Clearing and Depository Services Inc. or its nominee (which is, at the date hereof, CDS & Co.), together with its successors from time to time;

“CEO” means the Chief Executive Officer of InnVest;

“CFO” means the Chief Financial Officer of InnVest;

“Chairman” means Chairman of the Board;

“Charter of the Board” means the written mandate of the Board, a copy of which is attached hereto as Schedule A;

“Circular” means this management information circular dated May 7, 2015 and the schedules hereto;

“CSA” means the Canadian Securities Administrators;

“CSA Governance Requirements” means, collectively, NI 58-101 and NP 58-201;

“Declaration of Trust” means the declaration of trust governing the business and affairs of the REIT, as amended, supplemented or replaced in accordance with its terms from time to time;

“Deferred Unit” or **“DU”** means a notional security, equivalent in value to one Unit, which evidences an entitlement of a DU Plan Participant to acquire Units. A DU does not entitle the holder to voting or other Unitholder rights, including, without limitation, voting rights, distribution entitlements (other than as set out in the Deferred

Unit Plan) or rights on liquidation. DUs are redeemable for Units issued from treasury, or purchased on the open market, at the option of the REIT, on or after the date the trustee ceases to be a member of the Board;

“Deferred Unit Plan” means the compensation plan that forms part of the structure of the Trustees’ annual compensation, with an effective date of October 21, 2014 and which remains subject to Unitholder approval at the Meeting;

“Deferred Unit Plan Resolution” means the ordinary resolution approving the adoption of the Deferred Unit Plan and ratifying and confirming the grant of an aggregate of 165,394 Deferred Units prior to the Meeting pursuant to the Deferred Unit Plan, the text of which is set out at *“Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants”*;

“Discretionary DUs” has the meaning specified under *“Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - Summary of Deferred Unit Plan - Awards of Discretionary DUs”*;

“DRIP” means the REIT’s Third Amended and Restated Distribution Reinvestment Plan dated August 19, 2014;

“DU Plan Participants” has the meaning specified under *“Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - Summary of Deferred Unit Plan - Eligibility”*;

“Elected DUs” has the meaning specified under *“Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - Summary of Deferred Unit Plan - Elected DUs”*;

“Executive Incentive Plan” means the executive incentive plan of the REIT, as may be amended, supplemented or replaced from time to time;

“Executive Officers” means the CEO, the CFO, the Managing Director, the Vice President Taxation and Treasury of the REIT and the Vice President Finance and Investor Relations of the REIT;

“Executive Plan Participant” has the meaning specified under *“Securities Authorized for Issuance Under Equity Compensation Plans - Description of Executive Incentive Plan”*;

“Hugessen” means Hugessen Consulting Inc.;

“Independent Trustee” means the Trustees of the REIT that are determined to be independent for the purposes of all applicable regulatory and stock exchange requirements;

“InnVest” or **“REIT”** means InnVest Real Estate Investment Trust or, where the context so requires, the Trustees acting in their capacity as trustees of the REIT;

“Intermediary” means a participant in the book-based system administered by CDS with whom a Non-Registered Holder deals in respect of Units, such as, among others, banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered deferred income plans;

“KingSett Capital” means KingSett Real Estate Growth LP No. 5;

“Lead Independent Trustee” means the lead independent trustee of the Board whose responsibilities include: calling, setting the agenda and chairing meetings of the independent Trustees; in consultation with the Chairman, approving the agenda for Board meetings; as requested, advising management on the quality, quantity, appropriateness and timeliness of information sent to the Board; coordinating the activities of the independent Trustees and acting as a liaison between the independent Trustees and the Chairman and management; and such other duties and responsibilities as the Board may determine from time to time;

“Management Agreement” means the amended and restated master hotel management agreement dated April 21, 2014 between the Operator, the Manager and InnVest, as may be amended, supplemented or replaced from time to time;

“Manager” means Westmont Hospitality Canada Limited;

“MD&A” means a completed Form 51-102F1 - *Management’s Discussion & Analysis*;

“Meeting” means the annual and special meeting of Unitholders to be held on June 16, 2015, including any adjournment(s) or postponement(s) thereof, to conduct the business described in the Notice;

“Meeting Materials” means, collectively, the copies of the Notice, this Circular and the form of proxy or voting instruction form distributed by the REIT to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders;

“Named Executive Officer” or **“NEO”** has the meaning given to that term in Form 51-102F6 - *Statement of Executive Compensation* adopted by the CSA;

“NI 51-102” means National Instrument 51-102 - *Continuous Disclosure Obligations* adopted by the CSA;

“NI 52-109” means National Instrument 52-109 - *Certification of Disclosure in Issuers’ Annual and Interim Filings* adopted by the CSA;

“NI 52-110” means National Instrument 52-110 - *Audit Committees* adopted by the CSA;

“NI 54-101” means National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* adopted by the CSA;

“NI 58-101” means National Instrument 58-101 - *Disclosure of Corporate Governance Practices* adopted by the CSA;

“NP 58-201” means National Policy 58-201 - *Corporate Governance Guidelines* adopted by the CSA;

“Non-Registered Holder” means a beneficial holder of Units that holds its Units through an Intermediary;

“Notice” means the public notice of the Meeting accompanying this Circular;

“Number of Trustees Amendment Resolution” means the special resolution authorizing and approving an amendment to the Declaration of Trust to increase the maximum number of Trustees of the Board from nine to ten, the text of which is set out at *“Business of the Meeting - III - Amendment of the Declaration of Trust Regarding the Maximum Number of Trustees”*;

“Operator” means InnVest Hotels LP, a wholly-owned indirect subsidiary of the REIT;

“Operator Administrative Services Agreement” means the amended and restated administrative services agreement dated July 1, 2012 between the Operator and the Manager, as may be further amended, supplemented or replaced from time to time;

“Orange Capital” means Orange Capital, LLC;

“Payment Date” has the meaning specified under *“Securities Authorized for Issuance Under Equity Compensation Plans - Description of Executive Incentive Plan”*;

“subsidiary” includes, without limitation, a limited partnership, the limited partnership units of which are held directly and the general partner interest of which is held through a wholly-owned corporate subsidiary, and a trust, the voting beneficial interests in which are held directly or together with another subsidiary;

“Trustee Compensation Amendment Resolution” means the special resolution authorizing and approving the amendment of section 2.9 of the Declaration of Trust to remove the requirement that 50% of the Trustees’ annual compensation be payable in Units, and removing the language prescribing certain annual retainer and meeting fee amounts, the text of which is set out at *“Business of the Meeting - VI - Amendment of the Declaration of Trust Regarding Trustee Compensation Matters”*;

“Trustee Fees” has the meaning specified under *“Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - Summary of Deferred Unit Plan - Elected DUs”*;

“Trustees” means the trustees of the REIT from time to time.

“TSX” means the Toronto Stock Exchange;

“Unit” means a trust unit of the REIT;

“Unitholders” means the holders of Units, and **“Unitholder”** means any one of them;

“Westmont” means Westmont Hospitality Group, Inc.; and

“Westmont Group” means the group of entities under common control commonly referred to as the Westmont Hospitality Group, including Westmont Hospitality Group, Inc., Westmont Hospitality Management Limited, Westmont Hospitality Canada Limited, the Manager, Maple Leaf, Westmont Holdings and other related companies.

INVEST REAL ESTATE INVESTMENT TRUST MANAGEMENT INFORMATION AND PROXY CIRCULAR

Unless otherwise indicated, all information contained herein is given as at May 7, 2015 and all dollar amounts are expressed in Canadian dollars.

SOLICITATION OF PROXIES AND VOTING AT THE MEETING

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the REIT for use at the Meeting and any adjournment(s) or postponement(s) thereof for the purposes set forth in the accompanying Notice. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited by telephone or by agents of the REIT. The costs of solicitation will be borne by the REIT.

The REIT is sending paper copies of the Meeting Materials to registered Unitholders and, indirectly through Intermediaries, to Non-Registered Holders, and is not relying on the “notice-and-access” delivery procedures specified in NI 51-102 and NI 54-101.

The Board has fixed the close of business on May 15, 2015 as the record date for the Meeting, being the date for the determination of registered holders of Units entitled to receive notice of the Meeting. Duly executed and completed proxies must be received by the transfer agent, Computershare Trust Company of Canada, at the address set out below no later than 2:00 p.m. (Toronto time) on June 12, 2015 or, if the Meeting is postponed or adjourned, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Ontario) before the time of the Meeting.

Appointment of Proxies

Registered Unitholders

The persons named in the form of proxy accompanying this Circular are Trustees or officers of the REIT. **A registered Unitholder has the right to appoint as proxy holder a person or company (who is not required to be a Unitholder), other than any person or company designated as proxy holder in the form of proxy, to attend and act on such Unitholder’s behalf at the Meeting, either by inserting such other desired proxy holder’s name in the blank space provided on the proxy and deleting the names thereon, or by substituting another proper form of proxy.** Whether or not you intend to be present at the Meeting, you are asked to complete the enclosed form of proxy and return it in the envelope provided.

To be valid, the enclosed form of proxy must be dated and executed by the registered Unitholder or the officer or attorney of such registered Unitholder, duly authorized in writing. If the proxy is executed by an attorney, a copy of the instrument appointing the attorney must accompany the proxy. Proxies to be used at the Meeting may be deposited with the REIT’s transfer agent, Computershare Trust Company of Canada, by no later than 2:00 p.m. (Toronto time) on June 12, 2015, or, if the Meeting is postponed or adjourned, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Ontario) before the time of the Meeting, unless otherwise determined by the Chairman of the Meeting in his sole discretion. Late proxies may be accepted or rejected by the Chairman of the Meeting at his or her discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice. Proxies may be delivered to Computershare Trust Company of Canada as follows:

In person or by courier or mail: Computershare Trust Company of Canada 100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

By facsimile: 1-866-249-7775 (toll-free, North America only)

Non-Registered Unitholders

Only registered Unitholders, or the respective persons or companies they appoint as their proxies, are permitted to attend and vote at the Meeting. Each of the Units is registered in the name of CDS, as depository, and is beneficially owned by a Non-Registered Holder.

A Non-Registered Holder is entitled to direct how the Units beneficially owned by such holder are to be voted. A Non-Registered Holder may obtain a form of proxy from its Intermediary that will entitle the Non-Registered Holder to attend and vote at the meeting.

In accordance with the requirements of NI 54-101, the REIT has distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Investor Communication Solutions) to forward the Meeting Materials to Non-Registered Holders. The REIT intends to pay for Intermediaries to deliver the Meeting Materials to “objecting beneficial owners” (as defined in NI 54-101).

Non-Registered Holders who have not waived the right to receive Meeting Materials will in most cases receive a voting instruction form but may in some cases receive a form of proxy instead. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Units they beneficially own. Non-Registered Holders should follow the particular procedure that corresponds to the type of form they receive, as set out below.

- **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the internet. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions on the form and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder.
- **Form of Proxy.** In some cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically in the form of a stamped facsimile signature) which is restricted as to the number of Units beneficially owned by the Non-Registered Holder but which is otherwise not complete. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the Non-Registered Holder must insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided. The Non-Registered Holder must complete, sign and return the form of proxy to the REIT’s transfer agent, Computershare Trust Company of Canada, by no later than 2:00 p.m. (Toronto time) on June 12, 2015, or, if the Meeting is postponed or adjourned, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Ontario) before the time of the Meeting, unless otherwise determined by the Chairman of the Meeting in his sole discretion. Proxies may be delivered to Computershare Trust Company of Canada as follows:

In person or by courier or mail: Computershare Trust Company of Canada 100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

By facsimile: 1-866-249-7775 (toll-free, North America only)

Non-Registered Holders should follow the instructions on the forms they receive and contact their Intermediary promptly if they need assistance.

Revocation of Proxies

A registered Unitholder who has given a proxy pursuant to this solicitation may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by instrument in writing executed by the Unitholder or by the officer or attorney of such Unitholder, duly authorized in writing, (a) delivered to Computershare Trust Company of Canada, in such manner and at such address as specified above, at any time up to and including the close of business on the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof at which the proxy is to be used, (b) deposited with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjourned or postponed Meeting, or (c) in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form (or a waiver of the right to receive the Meeting Materials and to vote) given to an Intermediary at any time by written notice to the Intermediary, but an Intermediary may set a deadline for receipt of a notice of revocation that is earlier than the earliest deadline specified in the paragraph above.

Voting of Units Represented by Proxies

Units represented by proxies will be voted or withheld from voting in accordance with the instructions of the Unitholder on any ballot that may be called for. The proxy confers discretionary authority upon the persons named therein with respect to (a) each matter or group of matters identified therein where the Unitholder does not specify a choice with respect to any matter to be acted on, (b) amendments or variations to matters identified in the Notice, and (c) such other matters as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof, whether or not such other amendment, variation or other matter that comes before the Meeting is routine or is contested. If the Unitholder specifies a choice with respect to any matter to be acted upon, the Units represented by the proxy will be voted accordingly. **In respect of a matter that is identified in the Notice but for which either no choice is specified or no provision is otherwise made in the proxy, the nominees named in the accompanying proxy will vote Units represented by the proxy FOR the approval of such matter.**

At the date of this Circular, management of the REIT is not aware of any amendments or variations or other matters to come before the Meeting other than the matters referred to in the Notice. **With respect to amendments or variations to matters identified in the Notice or other matters that may properly come before the Meeting, such Units will be voted by the persons so designated in their discretion, whether or not such other amendment, variation or other matter that comes before the Meeting is routine or is contested.**

Voting at Meeting and Quorum

On May 15, 2015, there were 122,224,356 Units issued and outstanding. Each Unit entitles its holder to one vote at meetings of Unitholders. Holders of Units of record at the close of business on May 15, 2015, the record date established for notice of the Meeting, will be entitled to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, either in person or by proxy.

Unless otherwise required by law or by the Declaration of Trust, every question coming before the Meeting or any adjournment(s) or postponement(s) thereof shall be decided by the majority of the votes duly cast on the question. The quorum at the Meeting or any adjournment(s) or postponement(s) thereof shall consist of at least two individuals present in person, each of whom is a Unitholder or a proxy holder representing a Unitholder, and who in the aggregate hold or represent by proxy not less than 25% of the total votes attached to all outstanding Units.

INFORMATION REGARDING INNVEST REAL ESTATE INVESTMENT TRUST

Principal Holders of Units

To the knowledge of the Trustees and the Executive Officers and based on public filings, as at the date of this Circular, there is no direct or indirect beneficial owner of, nor any person who exercises control or direction over, Units carrying 10% or more of the votes attached to the outstanding Units, other than KingSett Capital, which exercises control or direction over 20,656,657 Units, representing approximately 16.9% of the outstanding Units, Beutel Goodman & Company Ltd. which, exercises control or direction over 15,546,700 Units, representing approximately 12.7% of the outstanding Units. In addition, Orange Capital exercises control or direction over 12,114,596 Units, representing approximately 9.9% of the outstanding Units, and Westmont Group exercises control or direction over 9,340,234 Units, representing approximately 7.6% of the outstanding Units.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise set out herein, none of the Trustees or Executive Officers, nor any person who has held such a position since the beginning of the last completed financial year end of the REIT, nor any proposed nominee for election as a Trustee, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of trustees and the appointment of the auditors.

BUSINESS OF THE MEETING

I – Financial Statements

The consolidated financial statements for the fiscal year ended December 31, 2014, together with the auditors' report thereon, were mailed to the Unitholders who requested them with the Notice and this Circular. No vote by the Unitholders is required with respect to this matter.

II – Appointment of Auditors

As supported by a detailed assessment of the audit quality conducted by the Audit and Risk Committee, the Board proposes that Deloitte LLP be re-appointed as the auditors of the REIT to hold office until the close of the next annual meeting of Unitholders and that the Board be authorized to fix the remuneration of the auditors. Unless a Unitholder specifies in the accompanying form of proxy that persons named by management therein are to withhold votes or vote against the re-appointment of the auditors (or if the Unitholder specifies in the form of proxy that in lieu of such persons another person or company will act as the Unitholder's proxy), the persons named by management therein intend to vote the proxy for the re-appointment of the auditors. **The Trustees unanimously recommend that Unitholders vote in favour of the re-appointment of the auditors.**

III – Amendment of the Declaration of Trust Regarding the Maximum Number of Trustees

Section 2.1 of the Declaration of Trust currently provides that the REIT shall have a minimum of five and a maximum of nine Trustees. The number of Trustees is currently nine. As described below under the heading "*Business of the Meeting - V - Election of the Board*", it is proposed that the Declaration of Trust be amended to upwardly adjust the maximum number of Trustees from nine to ten in order to permit the election of the REIT's President and CEO, Andrew C. Coles, to the Board at the Meeting.

Accordingly, Unitholders are being asked to consider and, if thought appropriate, to pass, with or without variation, the "Number of Trustees Amendment Resolution", the text of which is set out below, authorizing a new maximum of ten Trustees and authorizing the corresponding amendments to the Declaration of Trust to reflect such new maximum number of Trustees. The Number of Trustees Amendment Resolution will take effect once passed by Unitholders at the Meeting in order to permit the election of Mr. Coles.

The proposed amendments to the Declaration of Trust described above would be reflected in an amending agreement substantially in the form attached as Schedule C to this Circular, which requires the approval of two-thirds of the votes cast by Unitholders represented at the Meeting, present in person or by proxy. Unless a Unitholder specifies in the accompanying form of proxy that persons named by management therein are to vote against the Number of Trustees Amendment Resolution, the persons named by management therein intend to vote the proxy in favour of the Number of Trustees Amendment Resolution. **The Trustees unanimously recommend that Unitholders vote in favour of the Number of Trustees Amendment Resolution.**

Number of Trustees Amendment Resolution

“BE IT RESOLVED THAT:

1. the REIT (as defined below) is hereby authorized to increase the maximum number of trustees (the “**Trustees**”) of the board of the REIT (the “**Board**”) from nine to ten, with immediate effect;
2. the Trustees are hereby authorized and directed to enter into, execute and deliver an amending agreement in respect of the fourth amended and restated declaration of trust of InnVest Real Estate Investment Trust (the “**REIT**”) dated July 1, 2012, as amended, substantially in the form of the amending agreement attached as Schedule C to the management information circular of the REIT dated May 7, 2015, with such changes as the Trustees may determine to be necessary or advisable to carry out the intention of the resolution set forth in paragraph 1, such determination being conclusively evidenced by the execution and delivery of such amending agreement; and
3. any Trustee or officer of the REIT is hereby authorized to enter into, execute or cause to be executed on behalf of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, or cause to be done all such other acts and things, as such Trustee or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination being conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing.”

IV – Size of Board

The Declaration of Trust currently provides that the REIT shall have a minimum of five and a maximum of nine Trustees. As set out above in “*Business of the Meeting - III - Amendment of the Declaration of Trust regarding the Maximum Number of Trustees*” it is proposed that Unitholders approve the Number of Trustees Amendment Resolution at the Meeting authorizing that the maximum size of the Board be increased from nine Trustees to ten, with immediate effect.

Accordingly, if the Number of Trustees Amendment Resolution is passed by the required majority of Unitholders at the Meeting as described above, Unitholders will be asked to consider and, if thought appropriate, to pass, with or without variation, the “Board Size Resolution”, the text of which is set out below, fixing the number of Trustees at ten and authorizing the Board to change the number of Trustees from time to time within the minimum and maximum specified in the Declaration of Trust.

In accordance with the requirements of the Declaration of Trust, the Board Size Resolution must be approved by a majority of the votes cast by Unitholders represented at the Meeting, present in person or by proxy. Unless a Unitholder specifies in the accompanying form of proxy that persons named by management therein are to vote against the Board Size Resolution, the persons named by management therein intend to vote the proxy in favour of the Board Size Resolution. **The Trustees unanimously recommend that Unitholders vote in favour of the Board Size Resolution.**

Board Size Resolution

“BE IT RESOLVED THAT:

1. the number of trustees (“**Trustees**”) of InnVest Real Estate Investment Trust (the “**REIT**”) is hereby fixed at ten;
2. the Trustees are hereby authorized to change the number of Trustees from time to time within the minimum and maximum and other limitations specified in the fourth amended and restated declaration of trust of the REIT dated July 1, 2012, as amended, governing the business and affairs of the REIT; and
3. any Trustee or officer of the REIT is hereby authorized to enter into, execute or cause to be executed on behalf of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, or cause to be done all such other acts and things, as such Trustee or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination being conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing.”

V – Election of the Board

Appointed Trustees

The Declaration of Trust provides that a majority of the Trustees must be resident Canadians and independent. Pursuant to the Declaration of Trust, Westmont has the right to appoint one Trustee provided that it owns, in the aggregate, at least 5% of the outstanding Units. The Manager also has the right, under the Declaration of Trust, to appoint one Trustee provided that the Management Agreement is in effect and the appointment would not result in a majority of the Trustees not being independent Trustees. As of May 7, 2015, Westmont owns 7.6% of the outstanding Units and the Management Agreement is currently in effect. As a result, each of Westmont and the Manager has the right to appoint one Trustee. The remaining Trustees are required to be elected by a plurality of the votes cast at a meeting of Unitholders, subject to the majority voting policy described below. Westmont is entitled to vote its Units for the election of the remaining Trustees.

Independence of Trustees

As of the date of this Circular, there are nine Trustees: Edward W. Boomer, Heather-Anne Irwin, Daniel Lewis, Jon E. Love, Fereed Mangalji, Majid Mangalji, Robert McFarlane, Edward Pitoniak, and Robert Wolf. Majid Mangalji is an appointee of Westmont pursuant to the Declaration of Trust and, as such, is deemed not to be an Independent Trustee. He will remain a Trustee until he resigns, he is replaced by Westmont or the ownership threshold specified in the Declaration of Trust is no longer met. Fereed Mangalji was appointed as a Trustee by the Manager pursuant to the Declaration of Trust and is also deemed not to be an Independent Trustee. He will remain a Trustee until he resigns, he is replaced by the Manager, the Management Agreement ceases to remain in effect or his appointment would result in a majority of Trustees not being Independent Trustees.

On April 22, 2014, Edward Pitoniak was appointed Managing Director of the REIT, an interim executive position, and on December 1, 2014, Mr. Pitoniak was appointed Acting President and CEO. As a result of the foregoing, Mr. Pitoniak is deemed not to be an Independent Trustee at this time. Mr. Pitoniak’s tenure as Managing Director ended on March 31, 2015.

On January 26, 2015, Andrew C. Coles succeeded Mr. Pitoniak as the President and CEO, and is also being nominated for election to the Board at the Meeting. If Mr. Coles is elected, he will be deemed not to be an Independent Trustee.

In addition to the two appointed Trustees noted above, it is proposed that eight Trustees be elected by the Unitholders. If elected, at the close of the Meeting, there will be a total of ten Trustees, six of whom are considered Independent Trustees.

Majority Voting Policy

The Board has adopted a “majority voting policy” providing that in an uncontested election of Trustees, any nominee who receives a greater number of votes “withheld” than votes “for” at a Unitholders’ meeting will tender his or her resignation to the Chairman of the Board promptly following the Unitholders’ meeting. The REIT’s Compensation and Corporate Governance Committee will consider the offer of resignation and will make a recommendation to the Board on whether to accept the resignation. In considering whether or not to recommend acceptance of the resignation, the Compensation and Corporate Governance Committee will consider all factors deemed relevant by its members. The Board will be expected to accept the resignation except in situations where considerations would warrant the applicable Trustee continuing to serve on the Board. The Board will make its final decision and announce it in a press release within 90 days following the Unitholders’ meeting. A Trustee who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board or the Compensation and Corporate Governance Committee at which the resignation is considered.

Where the Board accepts the resignation of a Trustee, the Board may, subject to applicable laws, the Declaration of Trust and any previously-passed Unitholder resolutions, exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the vacancy unfilled until the next annual meeting of Unitholders, fill the vacancy through the appointment of a new Trustee whom the Board considers to merit the confidence of the Unitholders, or call a special meeting of Unitholders to elect a new nominee to fill the vacant position. If any Trustee fails to tender his or her resignation as contemplated in the majority voting policy, the Board will not re-nominate that Trustee at the next election.

At the Meeting, the persons nominated for election as a Trustee will be voted on individually and the voting results for each nominee will be publicly disclosed in a news release filed on SEDAR at www.sedar.com.

Management Nominees

The persons named below have established their eligibility and willingness to serve as Trustees and will be nominated for election at the Meeting as management’s nominees. The nominees are comprised of experienced and recognized business professionals with a diverse background in real estate, operations management, corporate finance and corporate governance.

Each Trustee elected at the Meeting or appointed by the Board to fill a vacancy on the Board thereafter will be generally entitled to hold office until the close of the next annual general meeting of Unitholders or until the Trustee’s successor is elected or appointed and shall be eligible for re-election, subject to the majority voting policy described above or unless the Trustee’s office is earlier vacated in accordance with the Declaration of Trust.

The information presented in the table below has been provided as of May 7, 2015. The number of Units owned, controlled or directed includes Units beneficially owned, controlled or directed, directly or indirectly, by the proposed nominee. Unless a Unitholder specifies in the accompanying form of proxy that persons named by management therein are to withhold votes in respect of the election of any of the management nominee Trustees below, the persons named by management therein intend to vote the proxy in favour of the election of the management nominee Trustees set forth below. **The Trustees unanimously recommend that Unitholders vote in favour of the election of the management nominee Trustees set forth below.**

<p>Edward W. Boomer</p> <p>Ontario, Canada Age: 51 Units owned, controlled or directed: 4,141 Deferred Units: 17,860 Trustee since: June 5, 2013</p> <p>Independent Trustee</p> <p><u>Board Committees:</u> Audit and Risk Committee Compensation and Corporate Governance Committee</p>	<p>Mr. Boomer is currently a corporate director. Mr. Boomer served as President of Partners Real Estate Investment Trust from August 2013 to November 2013 and its Chief Investment Officer from March 2013 to November 2013. Mr. Boomer has over 20 years of experience in commercial real estate including as the Founder and President of Reference Realty Inc. Prior to establishing Reference Realty Inc. in 2010, Mr. Boomer held leadership positions including as Managing Director, Canadian Operations for Kimco Realty Corp. and Vice-President & Territory Risk Manager for GE Real Estate. Mr. Boomer holds a LLB from Queen’s University and a Bachelor of Arts (Economics) from Glendon College. Mr. Boomer has been a Member of the Law Society of Upper Canada since 1991.</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>Timbercreek Senior Mortgage Investment Corporation (2013 - present), member of Audit Committee and Chair of Compensation and Corporate Governance Committee Timbercreek Mortgage Investment Corporation (2008 - 2013), member of Audit Committee</p>
<p>Andrew C. Coles</p> <p>Ontario, Canada Age: 47 Units owned, controlled or directed: 80,000 Deferred Units: N/A First nomination for election as Trustee</p> <p>Non-Independent Trustee</p> <p><u>Board Committees:</u> N/A</p>	<p>Mr. Coles is currently President and CEO of the REIT. He has held senior management positions in the Canadian hospitality industry. Mr. Coles previously served as Vice President, Hotels at Oxford Properties Group (“Oxford”). From November 2010 to January 2015, Mr. Coles was Oxford’s senior leader responsible for the investment performance of its luxury hotel portfolio. In this capacity, he was responsible for optimizing the portfolio’s asset mix including leading capital investments, acquisitions and dispositions in concert with Oxford’s real estate strategy. Under his leadership, the Oxford hotel portfolio experienced exceptional investment performance, income growth and capital reinvestment. From 2005 through November 2010, Mr. Coles was Vice President Development with Delta Hotels. In previous roles Mr. Coles worked with the British Columbia Investment Management Corporation (“bcIMC”), Fairmont Raffles Hotels International, General Electric Capital and Choice Hotels International. He holds an Honors MBA from Webster University (St. Louis, Missouri), a BA Economics from Acadia University and serves as an active Board Member of the Tourism Industry Association of Canada.</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>None</p>

<p>Heather-Anne Irwin</p> <p>Ontario, Canada Age: 55 Units owned, controlled or directed: 4,902 Deferred Units: 21,829 Trustee since: March 12, 2014</p> <p>Independent Trustee</p> <p><u>Board Committees:</u> Chair, Compensation and Corporate Governance Committee</p>	<p>Ms. Irwin is an Adjunct Professor of Finance at the Rotman School of Management at the University of Toronto. She is in her 12th year as a professor specializing in corporate finance and M&A and has received two MBA Professor of the Year awards and one Master of Finance Professor of the Year award. Ms. Irwin previously worked at TD Securities Inc. within the Equity Capital Markets group as a Director and Vice President from 1996 to 2002. Her extensive capital markets experience also includes several years spent at Nesbitt Burns (Investment Banking) and Citibank Canada (Fixed Income). Ms. Irwin's board experience includes directorships on several non-profit organizations, including, Women in Capital Markets (Director, Founding President), Canadian Securities Institute Research Foundation (Executive Director & Secretary) and Centre for Addiction and Mental Health Foundation (former Director). She received her MBA from the Schulich School of Business, York University in 1986 and an Hon BSc in Engineering from Queen's University in 1983.</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>None</p>
<p>Daniel Lewis</p> <p>New York, United States Age: 40 Units owned, controlled or directed: 12,114,596⁽¹⁾ Deferred Units: 24,920 Trustee since: March 13, 2014</p> <p>Lead Independent Trustee</p> <p><u>Board Committees:</u> Investment Committee</p>	<p>Mr. Lewis is co-founder and Managing Partner of Orange Capital, LLC, a New York based investment fund. Mr. Lewis has nearly 20 years of investment experience in shareholder activist campaigns, event-driven equities, and distressed debt investments worldwide. From 1996 to 2004, Mr. Lewis was employed by Citigroup and its predecessor companies. He is a former Director of Citigroup Global Special Situations Group. He serves on the Board of Say Yes to Education, a non-profit committed to increasing the high school and college graduation rates of inner-city youth. Mr. Lewis holds a B.S. from Cornell University.</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>Bellatrix Exploration Ltd. (2014 - present)</p>

<p>Jon E. Love</p> <p>Ontario, Canada Age: 60 Units owned, controlled or directed: 20,683,967⁽²⁾ Deferred Units: 19,405 Trustee since: March 12, 2014</p> <p>Independent Trustee</p> <p><u>Board Committees:</u> Investment Committee</p>	<p>Mr. Love is the founder and Managing Partner of KingSett Capital, Canada’s leading private equity real estate investment business co-investing with institutional and high net worth clients. Founded in 2002, KingSett has successfully raised \$4.5 billion of equity for its Growth Strategy, Income Strategy and High Yield Mortgage Funds and completed over \$16 billion of acquisitions, dispositions and mortgage lending. KingSett currently has over \$5 billion of assets under management. Mr. Love was formerly President and Chief Executive Officer of Oxford Properties Group from 1992 until November 2001. Mr. Love serves on the Board of Directors of the Canadian Council of Chief Executives, the Chief Executives Organization and is a member of YPO (Alumni), WPO. Mr. Love graduated with an HBA in 1976 from the Ivey School of Business, where he serves on the Executive Committee of its Advisory Board, and has chaired the New Building Task Force.</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>None</p>
<p>Robert McFarlane</p> <p>British Columbia, Canada Age: 54 Units owned, controlled or directed: 236,512 Deferred Units: 24,369 Trustee since: March 12, 2014</p> <p>Independent Trustee</p> <p><u>Board Committees:</u> Chair, Audit and Risk Committee</p>	<p>Mr. McFarlane is currently a corporate director. Mr. McFarlane served as EVP and CFO of TELUS Corporation from 2000-2012. He led a national team of over 800 professionals with responsibility for conventional finance functions, corporate strategy, M&A, ventures investment, risk management and regulatory and governmental affairs. In 2007, Mr. McFarlane was named Canada’s Top CFO and in 2011 was recognized by Queen’s University with the Kathleen Beaumont Hill Award for his outstanding contribution to Queen’s and Canada. Prior to TELUS Corporation, Mr. McFarlane was CFO of startup national wireless carrier Clearnet. He successfully led eleven financings, raising over \$3.3B until Clearnet’s \$7.7B sale to TELUS Corporation in 2000. Mr. McFarlane is Chair of the Greater Vancouver Advisory Board and Vice Chair of the National Advisory Board of The Salvation Army, Director of Vancouver College, Deputy Chair of the Board and Chair of the Audit Committee of RSA Canada, member of the Board of Trustees of Queen’s University and Chair of the Information Technology Advisory Council of the University of British Columbia.</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>HSBC Bank of Canada (2015 - present), member of Audit and Risk Committee</p>

<p>Edward Pitoniak</p> <p>Rhode Island, United States Age: 59 Units owned, controlled or directed: 68,028⁽³⁾ Deferred Units: N/A Trustee since: March 13, 2014</p> <p>Non-Independent Trustee</p> <p><u>Board Committees:</u> Investment Committee</p>	<p>Mr. Pitoniak served as Managing Director of the REIT until March 31, 2015 and is currently a corporate director. Mr. Pitoniak previously served as President, CEO, and Board Trustee of Canadian Hotel Income Properties REIT (“CHIP REIT”), a leading hotel owner listed on the Toronto Stock Exchange from 2004 to 2007. During Mr. Pitoniak’s tenure as CEO, the company generated total returns for its investors of 103%, the best performance of any hotel REIT in Canada. CHIP REIT, with 36 properties across Canada, was named Canada’s Hotel Company of the Year for 2006. In 2007 Mr. Pitoniak led CHIP REIT through a sale to the British Columbia Investment Management Corporation (“bcIMC”) in a going-private transaction worth \$1.2 billion. In 2008, Mr. Pitoniak served as President & CEO of the newly-formed bcIMC Hospitality Group where he oversaw Delta Hotels & Resorts and Silverbirch Hotels & Resorts (formerly CHIP REIT).</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>Regal Lifestyle Communities (2012 - present), Chair of Investment Committee Ritchie Brothers Auctioneers (2006 - present), Chair of the Nominating & Governance Committee</p>
<p>Robert Wolf</p> <p>Ontario, Canada Age: 55 Units owned, controlled or directed: 50,183 Deferred Units: 20,538 Trustee since: March 12, 2014</p> <p>Independent Trustee</p> <p><u>Board Committees:</u> Audit and Risk Committee Chair, Investment Committee Compensation and Corporate Governance Committee</p>	<p>Mr. Wolf is a corporate director. Previously, Mr. Wolf served as CFO of RioCan Real Estate Investment Trust, Canada’s largest public REIT, from inception in 1994 until 2008. Mr. Wolf, through RTW Capital Corporation, has been making active investments in and providing financial advisory services to small and medium sized businesses. Mr. Wolf obtained his Chartered Accountancy designation in 1984 and received a Masters of Business Administration from the Schulich School of Business at York University and a Bachelor of Commerce from McGill University.</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>Retrocom REIT (2010 - present), Chair of the Audit Committee, Vice-Chair of the Investment Committee WPT Industrial REIT (2013 - present), lead trustee and Chair of the Audit Committee Crosswinds Holdings Inc. (2013 - present) C.A. Bancorp Canadian Realty Finance Corporation (2008 - 2011)</p>

Notes:

- (1) All Units are held by Orange Capital Master I, Ltd., over which Mr. Lewis exercises control or direction.
- (2) 20,656,767 Units are held by KingSett Real Estate Growth LP No. 5, over which Mr. Love exercises control or direction.
- (3) 58,528 Units have been awarded but not yet issued to Mr. Pitoniak under the Executive Incentive Plan.

Appointed Trustees Continuing in Office

The persons named below are the Trustee appointed by Westmont and the Trustee appointed by the Manager, respectively. The information presented in the table below has been provided as of May 7, 2015. The number of

Units owned, controlled or directed includes Units beneficially owned, controlled or directed, directly or indirectly, by the proposed nominee.

<p>Majid Mangalji</p> <p>Wimbledon, England Age: 60 Units owned, controlled or directed: 9,340,234⁽¹⁾⁽²⁾ Deferred Units: 21,829 Trustee since: June 5, 2002</p> <p>Chairman of the Board of Trustees</p> <p><u>Board Committees:</u> None</p>	<p>Majid Mangalji is Founder and President of the Westmont Group, which started its hospitality business approximately 30 years ago. Mr. Mangalji has been involved in all aspects of the development of the Westmont Group. During this period, it has grown from a single hotel to become one of the largest private hotel owner/operators in the world with a significant presence in North America, Europe, and Asia. As the head of this global hotel group, Mr. Mangalji has developed extensive knowledge of international hospitality markets, investing and operating in these markets and has created strong relationships with major international hotel brands, leading financial institutions, and investment funds. Mr. Mangalji sits on the boards of the principal hospitality companies in which the Westmont Group invests. He has a seat on the board of IREFAC (Industry Real Estate Financing Advisory Council). Mr. Mangalji holds a business degree with a double major in accounting and marketing from the University of Bradford, England.</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>R&R Real Estate Investment Trust (2014 - present), Executive Chair of Board, member of Audit Committee and Governance, Compensation and Nomination Committee</p>
<p>Fereed Mangalji</p> <p>Singapore, Singapore Age: 53 Units owned, controlled or directed: 9,295,978⁽¹⁾ Deferred Units: 17,860 Trustee since: April 18, 2006</p> <p><u>Board Committees:</u> None</p>	<p>Fereed Mangalji is a Principal and Executive Director of Westmont Group, and has been with the company for almost 20 years. Mr. Mangalji oversees all facets of the company with a primary focus on the company's US and Canadian portfolios including overseeing all of Westmont's substantial investment projects and asset management group. During his tenure, Mr. Mangalji has been one of the key players in the dramatic growth of Westmont from a hotel operator/owner into one of the world's largest global hotel real estate investment companies. Mr. Mangalji has extensive familiarity and experience in both the real estate and hospitality industries and has a strong background in complex deal structuring, public to private acquisitions, mezzanine debt acquisitions, operational repositioning and asset work-outs. Mr. Mangalji holds a degree from Harvard University. Prior to joining the Westmont team, Mr. Mangalji worked with Bankers Trust in New York where he worked in the real estate group. Mr. Mangalji is also a member of the Young Presidents Organization.</p> <p><u>Other public entity directorships over past 5 years:</u></p> <p>None</p>

Notes:

- (1) 3,624,706 Units are held by Westmont, 4,564,632 Units are held through Maple Leaf Investment Holdings, LP, an affiliate of Westmont, and 1,106,400 Units are held through another Westmont affiliate, over which each of Majid Mangalji and Fereed Mangalji exercises control or direction.
- (2) Includes 44,256 Units owned directly.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the REIT, except as disclosed below, no Trustee or proposed nominee is, or within the ten years prior to the date hereof has: (a) been a director or executive officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, (iii) made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, (iv) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (v) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets:

Mr. Robert McFarlane was a director of Ascalade Communications Inc. (“**Ascalade**”) until his resignation in February 2008. In March 2008, Ascalade filed for protection under the *Companies’ Creditors Arrangement Act*. On December 3, 2009, payment of 100% of all proven creditors’ claims were made by the monitor and, in January 2010, the remaining proceeds from the realized assets of Ascalade were distributed to Ascalade’s shareholders of record as of December 8, 2009.

VI – Amendment of the Declaration of Trust Regarding Trustee Compensation Matters

Section 2.9 of the Declaration of Trust currently provides that the Trustees shall be paid such compensation for their services as the Trustees may from time to time unanimously determine. Section 2.9 of the Declaration of Trust also prescribes certain annual retainer and meeting fee amounts that were in effect until otherwise determined by the Trustees, and provides that 50% of the Trustees’ annual compensation shall be paid in Units (based on the then-current market price), subject to the receipt of all required regulatory approvals.

Given the comprehensive review of Trustee compensation that was undertaken commencing in March 2014 by the newly constituted Compensation and Corporate Governance Committee in consultation with its professional compensation consultants, and the recommendations that followed including the adoption of the Deferred Unit Plan, the Trustees believe that section 2.9 of the Declaration of Trust should be amended to reflect current Trustee compensation and other remuneration practices. With the institution of the Deferred Unit Plan, the REIT’s Trustee compensation structure further aligns the Board’s interests with those of Unitholders. In addition, equity ownership guidelines for Trustees were adopted to encourage the REIT’s Trustees to acquire and maintain a meaningful equity ownership position in InnVest to align their interests with those of our Unitholders. See “*Information Regarding the Board of Trustees - Compensation of the Trustees*” for a description of the REIT’s current Trustee compensation practices.

Therefore, the Trustees propose to remove the requirement that 50% of the Trustees’ annual compensation be payable in Units, and to remove the language prescribing certain annual retainer and meeting fee amounts. An aggregate of 197,255 Units (being equal to approximately 0.2% of the issued and outstanding Units as of the date hereof) has been issued as annual compensation to the Trustees pursuant to section 2.9 of the Declaration of Trust to date. The balance remaining for grant as at the date hereof is 152,745 Units. Upon receipt of Unitholder approval for the DU Plan as set forth under “*Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants*” and the Trustee Compensation Amendment Resolution below, the REIT will cease to issue Units to Trustees pursuant to section 2.9 of the Declaration of Trust and any grants of such remaining Units issuable shall be made in accordance with the REIT’s current Trustee compensation practices.

The proposed amendments to the Declaration of Trust described above would be reflected in an amending agreement substantially in the form attached as Schedule C to this Circular, which requires the approval of two-thirds of the votes cast by Unitholders represented at the Meeting, present in person or by proxy. The text of the “Trustee Compensation Amendment Resolution” is set out below. Unless a Unitholder specifies in the accompanying form of proxy that persons named by management therein are to vote against the Trustee Compensation Amendment Resolution, the persons named by management therein intend to vote the proxy in favour of the Trustee Compensation Amendment Resolution. **The Trustees unanimously recommend that Unitholders vote in favour of the Trustee Compensation Amendment Resolution.**

Trustee Compensation Amendment Resolution

“BE IT RESOLVED THAT:

1. section 2.9 of the fourth amended and restated declaration of trust (the “**Declaration of Trust**”) of InnVest Real Estate Investment Trust (the “**REIT**”) dated July 1, 2012, as amended, be deleted in its entirety and replaced with the following wording:

2.9 Trustee Compensation and Other Remuneration.

(a) Trustee Compensation

The Trustees shall be paid such compensation for their services as the Trustees may from time to time determine. Trustees who are employees of and who receive salary from the Trust or its Subsidiaries shall not be entitled to receive any remuneration for their services as Trustees but shall be entitled to reimbursement from the Trust of their out-of-pocket expenses incurred in acting as a Trustee.

(b) Other Remuneration

Each of the Trustees may be entitled to receive remuneration for services rendered to the Trust in any other capacity, as may be approved by the Trustees from time to time, whether such services are performed by a Trustee or any Person affiliated with a Trustee.

2. the trustees of the REIT (the “**Trustees**”) are hereby authorized and directed to enter into, execute and deliver an amending agreement in respect of the Declaration of Trust, substantially in the form of the amending agreement attached as Schedule C to the management information circular of the REIT dated May 7, 2015, with such changes as the Trustees may determine necessary or advisable to carry out the intention of the resolution set forth in paragraph 1, such determination being conclusively evidenced by the execution and delivery of such amending agreement; and

3. any Trustee or officer of the REIT is hereby authorized to enter into, execute or cause to be executed on behalf of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, or cause to be done all such other acts and things, as such Trustee or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination being conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing.”

VII – Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants

Background

Effective October 21, 2014, the Board adopted the Deferred Unit Plan for non-employee Trustees but including Trustees who perform executive functions for the REIT on an interim or temporary basis, subject to the approval of such plan by the Unitholders at the Meeting and the final approval of the Toronto Stock Exchange. The Deferred Unit Plan will be overseen by the Board and the Compensation and Corporate Governance Committee. An aggregate of 165,394 Deferred Units were granted to certain non-executive Trustees of the REIT, in respect of Trustee Fees payable for the period from March 13, 2014 to March 31, 2015, and for participation on the Capital Structure Task Force and/or the CEO Search Task Force, in accordance with the Deferred Unit Plan and subject to Unitholder ratification as set forth below.

The Deferred Unit Plan (as described more fully below) was developed by the Compensation and Corporate Governance Committee in consultation with Hugessen and will, upon being approved by Unitholders and receipt of final approval from the Toronto Stock Exchange, be the sole Unit-based incentive compensation plan for non-executive Trustees. Deferred Units (as defined below) comprise an equity-like notional security representing an ownership interest that is equivalent in value to a Unit on a tax efficient basis. The Board believes that offering Deferred Units under the Deferred Unit Plan enhances the ability of the REIT to attract, incentivize and retain non-employee Trustees by rewarding them for, and encouraging them to take into consideration and to participate in, the long-term financial performance of the Trust thereby further aligning interests with Unitholders. For further information on the rationale behind the development of the Deferred Unit Plan and the Compensation and Corporate Governance Committee's recommendation, please see the section entitled "*Information Regarding the Board of Trustees - Compensation of the Trustees*".

Summary of Deferred Unit Plan

Eligibility

Non-employee Trustees, including those who perform executive functions for the REIT on an interim or temporary basis, are eligible to be participants in the Deferred Unit Plan ("**DU Plan Participants**"). DU Plan Participants may be granted Deferred Units subject to the terms of the Deferred Unit Plan.

Elected DUs

A DU Plan Participant may elect to receive up to 100% of his or her annual Board retainer paid by the REIT in a calendar year otherwise payable in cash (including fees for serving as chair of the Board or a committee of the Board or serving as the Lead Independent Trustee, but excluding meeting fees paid by the REIT to a DU Plan Participant for service on the Board or any committee thereof) (the "**Trustee Fees**") in the form of Deferred Units ("**Elected DUs**"). In addition, the Deferred Unit Plan provides that the REIT shall match 100% of the Elected DUs for each electing DU Plan Participant such that the aggregate number of Deferred Units issued to such electing DU Plan Participant on an award date shall be equal in value to two times the Elected DUs for such person. The number of Elected DUs actually granted to a DU Plan Participant on any award date will be equal to the dollar amount to be paid to such person, in accordance with the terms of the DU Plan, divided by the Average Market Price (as defined below) of a Unit on such award date. The award date for the Elected DUs shall be the date the electing DU Plan Participant would have been entitled to receive the Trustee Fees that would have otherwise been payable in cash.

DU Plan Participants must complete an election form to receive Deferred Units no later than December 31 of the year preceding the applicable grant year, provided that new Trustees must complete the form within 30 days after their appointment to the Board. For the 2014 financial year, each of the current Trustees, except Edward Pitoniak, who was not a DU Plan Participant given his employment as Managing Director of the REIT, elected to receive 100% of his or her Trustee Fees in the form of Elected DUs with respect to Trustee Fees payable for the period starting March 13, 2014. Electing DU Plan Participants are entitled to change the proportion of the Trustee Fees for

which they receive Elected DUs, or terminate their elections to receive Elected DUs, once per calendar year by filing a notice with the REIT.

Awards of Discretionary DUs

From time to time, at the discretion of the Board and upon recommendation of the Compensation and Corporate Governance Committee, DU Plan Participants may be awarded Deferred Units in respect of additional services performed for the REIT, including service on any *ad hoc* task force or committee established by the Board from time to time (“**Discretionary DUs**”). The maximum aggregate number of Units that may be subject to grants of Discretionary DUs under the Deferred Unit Plan to any one DU Plan Participant during any 12-month period shall not exceed that number which is \$50,000 divided by the Average Market Price (as defined below) of a Unit on the award date.

Distributions

Whenever cash distributions are paid on the issued and outstanding Units, an additional corresponding number of Deferred Units will be credited to the DU Plan Participant’s Deferred Unit account (“**Additional Deferred Units**”). The number of such Additional Deferred Units to be credited to a DU Plan Participant’s Deferred Unit account in respect of a cash distribution paid on the issued and outstanding Units shall be calculated in a manner consistent with the REIT’s Third Amended and Restated Distribution Reinvestment Plan dated August 19, 2014 (“**DRIP**”), namely, by dividing (A) the amount that is equal to the aggregate distributions that would have been paid to such DU Plan Participant if the Deferred Units in the DU Plan Participant’s Deferred Unit account had been issued and outstanding Units on the distribution date, by (B) the average market price (as such term is used and defined in the DRIP, and for greater certainty, prior to taking into account any discount to such price contemplated in the DRIP) of the issued and outstanding Units on the distribution payment date.

Deferred Units

Discretionary DUs, Elected DUs and Additional Deferred Units shall all be considered Deferred Units for purposes of the Deferred Unit Plan. Under no circumstances shall Deferred Units be considered Units nor shall Deferred Units entitle a DU Plan Participant to any rights as a Unitholder, including, without limitation, voting rights, distribution entitlements (other than as set out below) or rights on liquidation. One Deferred Unit is equivalent in value to one Unit. Fractional Units are permitted under the Deferred Unit Plan. Deferred Units granted to Trustees pursuant to the terms of the Deferred Unit Plan will vest immediately upon grant. A Deferred unit account shall be maintained by the REIT for each DU Plan Participant and will be credited with grants of Deferred Units received by a DU Plan Participant.

DU Plan Aggregate and Individual Limits

Subject to Unitholder and TSX approval, the Deferred Unit Plan shall be an “evergreen” or rolling plan of the REIT with a fixed maximum percent of Units issuable thereunder. Subject to Unitholder and TSX final approval, the maximum number of Units issuable (i.e., reserved for issuance but not yet issued) under the Deferred Unit Plan at any time shall be equal to 1% of the aggregate number of issued and outstanding Units at such time being 1,222,243 Deferred Units as at the date of this Circular.

As at the date of this Circular:

- No Units have been issued under the Deferred Unit Plan.
- Subject to Unitholder and TSX final approval, 165,394 Units are issuable under the 165,394 DUs previously granted by the Board (see “- *Deferred Units Previously Granted Subject to Unitholder Ratification*”), which issuable Units represent approximately 0.14% of the total number of Units issued and outstanding.
- An aggregate of 1,056,849 Units are available for future issuance under the Deferred Unit Plan, which available Units represent approximately 0.86% of the total number of Units issued and outstanding.

Subject to Unitholder and final TSX approval:

- The maximum number of Units issuable to “insiders” (as such term is defined in the TSX Company Manual, as may be amended, supplemented or replaced from time to time) under the Deferred Unit Plan at any time, when combined with those Units issuable under any other security-based compensation arrangement of the REIT, shall not exceed 10% of the issued and outstanding Units on a non-diluted basis at such time, and the maximum aggregate number of Units that may be issued pursuant to DUs to such insiders during any 12-month period, when combined with those Units issued under any other security-based compensation arrangement of the REIT, shall not exceed 10% of the issued and outstanding Units on a non-diluted basis at the applicable time.
- The maximum aggregate number of Units that may be subject to grants of DUs under the Deferred Unit Plan to any one DU Plan Participant of the plan during any 12-month period shall be no greater than that number which is equal to \$150,000 divided by the weighted-average of the Average Market Price (as defined in the Deferred Unit Plan) of a Unit on each award date during that 12-month period, which, if all such awards were granted of the date of this Circular, would result in the issuance of such number of Units representing 0.2% of the Units issued and outstanding immediately prior to the time of the grant.¹

Under the DU Plan, “**Average Market Price**” of a Unit means the volume-weighted average price of the Units listed and posted for trading on the TSX for the five trading days immediately preceding such date (or, if Units are not listed and posted for trading on the TSX, on such stock exchange on which Units are listed and posted for trading as may be selected for such purpose by the Board from time to time). In the event that the Units are not listed and posted for trading on any stock exchange, the market value shall be the fair market value of the Units as determined by the Board in its sole discretion.

Notwithstanding the above, the Board may, in its discretion, amend the Deferred Unit Plan to increase the limit without notice to DU Plan Participants, subject to any applicable law or requirement of the TSX or any other stock exchange upon which the Units are listed and subject to Unitholder approval.

If any Deferred Unit granted under the Deferred Unit Plan is: (i) terminated, expired or cancelled (in each case without redemption for a Unit issued from treasury), a new Deferred Unit may thereafter be granted covering the applicable Unit; or (ii) redeemed for a Unit issued from treasury, a new Deferred Unit may thereafter be granted covering an additional Unit, in each case, subject to any required prior approval by the TSX or other stock exchange upon which the Units are listed. At all times, the REIT will reserve and keep available a sufficient number of Units to satisfy the requirements of all outstanding Deferred Units granted under the Deferred Unit Plan.

Redemption and Cancellation of Deferred Units

For DU Plan Participants who are not U.S. taxpayers, the DU Plan Participant’s Deferred Units shall be redeemable by the DU Plan Participant (or, where the DU Plan Participant has died, by his or her estate) on or after the date on which the DU Plan Participant ceases to be a Trustee, provided that any such redemption date is not later than two years following the date the DU Plan Participant ceased to be a Trustee. For greater certainty, in the event that a DU Plan Participant (or his or her estate) has not redeemed his or her Deferred Units prior to the date that is two years following the date the DU Plan Participant ceases to be a Trustee, such Deferred Units shall be automatically redeemed on the date that is two years following the date the DU Plan Participant ceases to be a Trustee without any action required on the part of the DU Plan Participant (or his or her estate) and the redeemed Deferred Units shall be cancelled on such date.

For DU Plan Participants who are U.S. taxpayers, Deferred Units shall be redeemed and cancelled automatically on the date of the DU Plan Participant’s “separation from service” within the meaning of Section 409 of the United States Internal Revenue Code of 1986 and the Treasury Regulations promulgated thereunder.

¹ Based on a Unit price of \$5.62, being the five-day weighted average trading price of the Units for the five trading days immediately preceding the date of this Circular.

On the redemption date, the Deferred Units credited to a DU Plan Participant's Deferred Unit account may be redeemed for Units issued from treasury or, at the option of the REIT and subject to compliance with applicable law and stock exchange requirements, purchased through the open market through the facilities of the TSX or such other stock exchange on which the Units then trade. Deferred Units shall be cancelled when redeemed for the corresponding Units that are issued or delivered, as the case may be, to the DU Plan Participant pursuant to the terms of the Deferred Unit Plan.

A person shall cease to be entitled to DUs under the Deferred Unit Plan if and when such person ceases to be a non-employee Trustee, whether or not such cessation is as a result of termination (whether for or without cause).

Assignment of Deferred Units

In no event may the rights or interests of a DU Plan Participant under the Deferred Unit Plan be assigned, except to the extent that certain rights may pass to a beneficiary or legal representative upon the death of a DU Plan Participant, by will or as required by law.

Amendment of the DU Plan

The Deferred Unit Plan provides that Unitholder approval is not required for any amendment to the Deferred Unit Plan except for any amendment or modification that: (i) results in any increase in the number of Deferred Units issuable under the Deferred Unit Plan, or the number of Units that may be subject to grants of Deferred Units under the Deferred Unit Plan to any one DU Plan Participant during any 12-month period; (ii) permits Deferred Units granted under the Deferred Unit Plan to be transferable or assignable other than for normal estate settlement purposes; or (iii) amends the amendment section of the Deferred Unit Plan.

For greater certainty, the Deferred Unit Plan can be amended from time to time without Unitholder approval where the amendment: (i) is for the purpose of making formal, minor or technical modifications to any of the provisions of the Deferred Unit Plan, including amendments of a "housekeeping" nature; (ii) is to correct any ambiguity, defective provisions, error or omission in the provisions of the Deferred Unit Plan; (iii) is to amend the vesting provisions of the Deferred Units; (iv) is to change the termination provisions of the Deferred Units of the Deferred Unit Plan; or (v) does not otherwise require unitholder approval under applicable laws or the rules of the TSX, or the Deferred Unit Plan, provided, however, that no such amendment shall diminish any rights accrued in respect of grants of Deferred Units made prior to the effective date of such amendment.

Administration of the DU Plan in Compliance with Applicable Laws

The administration of the Deferred Unit Plan shall be administered in accordance with all applicable laws, regulations, orders of governmental or regulatory authorities and the requirements of any stock exchange on which the Units are listed. Should the Compensation and Corporate Governance Committee, in its sole discretion, determine that it is not desirable or feasible to provide for the redemption of Deferred Units in Units, including by reason of any such laws, regulations, rules, orders or requirements, it shall notify the DU Plan Participants of such determination and on receipt of such notice each DU Plan Participant shall have the option of electing that such redemption obligation be satisfied by means of a cash payment by the REIT equal to the Average Market Price of the Units that would otherwise be delivered to a DU Plan Participant in settlement of Deferred Units on the Redemption Date (less any applicable withholding taxes). Pursuant to the terms of the Deferred Unit Plan, each DU Plan Participant is required to comply with all applicable laws, regulations, rules, orders and requirements, and must furnish the REIT with any and all information and undertakings, as may be required.

Deferred Units Previously Granted Subject to Unitholder Ratification

In accordance with the Deferred Unit Plan and subject to Unitholder ratification at the Meeting, an aggregate of 165,394 DUs were granted as follows:

- On November 4, 2014, an aggregate of 94,827 Deferred Units at the Average Market Price of \$5.10 were granted to certain non-executive Trustees of the REIT in respect of Trustee Fees payable for the period

from March 13, 2014 to September 30, 2014, and for participation on the Capital Structure Task Force and/or the CEO Search Task Force.

- On January 2, 2015, an aggregate of 34,724 Deferred Units at the Average Market Price of \$5.84 were granted to certain non-executive Trustees of the REIT in respect of Trustee Fees payable for the period from October 1, 2014 to December 31, 2014.
- On April 1, 2015, an aggregate of 35,843 Deferred Units at the Average Market Price of \$5.75 were granted to certain non-executive Trustees of the REIT in respect of Trustee Fees payable for the period from January 1, 2015 to March 31, 2015.

Trustee Equity Ownership Requirements

Deferred Units credited to a DU Plan Participant shall count towards a Trustee's equity ownership requirement equal in value to five times the value of his or her annual cash retainer within three years from the date of initial appointment or election to the Board. See "*Information Regarding the Board of Trustees - Description of Deferred Unit Plan for Non-Executive Trustees - Trustee Equity Ownership Guidelines*" for more details on the Trustee Equity Ownership Requirements.

TSX Conditional Approval

The TSX has conditionally approved the Deferred Unit Plan subject to the receipt of Unitholder approval of the adoption of the Deferred Unit Plan, and the listing of the Units issued pursuant to the Deferred Unit Plan, subject to InnVest fulfilling all of the listing requirements of the TSX.

Unitholder Approval and Ratification

Pursuant to the rules of the TSX, the adoption of the Deferred Unit Plan and the ratification of the grant of 165,394 Deferred Units to certain Trustees of the REIT in 2014 and 2015 requires the approval of a majority of the votes cast by Unitholders represented at the Meeting, present in person or by proxy. The text of the "Deferred Unit Plan Resolution" is set out below. Unless a Unitholder specifies in the accompanying form of proxy that persons named by management therein are to vote against the Deferred Unit Plan Resolution, the persons named by management therein intend to vote the proxy in favour of the Deferred Unit Plan Resolution. **The Trustees unanimously recommend that Unitholders vote in favour of the Deferred Unit Plan Resolution.**

Deferred Unit Plan Resolution

"BE IT RESOLVED THAT:

1. the adoption by InnVest Real Estate Investment Trust (the "**REIT**") of and the performance of its obligations under the Deferred Unit Plan as described in the REIT's management information circular dated May 7, 2015 (the "**Circular**") is hereby approved;
2. the grant of an aggregate of 165,394 deferred units, as described in the Circular, pursuant to the Deferred Unit Plan and subject to unitholder ratification is hereby ratified and confirmed;
3. the REIT be and is hereby authorized to grant deferred units pursuant to the Deferred Unit Plan until June 16, 2018, or such other later date that is three years from the date of the meeting at which unitholder approval of the Deferred Unit Plan is sought and obtained; and
4. any one officer or trustee of the REIT is hereby authorized and directed, for and in the name of and on behalf of the REIT, to execute and deliver all such other agreements, instruments, certificates and other documents and to do all such other acts and things he or she may determine to be necessary or advisable in connection with establishment of the Deferred Unit Plan and the ratification of the grant of 165,394 deferred units, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

**INFORMATION REGARDING THE
BOARD OF TRUSTEES**

Number of Board and Committee Meetings held during Fiscal 2014

Board or Committee ⁽¹⁾⁽²⁾⁽³⁾	Number of Meetings
Board	17
Audit and Risk Committee	5
Compensation and Corporate Governance Committee	5
Investment Committee	7
Independent Trustees	2
Total Number of Meetings Held	36

Notes:

- (1) The Board announced the formation of a special committee on February 7, 2014 that was tasked with supervising the REIT's response to a special meeting requisition received from Orange Capital. The special committee was composed of Laurence Geller (Chair), Frank Anderson, Edward Boomer, Morton Gross and Fernand Perreault and held 8 meetings in fiscal 2014. The special committee was dissolved in March of 2014.
- (2) The Board formed an *ad hoc* task force called the Capital Structure Taskforce on March 13, 2014 that was tasked with reviewing the REIT's capital structure and alternatives to better optimize cost of capital, diversity of funding sources and liquidity. The task force was composed of Daniel Lewis (Chair), Robert McFarlane and Robert Wolf, but did not hold any formal committee meetings separate from those of the Board. The task force was dissolved in the first quarter of 2015.
- (3) The Board also formed an *ad hoc* task force called the CEO Search TaskForce on March 13, 2014 that was tasked with overseeing the search for a permanent full-time CEO. The task force was composed of Jon E. Love (Chair), Daniel Lewis and Edward Pitoniak, but did not hold any formal committee meetings separate from those of the Board. The task force was dissolved in the fourth quarter of 2014.

Compensation of the Trustees

InnVest's Trustee compensation program supports the REIT's ability to attract and retain high quality individuals to serve as members of the Board and promotes alignment of interests with Unitholders through the use of unit-based compensation. In discharging its mandate, in March 2014, the newly constituted Compensation and Corporate Governance Committee engaged Hugessen, professional compensation consultants, to provide expertise and advice on matters relating to trustee compensation, including review of and advice concerning the Deferred Unit Plan, providing market compensation information and advice on appropriate comparator organizations, and advice with respect to the current market practice and best practices. As a result of this extensive review, the Compensation and Corporate Governance Committee recommended a revised Trustee compensation structure effective November 4, 2014, which was subsequently unanimously approved by the Board on the same date.

Description of Deferred Unit Plan for Non-Executive Trustees

Objectives of Trustee Compensation

InnVest's Trustee compensation structure is designed to achieve positive results for the REIT and our Unitholders by:

- (i) allowing the REIT to attract and retain individuals with appropriate experience and ability to serve as effective members of the Board;
- (ii) providing competitive compensation which appropriately reflects the responsibilities, time commitment and risks involved in being a Trustee of the REIT; and
- (iii) aligning the interests of our non-employee Trustees with the interests of Unitholders.

As a result of its review and based on the research, advice and consultation of its independent compensation consultant (Hugessen), the Compensation and Corporate Governance Committee recommended to the Board, and the Board unanimously approved, certain changes to the structure of the Trustees' annual compensation. The changes include the adoption of a new Deferred Unit Plan for non-employee Trustee compensation in order to better align the non-employee Trustees' interests with those of Unitholders and requiring non-employee Trustees to maintain a minimum equity ownership of InnVest equal in value to five times the value of his or her annual cash retainer within three years from the date of initial appointment or election to the Board.

Under InnVest's new trustee compensation structure, Trustee compensation is in the form of cash and DUs issued under InnVest's Deferred Unit Plan that is being submitted at the Meeting for Unitholder approval. See "*Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - Summary of Deferred Unit Plan*" for a detailed description of the Deferred Unit Plan. Trustees who are employees of, and who receive salary from, the REIT or any of its subsidiaries are not entitled to receive any remuneration for their services as Trustees, and accordingly, are not entitled to be DU Plan Participants or to receive DUs under the Deferred Unit Plan, but are entitled to reimbursement of their out-of-pocket expenses. The trustee compensation structure is distinct from the executive compensation structure and non-employee Trustees are not eligible to receive benefits or perks or to participate in InnVest's annual or long-term incentive programs.

Alignment of Trustee Interests

InnVest believes that the following features of the REIT's Trustee Compensation elements contribute to aligning the interests of its non-employee Trustees with the interests of its Unitholders:

- InnVest's new equity ownership guidelines;
- the adoption of the new Deferred Unit Plan for non-employee Trustees and the corresponding matching of annual retainer fees in DUs; and
- the terms of the DUs, which restrict redemption until after the Trustee has retired from the Board.

Annual Trustee Compensation Elements

InnVest's annual Trustee compensation structure is composed of (i) annual board retainer fees, (ii) annual retainers for the Chairman, Lead Independent Trustee and Chairs of the standing committees of the Board, and (iii) meeting fees. The annual board retainer fee for all Trustees is \$45,000, and in the event any portion of the annual retainer is taken as DUs, then the portion taken as DUs will be matched by the REIT up to 100% of the annual retainer. The annual retainer fee for the Chairman, Lead Independent Trustee and Chairs of committees of the Board is \$10,000, except for the Chair of the Audit and Risk Committee whose annual retainer fee is \$12,500, and in the event any portion of the annual retainer is taken as DUs, then the portion taken as DUs will be matched by the REIT up to 100% of the retainer. Trustees are paid a fee of \$1,500 in cash per board or committee meeting scheduled as an in person meeting, and \$750 in cash per scheduled remote/telephone meeting. For any task force struck by the Board, the compensation structure for Trustees assisting with such task force will be considered and determined by the Board when it is created and reviewed in the event the task force is in place longer than one year, or otherwise has a material change in workload.

Following the Compensation and Corporate Governance Committee's review of Trustee compensation in 2014, the Compensation and Corporate Governance Committee is satisfied that the revised compensation arrangements for the non-employee Trustees of our Board (including the implementation of the Deferred Unit Plan as described above) appropriately compensate our Trustees and satisfy the REIT's objectives for Trustee compensation.

Deferred Units

A DU is a notional security, equivalent in value to a Unit, that does not entitle the holder to voting or other unitholder rights, including, without limitation, voting rights, distribution entitlements (other than as set out in the Deferred Unit Plan) or rights on liquidation. DUs are redeemable for Units issued from treasury, or purchased on the open market, at the option of the REIT, on or after the date the non-employee Trustee ceases to be a member of the Board.

DUs are considered to be a preferred form of trustee compensation under current best corporate governance practices. DUs are equity-based forms of compensation, which means that payouts are linked to the market value of the Units. This serves to align the interests of non-employee Trustees with the interests of Unitholders. As DUs are only redeemed for Units after the non-employee Trustee leaves the Board, DUs serve to focus attention on the creation of long-term Unitholder value.

DUs also help non-employee Trustees meet their mandatory equity ownership requirements as set out below.

Please see “*Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - Summary of Deferred Unit Plan*” for a detailed summary of the Deferred Unit Plan being submitted to Unitholders for approval at the Meeting.

Trustee Equity Ownership Guidelines

InnVest encourages its Trustees to acquire an equity ownership position in InnVest to align their interests with the interests of our Unitholders. As stated above, in 2014 InnVest adopted equity ownership guidelines requiring its Trustees to maintain a minimum equity ownership of InnVest equal in value to five times the value of his or her annual cash retainer within three years from the date of initial appointment or election to the Board. Trustees may include the DUs they have received as payment for all or part of their annual Board retainer as part of the calculation of their equity ownership. As of the date of this Circular, 7 of the 9 Trustees have met or exceeded their ownership requirements as set out below.

Trustees' Unit Ownership				
Trustee	Equity ownership as at May 7, 2015 ⁽¹⁾		Total Equity Ownership as at May 7, 2015 (#)	Market value of equity ownership as at May 7, 2015 ⁽²⁾ (\$)
	Units (#)	DUs (#)		
Edward W. Boomer	4,141	17,860	22,001	123,646
Heather-Anne Irwin	4,902	21,829	26,731	150,228
Daniel Lewis	12,114,596	24,920	12,139,516	68,224,080
Jon E. Love	20,683,967	19,405	20,703,372	116,352,951
Robert McFarlane	236,512	24,369	260,881	1,466,151
Edward Pitoniak	68,028	-	68,028	382,317
Robert Wolf	50,183	20,538	70,721	397,452
Majid Mangalji	9,340,234	21,829	9,362,063	52,614,794
Fereed Mangalji	9,295,978	17,860	9,313,838	52,343,770

Notes:

- (1) The Units indicated for each Trustee are those beneficially owned, directly or indirectly, or over which control or direction is exercised by the Trustee. The information about Units over which control or direction is exercised, not being within the knowledge of the REIT, has been furnished by the respective Trustees.
- (2) Based on a Unit price of \$5.62, being the five-day weighted average trading price of the Units for the five trading days immediately preceding the date of this Circular.

Declaration of Trust

In light of the review of Trustee compensation that was undertaken in 2014, and as stated above under “*Business of the Meeting - VI - Amendment of the Declaration of Trust Regarding Trustee Compensation Matters*”, it is proposed that Unitholders consider passing a special resolution at the Meeting amending the requirement in section 2.9 of the Declaration of Trust that 50% of the Trustees’ annual compensation be payable in Units, and removing the language prescribing certain annual retainer and meeting fee amounts. See “*Information Regarding the Board of Trustees - Compensation of the Trustees*” for a description of InnVest’s current Trustee compensation practices.

For the period from January 1, 2014 to March 12, 2014, the Trustees were paid 50% of their annual retainer fees in Units (based on the then-current market price of REIT, calculated as the volume-weighted average trading price of REIT over the last five trading days of each fiscal quarter), in accordance with the provisions of section 2.9 of the Declaration of Trust. InnVest has reserved a maximum of 350,000 Units for this purpose, representing approximately 0.3% of the outstanding Units as at the date of this Circular. An aggregate of 197,255 Units (being equal to less than 0.2% of the issued and outstanding Units as of the date hereof) have been issued as annual compensation to the Trustees pursuant to section 2.9 of the Declaration of Trust to date. The balance remaining for grant as at the date hereof is 152,745 Units. Upon receipt of Unitholder approval for the DU Plan as set forth under “*Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants*” and the Trustee Compensation Amendment Resolution below, the REIT will cease to issue Units to Trustees pursuant to section 2.9 of the Declaration of Trust and any grants of such remaining Units issuable shall be made in accordance with the REIT’s current Trustee compensation practices.

For the period commencing March 13, 2014, Trustees were compensated in accordance with the annual Trustee compensation elements described above, including the grant of Deferred Units in respect of elections for Trustee Fees.

The following chart summarizes the compensation paid to each Trustee for services as a trustee of the REIT during the financial year ended December 31, 2014.

Trustee	Cash-based compensation (\$)	Unit-based compensation (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Current Trustees							
Edward W. Boomer	78,125	77,933	-	-	-	-	156,058
Heather-Anne Irwin ⁽¹⁾	23,250	88,376	-	-	-	-	111,626
Daniel Lewis ⁽²⁾	19,500	103,681	-	-	-	-	123,181
Jon E. Love ⁽¹⁾	19,500	79,960	-	-	-	-	99,460
Robert McFarlane ⁽¹⁾	23,250	100,046	-	-	-	-	123,296
Edward Pitoniak ⁽²⁾⁽³⁾	-	-	-	-	-	-	-
Robert Wolf ⁽¹⁾	36,750	81,482	-	-	-	-	118,232
Majid Mangalji	29,125	95,252	-	-	-	-	124,377
Fereed Mangalji	22,625	77,933	-	-	-	-	100,558
Former Trustees							
Frank Anderson ⁽⁴⁾	\$48,170	\$5,670	-	-	-	-	\$53,840
Laurence Geller ⁽⁴⁾⁽⁵⁾	120,437	4,438	-	-	-	-	124,875
Morton G. Gross ⁽⁴⁾	62,924	5,424	-	-	-	-	68,348
Fernand Perrault ⁽⁴⁾	49,937	4,438	-	-	-	-	51,375
Totals	\$530,593	\$724,633	-	-	-	-	\$1,255,226

Notes:

- (1) Appointed to Board on March 12, 2014.
- (2) Appointed to Board on March 13, 2014.
- (3) Following his appointment to the Board, the REIT appointed Mr. Pitoniak as Managing Director, the consequence of which means that he was not entitled to any compensation for his services as a Trustee. His term as Managing Director ended on March 31, 2015, after which he was entitled to Trustee compensation.
- (4) Resigned from the Board on March 12, 2014.
- (5) Mr. Geller was also awarded cash compensation of \$50,000 in March 2014 for his service as chair of an *ad hoc* committee (formed to oversee strategic negotiations relating to a number of assets across the portfolio) in October 2013.

None of the Trustees has options or other unvested Unit-based awards outstanding as at December 31, 2014.

Trustee Attendance Record

Trustees	Board Meetings Attended	Audit and Risk Committee Meetings Attended	Investment Committee Meetings Attended	Compensation and Corporate Governance Meetings Attended	Independent Trustee Meetings Attended	Total Meetings Attended
Current Trustees						
Edward W. Boomer ⁽¹⁾	17 of 17	5 of 5	-	5 of 5	2 of 2	29 of 29
Heather-Anne Irwin ⁽²⁾	14 of 14	-	-	5 of 5	-	19 of 19
Daniel Lewis ⁽³⁾	11 of 14	-	7 of 7	-	-	18 of 21
Jon E. Love ⁽²⁾	12 of 14	-	6 of 6	-	-	18 of 20
Robert McFarlane ⁽²⁾	13 of 14	5 of 5	-	-	-	18 of 19
Edward Pitoniak ⁽³⁾	14 of 14	-	7 of 7	-	-	21 of 21
Robert Wolf ⁽²⁾	14 of 14	5 of 5	7 of 7	5 of 5	-	31 of 31
Majid Mangalji ⁽⁴⁾	15 of 16	-	6 of 6	-	-	21 of 22
Fereed Mangalji	16 of 16	-	-	-	-	16 of 16
Former Trustees						
Frank Anderson ⁽⁵⁾	3 of 3	-	-	-	2 of 2	5 of 5
Laurence Geller ⁽¹⁾⁽⁵⁾	3 of 3	-	-	-	2 of 2	5 of 5
Morton G. Gross ⁽⁵⁾	3 of 3	-	-	-	2 of 2	5 of 5
Fernand Perrault ⁽¹⁾⁽⁵⁾	3 of 3	-	-	-	2 of 2	5 of 5

Notes:

- (1) Appointed to Board on June 5, 2013.
- (2) Appointed to Board on March 12, 2014.
- (3) Appointed to Board on March 13, 2014.
- (4) Ceased to be a member of the Investment Committee in the fourth quarter of 2014.
- (5) Resigned from the Board on March 12, 2014.

Independent Trustee Matters

In addition to requiring the approval of a majority of the Trustees, approval of not less than 66⅔% of the independent Trustees who have no interest in the matter is required with respect to any decision:

- (a) to make a material change to the Management Agreement or the Administrative Services Agreements, change the fees payable to the Manager, renew the Management Agreement or the Administrative Services Agreements at the end of their respective terms or appoint a substitute for the Manager after the end of the term of the Management Agreement;
- (b) to enter into any agreement or transaction in which any related party of the REIT has a material interest or make a material change to any such agreement or transaction;
- (c) relating to a claim by or against any related party of the REIT;
- (d) relating to a claim in which the interests of a related party of the REIT differ from the interests of the REIT;
- (e) to increase the number of the Trustees by no more than one-third in accordance with the Declaration of Trust and to appoint Trustees to fill the vacancies so created;
- (f) to recommend to the Unitholders that the number of Trustees be increased, where a vote of Unitholders thereon is required, and to nominate individuals as Trustees to fill the vacancies so created;
- (g) to acquire any real or other property in which a related party of the REIT has an interest or to sell any interest in any real or other property to a related party of the REIT;
- (h) to make any changes in compensation of an employee who is also an employee of a related party;
- (i) to grant options to purchase Units under any Unit option plan approved by a majority of Trustees of the Board or to award any right to acquire or other right or interest in Units or securities convertible into or exchangeable for Units under any plan approved by the Trustees; and
- (j) to approve or enforce any agreement entered into by the REIT with a Trustee who is not an independent Trustee or an associate thereof, with a related party of the REIT, or with the Manager or any successor as hotel manager under the Management Agreement.

Committees of the Board

There are currently three standing Committees of the Board: the Investment Committee, the Audit and Risk Committee and the Compensation and Corporate Governance Committee. In addition, the Board formed an *ad hoc* CEO Search Taskforce and Capital Structure Taskforce in March 2014, which have since both been dissolved. Copies of the mandates of all of the standing committees of the Board are available on our website at www.innvestreit.com.

Investment Committee

The members of the Investment Committee are Robert Wolf (chair), Daniel Lewis, Jon E. Love, and Edward Pitoniak. The Investment Committee's primary duties and responsibilities include: (i) reviewing and approving or rejecting proposed acquisitions and dispositions of investments by the REIT, (ii) authorizing proposed transactions, and (iii) approving all financing arrangements and the assumption or granting of any mortgage, all in accordance with any limits on the delegation of authority as may be approved from time to time.

Key Activities in 2014

In connection with the fulfilment of its mandate, the Investment Committee undertook the following key activities in 2014:

- recommended to the Board for approval revised limits on the delegation of authority among the CEO, committees of the Board and the Board;
- reviewed and recommended to the Board for approval the REIT's capital expenditure plan for the 2014 financial year;
- reviewed and recommended to the Board for approval the acquisition of an interest in the Royal York Hotel in Toronto and the acquisition of the Hyatt Regency Hotel in Vancouver; and
- reviewed and recommended to the Board for approval the disposition of certain non-core assets in accordance with the REIT's strategic plan.

Audit and Risk Committee

The members of the Audit and Risk Committee are Robert McFarlane (chair), Robert Wolf and Edward W. Boomer, all of whom are independent Trustees. The Audit and Risk Committee's primary duties and responsibilities include: (i) coordination and oversight of the integrity of InnVest's accounting and financial reporting process as well as annual and interim financial statements; (ii) monitoring compliance with legal and regulatory requirements relating to financial reporting and the audit process; (iii) oversight of the independence and performance of internal and external audit functions; (iv) oversight of management's systems of internal controls; (v) review of InnVest's financial information that is publicly disclosed, provided that the annual and interim financial statements and MD&A of InnVest must be approved by the Board before they are publicly filed; (vi) monitoring of InnVest's enterprise risk assessment and mitigation process; (vii) oversight of InnVest's whistleblower and complaint process and reporting of fraud; and (viii) approval of any report required to be included in InnVest's public disclosure documents relating to the Audit and Risk Committee.

Information about the REIT's Audit and Risk Committee, including the full text of the Audit and Risk Committee's charter, the composition of the Audit and Risk Committee, the relevant education and experience of members of the Audit and Risk Committee and other information regarding the Audit and Risk Committee's functions and policies are set out under the heading "Audit and Risk Committee" in the REIT's annual information form for the year ended December 31, 2014, dated March 13, 2015, available under the REIT's profile at www.sedar.com.

Key Activities in 2014

In connection with the fulfilment of its mandate, the Audit and Risk Committee undertook the following key activities in 2014:

- oversaw the coordination, execution and results of an enterprise-wide risk management assessment and made certain recommendations to the Board regarding same;
- reviewed and made recommendations to the Board regarding the updated mandate of the Audit and Risk Committee;
- reviewed and recommended to the Board for approval InnVest's 2014 annual consolidated financial statements and related disclosure contained in the annual MD&A, and 2014 quarterly interim consolidated financial statements, and related disclosure contained in the interim MD&A;
- reviewed and recommended to the Board for approval material financial disclosure falling within the Audit and Risk Committee's mandate contained in the REIT's annual information form, this Circular, and other disclosure documents containing material financial information;

- provided oversight of management reporting on the internal controls of InnVest, including internal control over financial reporting;
- reviewed and discussed with management of InnVest matters related to the external auditors, including satisfying itself as to the qualifications, independence and performance of the external auditors; and
- conducted a detailed assessment of the annual audit quality and based on the results, recommended that the external auditors be re-appointed a set out in this Circular.

The table below summarizes the fees paid by the REIT for external auditor services to Deloitte LLP during 2014 and 2013.

	2014	2013
Audit Fees ⁽¹⁾	\$899,000	\$828,000
Audit-Related Fees ⁽²⁾	60,000	35,000
Tax Fees	-	-
All Other Fees ⁽³⁾	47,500	-
	\$1,006,500	\$863,000

Notes:

- (1) Audit services related to the REIT's audited annual financial statements, quarterly reviews of the financial statements and MD&A, services related to the application of new and revised accounting standards as well as pension plan audits. In each year, fees also included services relating to the review of the public offerings including translation services.
- (2) Audit-related services comprises fees related to property-specific audits each year. In 2014, audit-related fees also included services relating to the acquisition of one hotel property during the year.
- (3) Other fees related to an enterprise risk management engagement completed in 2014.

Compensation and Corporate Governance Committee

The current members of the Compensation and Corporate Governance Committee are Heather-Anne Irwin (chair), Edward W. Boomer and Robert Wolf, all of whom are independent Trustees. The primary duties and responsibilities of the Compensation and Corporate Governance Committee include: (i) assisting the Board in compensation matters; (ii) the nomination of Trustees for election or appointment to the Board; and (iii) the development and maintenance of InnVest's approach to governance.

The Board believes its Compensation and Corporate Governance Committee members possess the combined knowledge, experience and backgrounds necessary to perform their duties effectively and make executive compensation decisions in the best interests of InnVest and its unitholders. The following is a brief summary of the relevant education or experience pertaining to decision making concerning compensation policies and practices:

	Independent	Relevant Skills and Experience
Heather-Anne Irwin	Yes	Adjunct Professor of Finance at the Rotman School of Management, University of Toronto, with curriculum including corporate governance practices. Experience advising public companies and structuring board composition and corporate governance practices for non-profit foundations.
Edward W. Boomer	Yes	Experience as President of a public company. Current board member of a public company.

	Independent	Relevant Skills and Experience
Robert Wolf	Yes	Experience as CFO of a public company. Current board member of other public companies.

Key Activities in 2014

In connection with the fulfilment of its mandate, the Compensation and Corporate Governance Committee undertook the following key activities in 2014:

- oversaw the hiring of a new CEO;
- oversaw the engagement of professional compensation consultants to provide expertise and advice on matters relating to trustee compensation;
- reviewed and recommended to the Board for approval a revised Trustee compensation structure, including the adoption of InnVest's new equity ownership guidelines and the adoption of the Deferred Unit Plan for non-employee Trustees and the corresponding matching of annual retainer fees in DUs;
- considered new diversity disclosure requirements and the effect of same on InnVest;
- updated Board policies and other governance documents in accordance with best practices;
- developed a succession plan for the Chairman of the Board (see additional details below);
- recommended Trustee nominees for election at the REIT's annual general meeting of Unitholders;
- recommended Board committee Chairs and members;
- monitored recent developments, emerging trends and current best practices in corporate governance and disclosure practices impacting the mandates of the Board and its committees; and
- reviewed and recommended to the Board for approval the executive compensation and corporate governance disclosure contained in the REIT's proxy circular.

Chairman Succession Plan

Mr. Majid Mangalji, the Chairman of the Board, has approached the Compensation and Corporate Governance Committee to develop a succession plan for the role of Chairman given the strategic direction of InnVest and the future growth plans of the REIT.

STATEMENT OF EXECUTIVE COMPENSATION

This Statement of Executive Compensation describes the compensation programs of InnVest in respect of its Named Executive Officers. For the year ended December 31, 2014, InnVest's Named Executive Officers were:

- Anthony Messina, Former President and CEO (until November 30, 2014)
- Edward Pitoniak, Former Acting President and CEO (from December 1, 2014 to January 25, 2015) and Former Managing Director (from April 22, 2014 to March 31, 2015)
- George Kosziwka, CFO
- Brad Pollock, Vice President Taxation and Treasury
- Chantal Nappert, Vice President Finance and Investor Relations

Anthony Messina served as President and CEO per a two-year agreement that concluded on November 30, 2014 as described under “- *Named Executive Officer Employment Agreements*”. On December 1, 2014, the REIT announced the appointment of Edward Pitoniak as Acting President and CEO, effective immediately. Mr. Pitoniak remained a member of the Board of Trustees of the REIT.

On January 26, 2015, Andrew C. Coles assumed the office of President and CEO of InnVest. Mr. Coles succeeded Mr. Pitoniak, who remained as Managing Director during a transition period through March 31, 2015 and a member of the Board of Trustees of the REIT.

Compensation Discussion & Analysis

Compensation Decision-Making Process

It is the responsibility of the Compensation and Corporate Governance Committee to review the compensation structure for all of InnVest's NEOs. The Compensation and Corporate Governance Committee makes recommendations to the Board concerning the approval of all annual incentive compensation for all NEOs. The Compensation and Corporate Governance Committee also makes recommendations to the Board concerning the annual salary of the CEO. The CEO is responsible for recommending the compensation levels for all other Named Executive Officers for approval by the Compensation and Corporate Governance Committee.

The Compensation and Corporate Governance Committee also reviews such human resources and compensation issues as it considers appropriate, and retains consultants from time to time to provide advice regarding InnVest's compensation strategy and programs.

Compensation Consultants

The table below summarizes the fees paid by the REIT and its subsidiaries to Hugessen during 2014 and 2013. No other compensation consultants have been retained by the REIT since January 1, 2013. At the direction of the Committee Chair at the time, Hugessen worked with the Committee to perform a review of InnVest's executive compensation program and practices against current market practice among comparable Canadian real estate investment trusts.

In March 2013, Hugessen was retained to provide advice to the Board and Compensation and Corporate Governance Committee in relation to the compensation of former CEO Tony Messina and in 2014, they were engaged to provide advice related to the executive compensation of the REIT's search for a new, permanent full-time CEO. Also in 2014, the Compensation and Corporate Governance Committee retained Hugessen to provide advice on trustee compensation practices, as discussed under “*Information Regarding the Board of Trustees – Compensation of the Trustees*”, above. All of the executive compensation recommendations are made by the Compensation and Corporate Governance Committee alone and reflect factors and considerations in addition to the information and advice provided by Hugessen.

	2014	2013
Executive Compensation-Related Fees	\$64,629	\$37,600
All Other Fees	-	-
Total	\$64,629	\$37,600

Objectives of InnVest's Executive Compensation Program

InnVest's objectives for executive compensation (which, as mentioned, is distinct from Trustee compensation) are to: (i) attract, motivate and retain key personnel; (ii) link executive compensation to overall performance of InnVest; and (iii) motivate officers to act in the best interests of Unitholders.

InnVest's executive compensation program consists of three key elements: (i) base salary; (ii) short-term incentives in the form of a cash bonus; and (iii) equity-based incentives in the form of Units or restricted units which vest equally after three and four years. Each of these elements assists in achieving one or more of InnVest's compensation objectives. InnVest believes that this approach best serves the interests of Unitholders by ensuring that executive officers are compensated in a manner that addresses both the short-term and long-term interests of Unitholders.

The relative mix of total direct executive compensation, if Named Executive Officers achieve their maximum target performance goals, is as follows:

Name and Position	Base Salary	Annual Cash Bonus	Equity-Based Incentives	Total Direct Compensation
Andrew C. Coles ⁽¹⁾ President and Chief Executive Officer	33.3%	33.3%	33.3%	100%
George Kosziwka Chief Financial Officer	50%	25%	25%	100%
Brad Pollock Vice President Taxation and Treasury	67%	17%	17%	100%
Chantal Nappert Vice President Finance and Investor Relations	67%	17%	17%	100%

Note:

- (1) Anthony Messina served as President and CEO per a two-year agreement that concluded on November 30, 2014 as described under "*Named Executive Officer Employment Agreements*". On December 1, 2014, the REIT announced the appointment of Edward Pitoniak as Acting President and CEO, effective immediately. On January 26, 2015, Andrew C. Coles assumed the office of President and CEO of InnVest and in connection therewith received an initial one-time inducement grant of 400,000 Units as described under "*CEO Employment Agreement (effective Fiscal 2015)*".

Attract, Motivate and Retain Key Personnel

Properly structured executive compensation is fundamental to attracting, retaining and motivating individuals with the skills and commitment needed to enhance Unitholder value. Key elements of InnVest's executive compensation program that are designed to achieve this objective include the following:

- InnVest provides competitive overall compensation to attract and retain qualified executives. Base salaries, annual cash bonus and equity-based incentives for executives are reviewed at the time of hire and during the annual review process every year.

- The three and four year vesting periods of equity-based compensation awards for Named Executive Officers promote the retention of key personnel. Unvested awards are forfeited in the event of voluntary resignation.
- Both the short-term and equity-based incentives seek to motivate Named Executive Officers by rewarding performance. Under the short-term cash bonus, the percentage of the target cash bonus actually paid is based on the performance of the REIT against pre-determined financial targets as well as personal performance goals for each Named Executive Officer.

Link Executive Compensation to Overall Performance of InnVest

The compensation paid to Named Executive Officers is aligned with InnVest's overall performance. Key elements of InnVest's executive compensation program that are designed to achieve this objective include the following:

- The amount of the annual cash bonus and the value of the Units or restricted units awarded are based on the achievement of certain pre-determined financial targets as well as personal performance goals for each Named Executive Officer with each financial target and performance goal being established to motivate management to positively impact InnVest's overall performance.
- The Board has the discretion to alter the cash bonus and equity-based unit awards as warranted in its professional judgment.

Motivate Officers to Act in the Best Interest of Unitholders

InnVest seeks to align the interests of the Named Executive Officers with those of Unitholders. Key elements of the REIT's executive compensation program that are designed to achieve this objective include the following:

- A portion of executive compensation is awarded through Units or restricted units. The value of these awards is directly tied to the market price of the Units. No adjustments have been made to the previous awards of restricted units based on changes in the price of the Units.
- The three and four year vesting periods for the restricted units also ensure that executive officers are focused on the long-term performance of the Units.

In March 2014, InnVest announced a number of management changes aimed at improving the alignment of the Named Executive Officers' interests with those of Unitholders. Specifically, the CFO role became fully dedicated to the affairs of the REIT during the second quarter of 2014 and the Board completed a search for a permanent full-time CEO with the appointment of Andrew C. Coles on December 17, 2014, effective January 26, 2015. In addition, asset management of the REIT was internalized effective November 30, 2014 and amendments to the Management Agreement were completed to allow for greater flexibility with respect to portfolio management and incentive compensation.

In light of the foregoing management changes, the Compensation and Corporate Governance Committee continues to be engaged in a review of current structures and practices surrounding executive compensation for the REIT's Named Executive Officers. The Compensation and Corporate Governance Committee anticipates the recommendation of certain changes to the components of the REIT's compensation of its Named Executive Officers, with an increased focus on enhancing equity-based compensation, including potential minimum equity ownership requirements, to better align the interests of the Named Executive Officers with those of Unitholders.

Components of Compensation

Base Salary

Base salaries are reviewed at the time of hire and during the annual review process every year. In setting base salary levels for the CEO and CFO following their appointments in late 2014 and 2012, respectively, the Compensation and Corporate Governance Committee took into consideration the individual's leadership abilities, performance, responsibilities and experience, as well as retention considerations and economic outlook. In addition, the Compensation and Corporate Governance Committee looked at the executive compensation practices of comparable Canadian real estate investment trusts as reference in informing CEO and CFO compensation decisions in 2014. Employees are required to set performance objectives annually. An assessment of performance against objectives is conducted through performance review discussions at year end.

The base salaries paid to Named Executive Officers over the past three years are set out under “– *Summary Compensation Table for Named Executive Officers*”.

Annual Cash Bonus

An annual cash bonus allows InnVest to motivate and reward Named Executive Officers for their personal performance each year. The annual cash bonus is important both as a retention tool and for recruitment purposes, as it enables InnVest to attract executives who expect to contribute to InnVest's success and wish to be rewarded for such contributions.

The Compensation and Corporate Governance Committee recommends the amount of the bonus to be paid and this is determined annually based on (i) pre-set goals that are tied to InnVest's AFFO above specified threshold levels (as described below), (ii) the achievement of personal performance goals (as described below) and (iii) other factors the Board deems to be appropriate under the circumstances.

A target bonus is established for each Named Executive Officer. In 2014, the CEO's target annual cash bonus was 75% of base salary, the CFO's, target annual cash bonus was 50% of base salary and the Vice Presidents' target annual cash bonus was 25% of base salary. These target bonuses are reviewed by the Compensation and Corporate Governance Committee annually.

The target incentive is multiplied by an individual performance factor ranging from 0 to 100% to determine an annual cash bonus payment under the formula. This formula acts as a guideline. The Board has the discretion to alter these awards based on other factors including InnVest's relative performance against the industry, the current environment and additional challenges and responsibilities assumed by the Named Executive Officers during the year.

With the exception of the Chief Executive Officer who has minimum annual award guarantees (refer to “– *Named Executive Officer Employment Agreements*” below), the following table outlines the allocation of award based on the achievement of individual targets:

Determination of Annual Cash Performance Bonus	
Target Achievement (% of Target)	Amount of Incentive Awarded (% of Target)
< 75%	0%
75%	75%
100%	90%
>110%	100%

The targets for the 2014 annual cash performance bonus awarded to the Named Executive Officers were based on two criteria:

- 75% on achievement of the 2014 budgeted AFFO of \$0.46 per Unit.
- 25% on certain personal performance goals for 2014:
 - CEO - (i) develop and improve relationships with hotel management and franchise companies, (ii) implement a capital investment program and disposing of non-core assets to improve the portfolio's real estate value and (iii) maintain strong relationships and communication with investors as well as the financial and business community to achieve long-term Unit price growth.
 - CFO - (i) execute a financing plan to address debt maturities and improve balance sheet liquidity, (ii) aid in the disposition of non-core asset initiatives, (iii) develop and implement a cash flow management plan to ensure funds are available for the capital investment program, and (iv) maintain strong relationships and communication with investors as well as the financial and business community to achieve long-term Unit price growth.
 - Vice President Taxation and Treasury - (i) monitor InnVest's Qualifying REIT status including the recommendation and implementation of related organizational restructuring, (ii) assist in the refinancing of debt maturities, and (iii) oversee opportunities to manage property taxes and insurance costs.
 - Vice President Finance and Investor Relations – (i) oversee the disposition of non-core assets, (ii) improve internal and external reporting and (iii) organize and manage relationships and communication with industry analysts and institutional investors.

All compensation plan targets, including budgeted AFFO per Unit and personal performance goals, are approved by the Board at the beginning of the fiscal year at a level which, if achieved, will help generate value for Unitholders. For 2014, InnVest achieved 90% of the AFFO per Unit target established for the payment of annual bonuses. Certain personal performance goals were also achieved in 2014. The annual cash bonus paid to Named Executive Officers for 2014 is set out under "Statement of Executive Compensation - Summary Compensation Table for Named Executive Officers". Cash bonuses in respect of 2014 were paid in the first quarter of 2015.

The following table sets out the total percentage of the target cash performance bonus achieved for each Named Executive Officer in respect of fiscal 2014.

Name and Position	Target Cash Performance Bonus (% of base salary)	Payout Range (% of base salary)	Actual 2014 Cash Performance Bonus (% of base salary)
Anthony Messina ⁽¹⁾ Former President and Chief Executive Officer	75%	56-75% ⁽³⁾	72%
Edward Pitoniak ⁽²⁾ Former Acting President and Chief Executive Officer Former Managing Director	N/A	N/A	N/A
George Kosziwka Chief Financial Officer	50%	0-50%	46%

Name and Position	Target Cash Performance Bonus (% of base salary)	Payout Range (% of base salary)	Actual 2014 Cash Performance Bonus (% of base salary)
Brad Pollock Vice President Taxation and Treasury	25%	0-25%	22%
Chantal Nappert Vice President Finance and Investor Relations	25%	0-25%	25%

Notes:

- (1) Anthony Messina served as President and CEO per a two-year agreement that concluded on November 30, 2014 as described under “- *Named Executive Officer Employment Agreements*”. On December 1, 2014, the REIT announced the appointment of Edward Pitoniak as Acting President and CEO, effective immediately. On January 26, 2015, Andrew C. Coles assumed the office of President and CEO of InnVest and in connection therewith received an initial one-time inducement grant of 400,000 Units as described under “- *CEO Employment Agreement (effective Fiscal 2015)*”.
- (2) In his interim roles as Managing Director and President and CEO, Mr. Pitoniak was not entitled to any cash performance bonus and was only eligible to receive equity-based incentives.
- (3) Range is based on minimum annual cash bonus as described under “- *Named Executive Officer Employment Agreements*”.

Equity-Based Incentives

Long-term equity-based incentive compensation, in the form of Units or restricted units, has comprised a significant portion of the overall compensation for InnVest’s Named Executive Officers. The Compensation and Corporate Governance Committee believes this is appropriate as it aligns employee interests with those of Unitholders. The award of restricted units also supports InnVest’s retention goals because the three and four year vesting periods encourage the Named Executive Officers to remain employed by InnVest over the long-term.

Pursuant to the REIT’s Executive Incentive Plan, as described under “*Securities Authorized for Issuance Under Equity Compensation Plans – Description of Executive Incentive Plan*”, restricted units are awarded on an annual basis and vest at a rate of 50% on each of the third and fourth anniversary of the date of grant. A restricted unit granted under the Executive Incentive Plan entitles the holder to receive, on the vesting date, an amount, payable in Units, equal to the then current fair market value of a Unit plus the value of the cash distributions that would have been paid on such Unit if it had been issued on the date of grant, assuming the reinvestment of distributions paid on such Unit during the period from the grant date until the vesting date.

Each year, the Compensation and Corporate Governance Committee recommends the value of Units or restricted units to be granted to the NEOs, as a percentage of their base compensation, based on their achievement of predetermined criteria. Board discretion also allows for consideration of management’s contribution to drivers of long term value, as well as less quantifiable indications of effort, commitment and retention. Consideration is also given to the number of Units or restricted units granted in the previous year when granting current year awards.

As described under “- *Named Executive Officer Employment Agreements*”, given that his compensation agreement expired in November 2014, Mr. Messina’s awards under the Executive Incentive Plan vested immediately so that Mr. Messina received Units each year as opposed to the restricted units with three- or four-year vesting awarded to all other Named Executive Officers.

The target equity-based incentive is multiplied by an individual performance factor ranging from 0 to 100% as set out above under “- *Annual Cash Bonus*” to determine the final incentive award under the Executive Incentive Plan. If the business does not achieve a minimum performance level, no restricted units are awarded (subject to the CEO’s minimum annual award guarantee).

For 2014, the value of restricted units awarded to the Named Executive Officers was based on the same criteria as described under “- *Annual Cash Bonus*”.

The following table sets out the total percentage of the target equity-based incentive bonus achieved for each Named Executive Officer in fiscal 2014.

Name and Position	Target Equity-Based Incentive Award (% of base salary)	Payout Range (% of base salary)	Actual 2014 Equity-Based Incentive Award (% of base salary)
Anthony Messina ⁽¹⁾ Former President and Chief Executive Officer	120% ⁽²⁾	84-120% ⁽³⁾	115%
Edward Pitoniak ⁽¹⁾ Former Acting President and Chief Executive Officer Former Managing Director	100% ⁽²⁾	0-100% ⁽³⁾	93%
George Kosziwka Chief Financial Officer	50%	0-50%	46%
Brad Pollock Vice President Taxation and Treasury	25%	0-25%	22%
Chantal Nappert Vice President Finance and Investor Relations	25%	0-25%	25%

Notes:

- (1) Anthony Messina served as President and CEO per a two-year agreement that concluded on November 30, 2014 as described under “- *Named Executive Officer Employment Agreements*”. On December 1, 2014, the REIT announced the appointment of Edward Pitoniak as Acting President and CEO, effective immediately. On January 26, 2015, Andrew C. Coles assumed the office of President and CEO of InnVest.
- (2) Based on target annual award of 50,000 Units, valued at \$5.98 being the Unit closing price on December 31, 2014.
- (3) Range is based on minimum annual award of 35,000 Units and maximum of 50,000 Units, valued at \$5.98 being the Unit closing price on December 31, 2014.

For 2014, InnVest achieved 90% of the AFFO per Unit target of \$0.46 established for the payment of equity-based incentive bonuses. Certain personal performance goals were also achieved in 2014. The value of the Units and restricted units awarded to Named Executive Officers for 2014 is set out under “- *Summary Compensation Table for Named Executive Officers*”.

For performance achieved in 2014, an aggregate of 141,307 Units and restricted units were awarded to Named Executive Officers.

Compensation Program Risk Assessment

The Board, primarily through the Compensation and Corporate Governance Committee, is responsible for approving, monitoring and amending InnVest's principal executive compensation programs that apply to the REIT's NEOs (as described above). While InnVest's compensation plans contain a significant component of variable compensation for the Named Executive Officers, InnVest's compensation plans are generally balanced between short-term and long-term incentives, with limits on bonuses awarded. In April 2014, the REIT announced the appointment of Edward Pitoniak to the role of Managing Director of InnVest. This interim role involved direct oversight over the REIT's business while the Board undertook a search for a permanent full-time Chief Executive Officer to be employed by InnVest. The Board believed this appointment would mitigate any risks relating to the short-term nature of the current CEO's compensation agreement. The basic metric used by InnVest in determining short-term and long-term incentive compensation is AFFO for all NEOs.

Key risk-mitigating features in InnVest's compensation governance processes and compensation structure include:

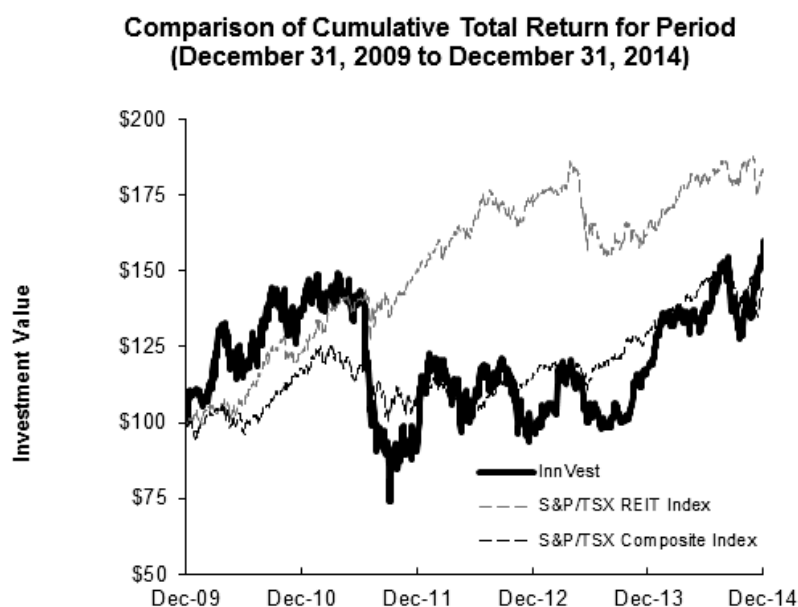
- **Variable compensation mix:** For the Named Executive Officers, a significant portion of target total direct compensation is delivered through variable compensation (annual cash bonus and long-term incentive plan). This mix provides a strong pay-for-performance relationship, while providing a competitive base level of compensation through salary, and mitigates the risk of encouraging the achievement of short-term goals at the expense of long-term sustainability and unitholder value.
- **Use of balanced measures:** The Board considers qualitative and quantitative goals in determining annual incentive compensation.
- **Application of Compensation and Corporate Governance Committee discretion:** InnVest's compensation programs allow for discretionary assessment of performance by the Compensation and Corporate Governance Committee to ensure pay aligns with perceived and actual performance.
- **Incentive plan payouts capped:** The annual cash bonus incentive has a maximum payout cap of 100% of target. The equity-based incentive payout factor is also capped at 100% of target.
- **Anti-hedging policy:** InnVest prohibits officers and directors from hedging equity-based compensation positions in InnVest.
- **Board approval of CEO compensation:** The full Board is responsible for reviewing and approving compensation recommendations made by the Compensation and Corporate Governance Committee.

Risk is also mitigated by InnVest's strong ethical culture and the prohibition on speculation in financial instruments other than for long-term investments, as outlined in the REIT's insider trading policies. As a result of the foregoing checks and balances, the Board has not identified any risks arising from InnVest's compensation policies and practices that are likely to have a material adverse effect on InnVest.

Unit Performance Graph

Since July 26, 2002, the Units have been listed and posted for trading on the TSX under the symbol “INN.UN”. The following graph compares the cumulative total Unitholder return for \$100 invested in Units from December 31, 2009 (assuming distributions are reinvested in Units on the day of the distribution) with the total returns for the S&P/TSX Composite Index and the S&P/TSX REIT Index.

	December 31				
	2010	2011	2012	2013	2014
InnVest	\$137	\$91	\$97	\$118	\$160
S&P/TSX Composite Index	\$118	\$107	\$115	\$130	\$144
S&P/TSX REIT Index	\$123	\$149	\$175	\$165	\$182



InnVest’s total return tracked the S&P/TSX REIT Index and improved considerably in 2010 reflecting expectations of an economic recovery and a low interest rate environment benefitting real estate investments. This growth followed unprecedented global capital markets volatility in 2008. InnVest’s Unit price experienced significant declines in July 2011 following the announcement by the Minister of Finance of changes in the treatment under the Income Tax Act (Canada) of issuers of “stapled” securities. InnVest was one of a limited number of issuers of stapled securities impacted by these changes.

Investments in economically-sensitive sectors such as the lodging industry tend to be more volatile given the direct, and immediate, correlation with the economy (room prices change on a daily basis). This is unlike other REITs which tend to be more stable given their long-term lease base.

InnVest’s Unit price experienced significant growth in 2014 reflecting the improving economic environment, the REIT’s demonstrated successful execution of its strategic plan to reposition the portfolio as well as changes to the executive and board composition of the REIT’s Board and executive team which served as a catalyst to the REIT’s valuation outlook.

The compensation of the Named Executive Officers is not directly tied to the total return to Unitholders over a 5-year period although part of the total compensation for all Named Executive Officers is paid in Units and restricted units of the REIT. This type of compensation provides a direct alignment of management and Unitholder interests. During 2014, the REIT fully internalized its executive team and asset management platform. Highlighting their confidence in the long-term prospects for the REIT, Trustees and Named Executive Officers' aggregate unit ownership approximates 35% as at the date of this Circular. InnVest's proposed changes to the Trustee compensation structure further aligns the Board's interests with those of Unitholders.

Summary Compensation Table for Named Executive Officers

The table below sets forth the compensation paid by the REIT to the Named Executive Officers for services rendered in all capacities to the REIT in respect of the years ended December 31, 2012 through December 31, 2014.

Name & Principal Position	Year	Salary (\$)	Unit-based awards ⁽⁶⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other comp (\$) ⁽⁸⁾	Total comp (\$)
				Option-based awards (\$)	Long-Term Annual ⁽⁷⁾			
Edward Pitoniak ⁽¹⁾	2014	\$375,000	\$350,000	-	-	-	-	\$725,000
Former Acting President and Chief Executive Officer	2013	-	-	-	-	-	-	-
Former Managing Director	2012	-	-	-	-	-	-	-
Anthony Messina ⁽²⁾	2014	\$229,167	\$263,120	-	\$165,000	-	-	\$657,287
Former President and Chief Executive Officer	2013	250,000	211,200	-	140,100	-	-	601,300
	2012	72,579	38,800	-	100,000	-	-	211,379
George M. Kosziwka ⁽³⁾	2014	\$226,575	\$142,416	-	\$131,900	-	-	\$500,891
Chief Financial Officer and Corporate Secretary	2013	135,000	67,946	-	54,000	-	-	256,946
	2012	225,089	44,484	-	50,000	-	-	319,573
Brad Pollock ⁽⁴⁾	2014	\$222,600	\$53,715	-	\$50,000	-	-	\$326,315
Vice President Taxation and Treasury	2013	210,000	47,560	-	41,869	-	-	299,429
	2012	100,000	14,550	-	15,000	-	-	129,550
Chantal Nappert ⁽⁵⁾	2014	\$200,000	\$52,086	-	\$50,000	-	-	\$302,086
Vice President Finance and Investor Relations	2013	134,252	40,207	-	35,699	-	-	210,158
	2012	71,528	-	-	27,750	-	-	99,278

Notes:

- (1) Mr. Pitoniak has been a Trustee of the Board since March 13, 2014 and was Managing Director of InnVest from April 22, 2014 to March 31 2015. Mr. Pitoniak was appointed Acting President and CEO on December 1, 2014, holding such position until January 26, 2015, when Andrew C. Coles assumed the office of President and CEO of InnVest.
- (2) Mr. Messina was appointed to the role of President and CEO on December 7, 2012 following his initial appointment as interim CFO on July 4, 2012. He completed his term as President and CEO per a two-year agreement that concluded on November 30, 2014 as described under "- Named Executive Officer Employment Agreements". In his role as CEO (and prior role as interim CFO) of InnVest, Mr. Messina was required to devote at least 50% of his time to managing the affairs of InnVest. The salary disclosed for Mr. Messina reflects the portion of his base salary that was paid by the REIT in respect of his services as an executive officer of the REIT since the date of his appointments. The balance of Mr. Messina's base salary was paid by the Manager. No more than 50% of Mr. Messina's aggregate base salary was paid by the REIT.
- (3) Mr. Kosziwka was appointed CFO effective December 7, 2012. He previously served as Vice President, Finance of InnVest. Prior to his appointment as CFO, Mr. Kosziwka dedicated 100% of his time to the management of InnVest. In connection with his appointment as CFO, Mr. Kosziwka took on a role with the Manager and through May 31, 2014 and was required to devote at least 50% of his time to managing

the affairs of InnVest. The salary disclosed for Mr. Kosziwka in his role as CFO for 2013 and part of 2014 reflects the 50% portion of his base salary that was paid by the REIT since the date of his appointment. The balance of Mr. Kosziwka's base salary during such time was paid by the Manager. Mr. Kosziwka's CFO role became 100% dedicated to the affairs of the REIT on June 1, 2014.

- (4) Mr. Pollock was appointed Vice President Taxation and Treasury of the REIT on January 1, 2013. Mr. Pollock previously served as Vice President, Taxation with the Manager. In his role with the Manager, 50% of Mr. Pollock's annual compensation was reimbursed by the REIT. The compensation disclosed for Mr. Pollock prior to his appointment with the REIT reflects the 50% portion of his compensation that was paid by the REIT.
- (5) Ms. Nappert was appointed Vice President Finance and Investor Relations of the REIT on May 31, 2013. Ms. Nappert previously served as Executive Director, Investor Relations with the Manager. In her role with the Manager, 50% of Ms. Nappert's annual compensation was reimbursed by the REIT. The compensation disclosed for Ms. Nappert prior to her appointment with the REIT reflects the 50% portion of her compensation that was paid by the REIT.
- (6) Represents the dollar amount of Units and restricted units awarded for services performed for the corresponding calendar year plus the value of the cash distributions accumulated on restricted units previously issued, assuming the reinvestment of distributions paid during the year. The amounts in this column represent the fair value of restricted units granted and may not represent the amounts the Named Executive Officers will actually realize from the awards. Restricted units awarded for the year were valued based on a fair value of \$5.98 per Unit for 2014, \$5.28 and \$5.26 per Unit for 2013 and \$4.85 per Unit for 2012 awards. In determining the number of restricted units awarded each year, the Board uses the Unit closing price on the last trading date of each year. For each of the years presented, restricted units awarded through the assumed reinvestment of distributions were valued based on the closing Unit price on the date of distributions in each month.
- (7) Non-equity incentive plan compensation includes the annual cash bonus paid to the Named Executive Officers. Such bonuses, by their terms and subject to the discretion of the Board, are typically payable in the first half of the year following the fiscal year to which they relate.
- (8) Perquisites and other personal benefits do not exceed \$50,000 or 10% of the total of the annual salary and bonus for any of the Named Executive Officers.

Allocation of Executive Compensation to InnVest

Prior to his appointment as CFO on December 7, 2012, Mr. Kosziwka dedicated 100% of his time to the management of InnVest and was paid directly by InnVest. In connection with his appointment as CFO, Mr. Kosziwka took on a role with the Manager and through May 31, 2014 was required to devote at least 50% of his time to managing the affairs of InnVest. The base salary amount indicated in the above summary compensation table for Mr. Kosziwka represents 100% of his salary as Vice President, Finance and a 50% allocation of his salary since his appointment as CFO. The remaining 50% of Mr. Kosziwka's base salary since his appointment as CFO is paid by the Manager. Mr. Kosziwka's CFO role became 100% dedicated to the affairs of the REIT on June 1, 2014.

Incentive Plan Awards

Outstanding Unit-Based Awards Table for Named Executive Officers

The unit-based awards and incentive plan awards made for each Named Executive Officer of the REIT during the year ended December 31, 2014 are summarized in the table below.

	Option-based awards				Unit-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of units that have not vested ⁽¹⁾ (#)	Market or payout value of unit-based awards that have not vested ⁽²⁾ (\$)	Market or payout value of vested unit-based awards not paid out or distributed (\$)
Edward Pitoniak	-	-	-	-	-	-	-
Anthony Messina	-	-	-	-	-	-	-
George M. Kosziwka	-	-	-	-	22,057	\$131,900	-
Brad Pollock	-	-	-	-	8,361	50,000	-
Chantal Nappert	-	-	-	-	8,361	50,000	-

Notes:

(1) As at December 31, 2014. Includes the restricted units accumulated through distributions since the restricted units were granted.

(2) Calculation is based on a Unit price of \$5.98 which is the closing price on December 31, 2014 on the TSX.

Incentive Plan Awards – Value Vested or Earned During the Year

	Option-based awards – Value vested during the year (\$)	Unit-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Edward Pitoniak	-	\$350,000	-
Anthony Messina	-	186,800 ⁽¹⁾	165,000
George M. Kosziwka	-	23,296 ⁽²⁾	131,900
Brad Pollock	-	-	50,000
Chantal Nappert	-	-	50,000

Notes:

(1) Calculation is based on a Unit price of \$4.67 which was the closing price on December 31, 2013.

(2) Calculation is based on a Unit price of \$4.67 which was the closing price on December 31, 2013. The amounts reflect the vesting of 50% of the restricted units granted in each of 2010 and 2011 as well as restricted units granted in respect of distributions paid on such vested restricted units.

CEO Employment Agreement (effective Fiscal 2015)

Current Chief Executive Officer

On January 26, 2015, Andrew C. Coles assumed the office of President and CEO of InnVest. Mr. Coles' remuneration for 2015 under his employment agreement is comprised of annual base salary of \$500,000 as well as incentive compensation structured in the form of (i) participation in a short-term incentive plan (being an annual cash bonus up to a maximum of 100% of base salary subject to the achievement of certain targets set by the Board under the short-term incentive plan), (ii) participation in a long-term incentive plan (in the form of restricted units granted under the Executive Incentive Plan up to a maximum of 100% of base salary subject to the achievement of certain targets by the Board under the long-term incentive plan), and (iii) an initial one-time inducement grant of 400,000 Units, granted with effect on Mr. Coles' start date, vesting at a rate of five equal tranches of 80,000 Units over a four-year period, with the first tranche vesting upon the start date and each subsequent tranche vesting upon each anniversary of the start date for a four-year period thereafter.

Termination Benefits

Under the terms of his employment agreement, if Mr. Coles' employment is terminated by InnVest for Cause (as defined in the employment agreement), upon his death or if Mr. Coles elects to give InnVest notice of termination of his employment, InnVest shall: (a) pay Mr. Coles (or his beneficiary or estate) any unpaid Base Salary (as defined in the employment agreement) earned through the Date of Termination (as defined in the employment agreement); (b) reimburse Mr. Coles for unpaid reasonable expenses incurred in carrying out his duties under the employment agreement; and (c) provide to Mr. Coles any other accrued but unpaid benefits (if any) and vacation pay, in accordance with the then-applicable terms of any plan, program, agreement or other arrangement of any of the REIT or any of its subsidiaries, in which Mr. Coles participates (the rights referred to above in (a) through (c) are collectively referred to as the "**Accrued Obligations**").

Under the terms of his employment agreement, if Mr. Coles' employment is terminated by InnVest due to his inability to perform his employment duties due to a Disability (as defined in the employment agreement), InnVest shall: (a) pay Mr. Coles (or his beneficiary or estate) any entitlements required pursuant to the *Employment Standards Act, 2000*, as amended; (b) reimburse Mr. Coles for unpaid reasonable expenses incurred in carrying out his duties under the employment agreement; and (c) provide to Mr. Coles all Accrued Obligations for the duration of the notice of termination period required by applicable law.

Under the terms of his employment agreement, if Mr. Coles' employment is terminated by InnVest without Cause (as defined in the employment agreement), InnVest shall pay or provide to Mr. Coles: (a) on or before January 26, 2017, a lump sum equal to 12 months' Base Salary (as defined in the employment agreement), and his short-term incentive and long-term incentive bonus at 100% target achievement, less deductions required by law; or (b) after January 26, 2017, upon providing Mr. Coles with a lump sum equal to 24 months' Base Salary (as defined in the employment agreement), and his short-term incentive and long-term incentive bonus at 50% target achievement, less deductions required by law; and (c) continuation of all employment benefits and Accrued Obligations for 12 months following the Date of Termination (as defined in the employment agreement), or subject to the terms of the applicable benefit policy, for such minimum notice period required pursuant to *Ontario's Employment Standards Act, 2000*, or similar successor legislation. All such benefits shall end the earlier of their expiry provided herein or the date Mr. Coles secures replacement employment.

Mr. Coles is not entitled to any other or further compensation in addition to the payments provided for above in respect of the termination of his employment without Cause (as defined in the employment agreement) which exceed any amount required by applicable statute.

Regardless of the reason for termination of employment, all remaining equity grants unvested as of the Notice of Termination (as defined in the employment agreement) or the date of death shall cease to vest and terminate as of the Date of Termination (as defined in the employment agreement).

Mr. Coles' employment agreement does not specify obligations in the event of change of control.

Named Executive Officer Employment Agreements

Former Acting Chief Executive Officer and Managing Director – Edward Pitoniak

From April 1, 2014, Mr. Pitoniak was employed as Managing Director of the REIT pursuant to the terms of an employment agreement. Effective November 30, 2014, Mr. Pitoniak was appointed Acting President and CEO, holding such position until January 26, 2015, when Andrew C. Coles assumed the office of President and CEO of InnVest. Mr. Pitoniak was Managing Director until March 31, 2015 pursuant to the initial employment agreement.

Mr. Pitoniak's remuneration for the above roles was comprised of a mix of an annual base salary and an annual bonus arrangement. The internalized plan achievement bonus arrangement applies in respect of Mr. Pitoniak's role as Managing Director, with compensation being linked to goals based on tangible outcomes. The structure of that arrangement provides that achievement of 100% of such goals yields a bonus equal to 100% of the base annual salary paid from April 1 to December 31 of that year, equalling 75% of the annualized base salary payable.

Mr. Pitoniak's compensation agreement did not specify obligations in the event of a termination or change of control.

Former Chief Executive Officer – Anthony Messina

Anthony Messina had a two year compensation agreement through November 30, 2014. Mr. Messina's compensation terms provided for an annual base salary based on a proportionate allocation of his time to manage the affairs of InnVest.

In addition to his annual base salary, Mr. Messina was eligible for an annual cash performance bonus (in an amount up to 75% of his base salary including a guaranteed minimum of 56% of his base salary) and an annual award of Units (up to 50,000 Units each year with a guaranteed minimum of 35,000 Units per year). Given his short-term compensation agreement, Mr. Messina was issued Units rather than restricted units. The performance criteria and target performance levels for the cash performance bonus and the award of Units were established by the Compensation and Corporate Governance Committee in consultation with Mr. Messina at the beginning of each financial year.

Mr. Messina's compensation agreement did not specify obligations in the event of a termination or change of control.

Chief Financial Officer

Mr. Kosziwka's terms of employment with the REIT provide for an annual base salary. In addition to his annual base salary, Mr. Kosziwka is eligible for an annual cash performance bonus and an annual award of restricted units, each in an amount up to 50% of base salary. The performance criteria and target performance levels for the cash performance bonus and the award of restricted units are established by the Compensation and Corporate Governance Committee in consultation with Mr. Kosziwka at the beginning of each financial year.

Mr. Kosziwka's employment terms do not specify obligations in the event of a termination or change of control.

Vice Presidents

Terms of employment for Mr. Pollock and Ms. Nappert provide for an annual base salary as well as an annual cash performance bonus and an annual award of restricted units, each in an amount up to 25% of their respective base salary. The performance criteria and target performance levels for the cash performance bonus and the award of restricted units are established by the Compensation and Corporate Governance Committee in consultation with Mr. Pollock and Ms. Nappert at the beginning of each financial year. Employment terms do not specify obligations in the event of a termination or change of control.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The table below sets forth the securities of InnVest which were authorized for issuance under InnVest’s equity compensation plans as at December 31, 2014.

Plan Category	Number of Units to be issued upon exercise of outstanding options, warrants and rights	Weighted-average price of outstanding options, warrants and rights	Number of Units remaining available for future issuance under equity compensation plans
Equity compensation plans approved by Unitholders ⁽¹⁾	58,794	N/A ⁽²⁾	737,525
Equity compensation plans not approved by Unitholders ⁽³⁾	94,827 ⁽⁴⁾	N/A ⁽²⁾	1,067,976

Note:

- (1) The only equity compensation plans of InnVest in existence as at December 31, 2014 that have previously been approved by Unitholders are: (a) the Executive Incentive Plan; and (b) the rights arising out of section 2.9 of the Declaration of Trust which provides that 50% of the annual compensation of the Trustees shall be paid in Units. As stated under the section “*Business of the Meeting - VI - Amendment of the Declaration of Trust Regarding Trustee Compensation Matters*”, Unitholders are being asked to amend the requirement in section 2.9 of the Declaration of Trust that 50% of the Trustees’ annual compensation be payable in Units.
- (2) Restricted units granted under the Executive Incentive Plan and the Deferred Unit Plan do not have an exercise price. Instead, recipients are entitled to receive, on the vesting date of a restricted unit, an amount, payable in Units, based on the then current market value of one Unit plus the value of all distributions which would have been paid on such Unit from the date of grant of the applicable restricted unit, assuming the reinvestment of these distributions in Units.
- (3) Effective October 21, 2014, the Board adopted the Deferred Unit Plan for non-employee Trustees, subject to Unitholder and TSX approval. See “*Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - Background*”.
- (4) On November 4, 2014, an aggregate of 94,827 Deferred Units were granted to certain non-executive Trustees of the REIT in respect of Trustee Fees payable for the period March 13, 2014 to September 30, 2014 and for participation on the Capital Structure Task Force and/or the CEO Search Task Force, in accordance with the Deferred Unit Plan, and subject to Unitholder and TSX approval. See “*Business of the Meeting - VII - Approval of the Adoption of a Deferred Unit Plan for Non-Employee Trustees and Ratification of Certain Deferred Unit Grants - Unitholder Approval and Ratification*”.

Description of Executive Incentive Plan

The Executive Incentive Plan provides for the grant of restricted units to any officer or senior employee of the REIT or a subsidiary of the REIT who has been designated by the Compensation and Corporate Governance Committee and who has agreed to participate in the Executive Incentive Plan on terms specified by the REIT (each such individual, an “**Executive Plan Participant**”) Each of the Named Executive Officers participates in the Executive Incentive Plan and may be granted restricted units from time to time. Restricted units vest pursuant to a schedule that has been approved by the Trustees. The vesting date may be set any time between the grant date and the fourth anniversary of the grant date. Subject to certain conditions, each restricted unit entitles the holder thereof to receive a payment on the vesting date stipulated at the time of the grant of the restricted unit, as such date may be changed from time to time in the discretion of the Compensation and Corporate Governance Committee (the “**Payment Date**”), of an amount, payable in Units, based on their then current market value, equal to the then current market value of one Unit plus the value of the cash distributions that would have been paid on one Unit if it had been issued on the date of grant of the restricted unit, assuming the reinvestment of these distributions in Units. In the event of a proposed or completed take-over bid for all of the Units, substantial asset sale, merger, amalgamation, arrangement or other reorganization of the REIT, the Compensation and Corporate Governance Committee may make such changes to the terms of the Executive Incentive Plan and the restricted units as it determines in its sole discretion.

A maximum of 1,000,000 Units have been reserved for issuance under the Executive Incentive Plan, representing approximately 0.8% of the outstanding Units at the date of this Circular. Any increase in this maximum or other amendment to the Executive Incentive Plan is subject to regulatory approval and to Unitholder approval, if required. As at the date of this Circular, 497,038 (December 31, 2014 – 447,482) restricted units (including units with immediate vesting) had been granted under the Executive Incentive Plan, of which 96,329 (December 31, 2014 –

51,049) were unvested, representing less than 0.1% of the outstanding Units as at the date of this Circular. The Named Executive Officers are not involved in setting the number of Units reserved for issuance under the Executive Incentive Plan, or amending the Executive Incentive Plan. Previous restricted units awarded are not taken into account when considering the award of new restricted units under the Executive Incentive Plan.

As at the date of this Circular:

- A total of 561,494 Units have been issued or awarded under the Executive Incentive Plan, representing 0.5% of the total number of Units issued and outstanding.
- A total of 96,329 Units are issuable (reserved for issuance) under actual grants made under the Executive Incentive Plan, representing less than 0.1% of the total number of Units issued and outstanding.
- A total number of 497,038 Units are issuable for future grants under the Executive Incentive Plan, representing 0.4% of the total number of Units issued and outstanding.

The maximum number of Units reserved for issuance in satisfaction of rights under restricted units granted under the Executive Incentive Plan and under other entitlements granted under any other existing security-based compensation arrangements of the REIT to any one person shall not exceed 5% of the outstanding Units from time to time. The number of Units reserved for issuance to insiders in satisfaction of rights under restricted units granted under the Executive Incentive Plan and under other entitlements granted under any other existing security-based compensation arrangements of the REIT shall not exceed 10% of the outstanding Units from time to time. Within any one-year period, the number of Units issued to insiders pursuant to the Executive Incentive Plan and under other entitlements granted under all other existing security-based compensation arrangements of the REIT shall not exceed 10% of the outstanding Units and the number of Units issued to any one insider and such insider's associates shall not exceed 5% of the outstanding Units.

Restricted units are not Units and do not confer on the Executive Plan Participant any rights associated with Units, including voting rights, entitlements to distributions or rights on liquidation, other than as set forth in the Executive Incentive Plan. An Executive Plan Participant may not assign any of his or her restricted units.

If an Executive Plan Participant ceases to be employed by the REIT or any of its subsidiaries for any reason other than death, long-term disability, retirement or is terminated by the REIT for cause, all rights granted to such Executive Plan Participant under all restricted units for which the Payment Date has not yet occurred will immediately be forfeited.

If an Executive Plan Participant ceases to be an employee of the REIT or any of its subsidiaries by reason of the termination of the Executive Plan Participant's employment by the REIT or its subsidiary other than for cause, any restricted units granted to such Executive Plan Participant for which the Payment Date has not occurred but whose Payment Date will occur no later than one year following the date of the termination notice given to the Executive Plan Participant will continue to be outstanding and, unless otherwise agreed by the REIT or determined by the Compensation and Corporate Governance Committee, all other restricted units will be immediately forfeited.

If an Executive Plan Participant dies or ceases to be an employee of the REIT or any of its subsidiaries by reason of long-term disability or retirement or for any other reason specified by the REIT, in its sole discretion, the Payment Date for all restricted units granted to such Executive Plan Participant will be determined by the REIT in its sole discretion. In this circumstance, the Payment Date will be no later than the original Payment Date for the restricted units and the first year anniversary of the Executive Plan Participant's death.

The Compensation and Corporate Governance Committee may, in its sole discretion, at any time and from time to time amend, suspend or terminate the Executive Incentive Plan or amend the terms of any restricted unit granted under the Executive Incentive Plan; provided, however, that the REIT must obtain any required approvals under applicable law or the TSX Company Manual. In addition, no amendment or termination shall be made at any time which materially adversely affects the existing rights of an Executive Plan Participant under the Executive Incentive Plan without his or her written consent, unless the REIT acquires the existing rights under the Executive Plan Participant's restricted units for an amount equal to the fair market value of such rights at such time, as verified by an independent valuator.

INDEBTEDNESS OF TRUSTEES, EXECUTIVE OFFICERS AND SENIOR OFFICERS

As at the date of this Circular and during the REIT's financial year ended December 31, 2014, no current or former Executive Officer, Trustee or employee of the REIT or any of its subsidiaries, and no proposed nominee for election as Trustee, or any of their associates, was indebted to (i) the REIT or any of its subsidiaries, or (ii) any other entity where the indebtedness is, or was at any time during the REIT's financial year ended December 31, 2014, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the REIT or any of its subsidiaries and outside of the ordinary course.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Information pertaining to material interests of informed persons, direct or indirect, in any transaction since the commencement of the REIT's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the REIT or any of its subsidiaries is set forth under the section entitled "Interest of Management and Others in Material Transactions" in the REIT's Annual Information Form dated March 13, 2015, which is available under the REIT's profile at www.sedar.com.

CORPORATE GOVERNANCE PRACTICES

Effective corporate governance is a priority for the Board. The Board has adopted the Charter of the Board to confirm and enhance the Trustees' ongoing duties and responsibility for stewardship of the REIT. A copy of the Charter of the Board is attached to the Circular as Schedule A. The Board abides by the CSA Governance Requirements, which require the REIT to disclose certain information relating to its corporate governance practices. This information is set out in Schedule B to this Circular.

The CSA Governance Requirements set out best practices in the nine areas, including, among others, (i) board independence, (ii) the role of the board generally, (iii) the role of the board in the issuer's ethical framework, (iv) board effectiveness, (v) the nomination of trustees, and (vi) the setting of execution compensation. The REIT is required to describe certain aspects of its corporate governance practices in its annual information form, including a discussion of any practices that are inconsistent with the CSA Governance Requirements. The REIT also complies with the CSA rules regarding the composition of audit committees in NI 52-110 and the certification of an issuer's disclosure controls and procedures in National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*.

In this Circular and in the attached Schedule B, the term "independent", as it relates to a Trustee, has the corresponding meaning given to the term "independent" in NI 52-110 and NI 58-101; namely, a Trustee who has no direct or indirect material relationship with the REIT which could, in the view of the Board, be reasonably expected to interfere with the exercise of the Trustee's independent judgement. A majority of the current Trustees and all of the nominees standing for election as Trustees other than Mr. Pitoniak and Mr. Coles are "independent" within the meaning of NI 52-110 and NI 58-101.

ADDITIONAL INFORMATION

Additional information relating to the REIT is available on SEDAR at www.sedar.com. Financial information is provided in the REIT's comparative financial statements and MD&A for the financial year ended December 31, 2014.

The REIT will provide free of charge to Unitholders, upon request to its Investor Relations Officer a copy of:

- (a) its 2014 annual report, including management's discussion and analysis of financial and operating results;
- (b) its annual information form dated March 13, 2015, together with a copy of any document, or pertinent pages of any document, incorporated therein by reference; and
- (c) its comparative financial statements for the year ended December 31, 2014, together with the notes thereto and report of its auditors thereon, and any interim financial statements subsequently filed.

The REIT's Investor Relations Officer may be reached at:

200 Bay Street, Suite 3205
Toronto, ON M5J 2J2
Attn: Investor Relations Officer
Toll Free: 1-877-209-3429 (Canada & U.S.)

Website: www.investreit.com

BOARD OF TRUSTEES' APPROVAL

The Board has approved the contents of this Circular and the sending of this Circular to the Unitholders.

(signed) *Andrew C. Coles*

Andrew C. Coles
President and Chief Executive Officer

Toronto, Ontario
May 7, 2015

SCHEDULE A

CHARTER OF THE BOARD OF TRUSTEES

GENERAL

1. PURPOSE AND RESPONSIBILITY OF THE BOARD

Pursuant to the Declaration of Trust, the Trustees are responsible for supervising the activities and managing the investments and affairs of InnVest Real Estate Investment Trust (the **Trust**)². The responsibilities of the Trustees described herein are pursuant to, and subject to, the Declaration of Trust and do not impose any additional responsibilities or liabilities on the Trustees at law or otherwise.

2. REVIEW OF CHARTER

The Board shall review and assess the adequacy of this Charter annually and at such other times as it considers appropriate and shall make such changes as it considers necessary or appropriate.

3. DEFINITIONS AND INTERPRETATION

Definitions

In this Mandate:

- (a) **Applicable Laws** means all applicable provisions of law, domestic or foreign, including, without limitation, the *Securities Act* (Ontario), as amended, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and the applicable rules and policies of any stock exchange on which the Trust is listed;
- (b) **Board** means the Board of Trustees of the Trust;
- (c) **Canadian Residents** means resident Canadians for the purposes of the Declaration of Trust;
- (d) **CEO** means the chief executive officer of the Trust;
- (e) **Chair** means the chair of the Board;
- (f) **Charter** means this charter, as amended from time to time;
- (g) **Declaration of Trust** means the declaration of trust governing the Trust, as amended from time to time;
- (h) **Independent** shall be defined as such term is defined in Applicable Laws;
- (i) **Named Executive Officer** shall be defined as such term is defined in Applicable Laws;
- (j) **Trust** means InnVest Real Estate Investment Trust; and
- (k) **Trustee** means the trustees of the Trust.

² Declaration of Trust – sections 3.1 and 3.2

Interpretation

This Charter is subject to and shall be interpreted in a manner consistent with the Declaration of Trust and with any applicable legislation.

CONSTITUTION OF THE BOARD

4. ELECTION AND REMOVAL OF TRUSTEES

Number of Trustees

The Trust will have a minimum and a maximum number of Trustees as may be set out in the Declaration of Trust from time to time.

Election of Trustees

Trustees shall be elected (including the reappointment of incumbent Trustees) at each annual meeting of the Unitholders, and may be elected at a special meeting of the Unitholders, in each case to hold office, except as otherwise provided herein, for a term expiring at the close of the next annual meeting of the Unitholders following such an appointment or until their successors are elected or appointed.³

Vacancies

A quorum of Trustees may fill a vacancy among the Trustees, to the extent permitted under the Declaration of Trust.⁴

Ceasing to be a Trustee⁴

A Trustee will cease to hold office when:

- (a) he or she dies, becomes incapacitated or resigns; or
- (b) he or she is removed in accordance with the provisions of the Declaration of Trust.

5. CRITERIA FOR TRUSTEES

Qualification of Trustees⁵

Every Trustee shall be an individual who is at least 18 years of age, has not been determined by a court to be of unsound mind and does not have the status of bankrupt.⁶

Residency

A majority of the Trustees shall be resident Canadians.⁷

³ Declaration of Trust – s. 2.3

⁴ Declaration of Trust – s. 2.1

⁵ Declaration of Trust – s. 2.6

⁶ Declaration of Trust – s. 2.4

⁷ Declaration of Trust – s. 2.4

Independence of Trustees

At least a majority of the Trustees shall be independent.

Other Criteria

The Board may establish other criteria for Trustees as contemplated in this Charter.

6. BOARD CHAIR

Appointment of the Chair

The Board shall appoint the Chair from among the Trustees. The Chair shall serve at the pleasure of the Board for such term or terms as the Board may determine or until he or she resigns.

7. INFORMATION, ADVICE AND REMUNERATION OF TRUSTEES AND RETAINING ADVISORS

Remuneration

Members of the Board and the Chair shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Compensation and Corporate Governance Committee of the Board.

Retaining and Compensating Advisors

Individual Trustees shall have the authority to retain, at the expense of the Trust, outside counsel and any other external advisors as they may deem appropriate, from time to time.

Information

The Board shall have the authority to request from management of the Trust and from other sources, such information as the Board considers necessary in order to discharge its oversight responsibilities.

MEETINGS OF THE BOARD

8. MEETINGS OF THE BOARD

Time and Place of Meetings

Meetings of the Board shall be called in the manner and at the location contemplated in the Declaration of Trust.⁸

Frequency of Board Meetings

The Board shall meet at least four times per year.

Quorum

A quorum for all meetings of the Trustees shall be at least a majority of the Trustees, at least one of whom shall be an Independent Trustee.

⁸ Declaration of Trust – Article 7

Any Trustee may participate in a meeting of the Trustees by means of teleconference and a Trustee so participating shall be considered to be present at that meeting.

Secretary of the Meeting

The Chair shall designate from time to time a person who may, but need not, be a member of the Board, to be Secretary of any meeting of the Board.

Right to Vote

Each member of the Board shall have the right to vote on matters that come before the Board.

Invitees

The Board may invite any of the Trust's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

9. CONFLICTS OF INTEREST

Disclosure of Interest

Each Trustee shall disclose, to the Trust, the nature and extent of any interest that such Trustee has in a material contract or transaction, whether made or proposed, with the Trust, if the Trustee:

- (a) is a party to the contract or transaction;
- (b) is a director or officer of, or otherwise has a material interest in, a party to the contract or transaction.

Time of Disclosure

- (a) Each Trustee shall disclose such interest to the Board at the first opportunity to disclose such interest. For example, the Trustee shall disclose such interest at the meeting at which the contract or transaction is first considered or, if the Trustee becomes interested at a later time, at the first meeting after which the Trustee becomes so interested or, if an interested individual later becomes a Trustee, at the first meeting after he or she becomes a Trustee.
- (b) If a material contract or transaction, whether entered into or proposed, is one that, in the ordinary course of the Trust's business, would not require approval by the Trustees, a Trustee shall disclose, in writing to the Trust, the nature and extent of such Trustee's interest immediately after he or she becomes aware of the contract or transaction.

Voting

A Trustee required to make a disclosure as provided at "Disclosure of Interest" above shall not vote on any resolution to approve the contract or transaction unless the contract or transaction:

- (a) relates primarily to his or her remuneration as a Trustee, officer, employee or agent of the Trust; or
- (b) is for indemnity under the Declaration of Trust or liability insurance.

Continuing Disclosure

A Trustee may declare his or her interest in relation to a contract or transaction by a general notice to the Trustees declaring that a Trustee is to be regarded as interested, for any of the following reasons, in a contract or transaction made with a party:

- (a) the Trustee is a director or officer, or an individual acting in a similar capacity, of a party at paragraph (b) under “Disclosure of Interest” above;
- (b) the Trustee has a material interest in the party; or
- (c) where there has been a material change in the nature of the Trustee’s interest in the party.

10. IN CAMERA SESSIONS

In Camera Sessions of Independent Trustees

Before, during an adjournment of or following the conclusion of each meeting of the Board, the Independent Trustees shall meet without the Trustees who are not independent and any member of management being present, provided that any failure to do so shall not invalidate business transacted at a duly convened meeting of the Board.

Business Transacted at *In Camera Sessions*

The Trustees shall not transact business of the Board at an *in camera* session of Trustees.

DELEGATION OF DUTIES AND RESPONSIBILITIES

11. DELEGATION AND RELIANCE

Delegation of Powers

The Trustees may appoint from among their number one or more committees and may, subject to Applicable Laws and the Declaration of Trust, delegate to such committees any of the powers of the Trustees. The Trustee may also, subject to Applicable Laws and the Declaration of Trust, delegate such powers to such of the officers of the Trust (or to other persons as the Trustees may deem appropriate) as they, in their sole discretion, may deem necessary or desirable, and define the scope of and manner in which such powers will be exercised by such persons as they may deem appropriate, without regard to whether such authority is normally granted or delegated by trustees, however, to the overall supervision and control of the Trustees.

Requirement of Certain Committees

The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and stock exchange requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate:

- (a) Audit and Risk Committee;
- (b) Investment Committee; and
- (c) Compensation and Corporate Governance Committee.

Composition of Committees

The Board will appoint and maintain in office members of each of its committees such that the composition of each such committee is in compliance with all applicable legal and stock exchange requirements and with such

recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate and shall require the Compensation and Corporate Governance Committee to make recommendations to it with respect to such matters.

Review of Charters

On an annual basis, the Board will review the recommendations of the Compensation and Corporate Governance Committee with respect to the charters of each committee of the Board. The Board will approve those changes to the charters that it determines are appropriate.

Reliance on Management

The Board is entitled to rely in good faith on the information and advice provided to it by the Trust's management.

Reliance on Others

The Board is entitled to rely in good faith on information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

Oversight

The Board retains responsibility for oversight of any matters delegated to any Trustee(s) or any committees of the Board, to management or to other persons.

DUTIES AND RESPONSIBILITIES

12. RESPONSIBILITY FOR SPECIFIC MATTERS

Responsibility for Specific Matters

The Trustees explicitly assume responsibility for the matters set out below, recognizing that these matters represent, in part, responsibilities reflected in requirements and recommendations adopted by applicable securities regulators and stock exchanges and do not limit the Trustee's responsibilities under the Declaration in Trust. The powers and authorities of the Trustees are set out in Schedule 1 to this Charter, being an extract from the Declaration of Trust.

Delegation to Committees

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to: (i) consider, (ii) report to the Board, (iii) make recommendations to the Board, or (iv) make decisions with respect to any or all of such matters, as may be delegated by the Board to such committees from time to time.

13. GOVERNANCE GENERALLY

Governance Practices and Principles

The Board shall be responsible for developing the Trust's approach to governance, including, if deemed appropriate, a set of governance principles and guidelines that are specifically applicable to the Trust.

Governance Disclosure

Approval of Disclosure. The Board shall approve disclosure about the Trust's governance practices in any document before it is delivered to the Trust's unitholders or filed with applicable securities regulators or with the stock exchanges.

Determination of Differences As Appropriate. If the Trust's governance practices differ from those recommended by applicable securities regulators or the stock exchanges, the Board shall consider these differences and why the Board considers them to be appropriate.

14. RESPONSIBILITIES RELATING TO MANAGEMENT

Integrity of Management

The Board shall, to the extent feasible, reasonably satisfy itself:

- (a) as to the integrity of the CEO and other executive officers of the Trust; and
- (b) that the CEO and other executive officers of the Trust create a culture of integrity throughout the organization.

Succession Planning

The Board shall be responsible for succession planning, including appointing, training and monitoring senior management. In discharging this responsibility, the Board may:

- (a) consider recommendations of the Compensation and Corporate Governance Committee; and
- (b) consider succession plans for the CEO.

Executive Compensation Policy

Board Approval. The Board shall approve the compensation of the Named Executive Officers

15. OVERSIGHT OF THE MANAGEMENT OF THE TRUST

Risk Management

Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of the Trust's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

Strategic Planning Process

The Board shall receive reports from management (and from other sources as it considers appropriate) identifying the principal risks of the Trust's business and recommending strategies to manage those risks. The Board shall satisfy itself that appropriate systems to manage these risks are implemented and monitored.

Internal Control and Management Information Systems

The Board shall review the reports of management and the Audit and Risk Committee concerning the adequacy of the Trust's internal control and management information systems. Where appropriate, the Board shall require management and the Audit and Risk Committee to implement changes to such systems to ensure adequacy of such systems.

Related Party Transactions

The Board shall approve all transactions or agreements in which the Trust is involved or that the Trust proposes to enter into in respect of which a Trustee or a member of senior management has a material interest.

Communications Policies

The Board shall review and, if determined appropriate, approve a disclosure policy and such other policies as may be necessary or desirable for communicating with unitholders, the investment community, the media, governments and their agencies, employees and the general public.

Whistleblower Policy

The Board will review and approve a whistleblower policy for the Trust. In adopting the whistleblower policy, the Board will consider the recommendations of the Audit and Risk Committee concerning its compliance with applicable legal and stock exchange requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate.

Financial Statements

The Board shall review the recommendations of the Audit and Risk Committee with respect to the annual financial statements of the Trust to be delivered to unitholders. If satisfactory, the Board shall approve such financial statements. If the Board has not delegated the approval of interim financial statements to the Audit and Risk Committee, the Board shall also review the recommendation of the Audit and Risk Committee with respect to the interim financial statements or other material financial disclosure of the Trust prior to its release to the public and, if satisfactory, shall approve such financial statements or other material financial disclosure.

Code of Business Conduct and Ethics

The Board will review and approve a Code of Business Conduct and Ethics for the Trust. In adopting this Code, the Board will consider the recommendations of the Compensation and Corporate Governance Committee concerning its compliance with applicable legal and stock exchange requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate.

16. NOMINATION OF TRUSTEES

Nomination and Appointment of Trustees

- (a) The Board shall nominate individuals for election as Trustees by the unitholders and shall require the Compensation and Corporate Governance Committee to make recommendations to it with respect to such nominations.
- (b) In selecting candidates for nomination as Trustees, the Board shall:
 - (i) consider what competencies and skills the Board, as a whole, should possess;
 - (ii) assess what competencies and skills each existing and proposed new Trustee possesses; and
 - (iii) consider whether each nominee can devote sufficient time and resources to his or her duties as a Trustee.

The Board shall consider recommendations made to it by the Compensation and Corporate Governance Committee with respect to the size and composition of the Board.

17. BOARD EFFECTIVENESS

Position Description

The Board shall review and, if determined appropriate, approve the recommendations of the Compensation and Corporate Governance Committee concerning formal position descriptions for:

- (a) the Chair of the Board and for each committee of the Board, and
- (b) the CEO,

provided that in approving a position description for the CEO, the Board shall consider the input of the CEO and shall develop and approve goals and objectives that the CEO is responsible for meeting (which may include goals and objectives relevant to the CEO's compensation, as recommended by the Compensation and Corporate Governance Committee).

Trustee Orientation and Continuing Education

The Board shall review and, if determined appropriate, approve the recommendations of the Compensation and Corporate Governance Committee concerning:

- (a) orientation for new Trustees; and
- (b) continuing education for all Trustees.

Board, Committee and Trustee Assessments

The Board shall review and, if determined appropriate, adopt a process recommended by the Compensation and Corporate Governance Committee to:

- (a) consider the required competencies and skills the Board as a whole should possess;
- (b) consider the appropriate Board size;
- (c) assess the performance and effectiveness of the Board;
- (d) assess the effectiveness of each Committee; and
- (e) assess the contribution and competencies of each Trustee.

18. REGULAR ASSESSMENT OF THE BOARD

The Board shall assess its performance and effectiveness on a regular basis in accordance with the process established by the Compensation and Governance Committee.

As amended on May 7, 2015.

SCHEDULE 1

EXTRACT FROM DECLARATION OF TRUST

3.1 General Powers.

The Trustees, subject only to the specific limitations contained in this Declaration of Trust, including Sections 4.1 and 4.2, shall have, without further or other authorization and free from any control or direction on the part of the Unitholders, full, absolute and exclusive power, control and authority over the assets of the Trust and over the affairs of the Trust to the same extent as if the Trustees were the sole owners of such assets in their own right, to do all such acts and things as in their sole judgment and discretion are necessary or incidental to, or desirable for, the carrying out of any of the purposes of the Trust or the conducting of the affairs of the Trust. In construing the provisions of this Declaration of Trust, there shall be a presumption in favour of the power and authority having been granted to the Trustees. The enumeration of any specific power or authority herein shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustees. Except as specifically required by law, the Trustees shall in carrying out investment activities not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees. Without limiting the generality of the foregoing, subject to Sections 4.1 and 4.2, the Trustees may make any investments without being required to adhere to all of, or any particular portion of the investment criteria or diversification requirements set forth in the *Trustee Act* (Ontario), as amended from time to time, including investments in mutual funds, common trust funds, unit trusts and similar types of investment vehicles, to alter or vary such investments from time to time in a like manner, to retain such investments for such length of time as the Trustees, in their discretion determine and to delegate management and authority to discretionary managers of investment funds as the Trustees in their discretion determine appropriate.

3.2 Specific Powers and Authorities.

Subject only to the express limitations contained in this Declaration of Trust, including Sections 4.1 and 4.2, and in addition to any powers and authorities conferred by this Declaration of Trust or which the Trustees may have by virtue of any present or future statute or rule of law, the Trustees without any action or consent by the Unitholders shall have and may exercise, on behalf of the Trust, at any time and from time to time the following powers and authorities which may or may not be exercised by them in their sole judgment and discretion and in such manner and upon such terms and conditions as they may from time to time deem proper:

- (a) To retain, invest and re-invest the capital or other funds of the Trust in real or personal property of any kind, all without regard to whether any such properties are authorized by law for the investment of trust funds, and to possess and exercise all the rights, powers and privileges appertaining to the ownership of the property of the Trust and to increase the capital of the Trust at any time by the issuance of additional Units for such consideration as they deem appropriate.
- (b) For such consideration as they deem proper, to invest in, purchase or otherwise acquire for cash or other property or through the issuance of Units or through the issuance of notes, debentures, bonds or other obligations or securities of the Trust and hold for investment the entire or any participating interest in notes, debentures, bonds or other obligations which are secured by any mortgages. In connection with any such investment, purchase or acquisition, the Trustees shall have the power to acquire a share of rents, lease payments or other gross income from or a share of the profits from or a share in the equity or ownership of real property.
- (c) To sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any or all of the property of the Trust by deeds, trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust by one or more of the Trustees or by a duly authorized officer, employee, agent or any nominee of the Trust.

- (d) To enter into leases, contracts, obligations and other agreements for a term extending beyond the term of office of the Trustees and beyond the possible termination of the Trust or for a lesser term.
- (e) To borrow money from or incur indebtedness to any Person; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of third parties, including the Trustees; to enter into other obligations on behalf of the Trust; and to assign, convey, transfer, mortgage, subordinate, pledge, grant security interests in, encumber or hypothecate the property of the Trust to secure any of the foregoing.
- (f) To lend money or other property of the Trust, whether secured or unsecured.
- (g) To incur and pay out of the property of the Trust any charges or expenses and disburse any funds of the Trust, which charges, expenses or disbursements are, in the opinion of the Trustees, necessary or incidental to or desirable for the carrying out of any of the purposes of the Trust or conducting the affairs of the Trust including taxes or other governmental levies, charges and assessments of whatever kind or nature, imposed upon or against the Trustees in connection with the Trust or the property of the Trust or upon or against the property of the Trust or any part thereof and for any of the purposes herein.
- (h) To deposit funds of the Trust in banks, trust companies and other depositories, whether or not such deposits shall earn interest, the same to be subject to withdrawal on such terms and in such manner and by such Person or Persons (including any one or more Trustees, officers, agents or representatives) as the Trustees may determine.
- (i) To possess and exercise all the rights, powers and privileges appertaining to the ownership of or interest in all or any mortgages or securities, issued or created by any Person, forming part of the assets of the Trust, to the same extent that an individual might and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more Persons, which proxies and powers of attorney may be for meetings or action generally or for any particular meeting or action and may include the exercise of discretionary power.
- (j) To exercise any conversion privilege, subscription right, warrant or other right or option available in connection with any property of the Trust at any time held by it and to make payments incidental thereto; to consent, or otherwise participate in or dissent from, the reorganization, consolidation, amalgamation, merger or readjustment of the finances of any Person (other than the Trust), any of the securities of which may at any time be held by the Trust or to the sale, mortgage or lease of the property of any such Person; and to do any act with reference thereto, including the delegation of discretionary powers, the exercise of options, the making of agreements or subscriptions and the payment of expenses, assessments or subscriptions which it may consider necessary or advisable in connection therewith.
- (k) To elect, appoint, engage or employ officers for the Trust, who may be removed or discharged at the discretion of the Trustees, such officers to have such powers and duties, and to serve such terms as may be prescribed by the Trustees or by the Trustees' Regulations; to engage, appoint, employ or contract with any Person as agents, representatives, employees or independent contractors or otherwise (including real estate advisors, investment advisors, registrars, underwriters, accountants, lawyers, real estate agents, property managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, and to pay compensation from the Trust for services in as many capacities as such Person may be so engaged or employed; and, except as prohibited by law, to delegate any of the powers and duties of the Trustees (including the power of delegation) to any one or more Trustees, agents, representatives, officers, employees, independent contractors or other Persons without regard to whether such power, authority or duty is normally granted or delegated by Trustees.

- (l) To collect, sue for and receive sums of money coming due to the Trust, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, demands or other litigation relating to the Trust, the assets of the Trust or the Trust's affairs, to enter into agreements therefor whether or not any suit is commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof.
- (m) To renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Trust.
- (n) To purchase and pay for, out of the assets of the Trust, insurance contracts and policies insuring the assets of the Trust against any and all risks and insuring the Trust and/or any or all of the Trustees, the Unitholders or officers of the Trust against any and all claims and liabilities of any nature asserted by any Person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees, the Unitholders or the officers of the Trust.
- (o) To cause legal title to any of the assets of the Trust to be held by and/or in the name of the Trustees, or, except as prohibited by law, by and/or in the name of the Trust or one or more of the Trustees or any other Persons, on such terms, in such manner with such powers in such Person as the Trustees may determine and with or without disclosure that the Trust or Trustees are interested therein, provided, however, that should legal title to any of the assets of the Trust be held by and/or in the name of any Person or Persons other than the Trust, the Trustees shall require such Person or Persons to execute a declaration of trust acknowledging that legal title to such assets is held in trust for the benefit of the Trust.
- (p) To determine conclusively the allocation to capital, income or other appropriate accounts for all receipts, expenses, disbursements and property of the Trust; and to determine the allocation of any cash or non-cash distribution of property by the Trust to the Unitholders as between net realized capital gains, other income for purposes of the Tax Act and returns of capital.
- (q) To pay all taxes or assessments, of whatever kind or nature, whether within or outside Canada, imposed upon or against the property, undertaking or income of the Trust or any part thereof, or imposed upon or against the Trustees in connection with the property, undertaking or income of the Trust or any part thereof, and to settle or compromise disputed tax liabilities and to make such returns, take such deductions, and make such designations, elections and determinations in respect of net income or net realized capital gains distributed to Unitholders as shall be permitted under the Tax Act (provided that, to the extent necessary, the Trustees shall seek the advice of the Trust's legal counsel or the Trust's auditors), and do all such other acts and things as may be deemed by the Trustees in their sole discretion to be necessary, desirable or convenient in connection with the foregoing.
- (r) To prepare, sign and file or cause to be prepared, signed and filed any prospectus, offering memorandum or similar document, and any amendment thereto and all agreements contemplated therein or ancillary thereto relating to or resulting from any offering of the Units or other securities issued or held by the Trust, and to pay the cost thereof and related thereto out of the property of the Trust whether or not such offering is or was of direct benefit to the Trust or those Persons (if any) who were Unitholders immediately prior to such offering.
- (s) To make or cause to be made application for the listing on any stock exchange of any Units or other securities of the Trust, and to do all things which in the opinion of the Trustees may be necessary or desirable to effect or maintain such listing or listings.
- (t) To determine conclusively the value of any or all of the property of the Trust from time to time and, in determining such value, to consider such information and advice as the Trustees, in their sole judgment, may deem material and reliable.
- (u) To do all such acts and things and to exercise such powers as may be delegated to the Trustees by any Person who co-owns real property with the Trust.
- (v) To do all such other acts and things as are incidental to the foregoing, and to exercise all powers that are necessary or useful to carry on the business of the Trust, to promote any of the purposes for which the Trust is formed and to carry out the provisions of this Declaration of Trust.

SCHEDULE B

CORPORATE GOVERNANCE DISCLOSURE

The REIT believes that effective corporate governance practices are fundamental to the overall success of a company. The following is a discussion of the REIT's corporate governance policies and/or practices as required by NI 58-101.

<u>Governance Disclosure Guideline under NI 58-101</u>	<u>Comments</u>
1. Board	
(a) Disclose the identity of trustees who are independent.	The Board considers Mr. Boomer, Ms. Irwin, Mr. Lewis, Mr. Love, Mr. McFarlane and Mr. Wolf to be independent as none of them has any material relationship with the Company.
(b) Disclose the identity of trustees who are not independent, and the basis for that determination.	<p>As at May 7, 2015, three Trustees were not independent.</p> <p>Majid Mangalji is an appointee of Westmont and, as such, is deemed not to be independent by the Declaration of Trust.</p> <p>Fereed Mangalji is an appointee of the Manager and, as such, is deemed not to be independent by the Declaration of Trust.</p> <p>Mr. Pitoniak was appointed Managing Director of the REIT in April 2014, which was an interim executive position until March 31, 2015. Mr. Pitoniak was appointed Acting President and CEO on December 1, 2014, holding such position until January 26, 2015, when Mr. Coles assumed the office of President and CEO. As a result of the foregoing, Mr. Pitoniak is deemed not to be an Independent Trustee at this time for purposes of NI 52-110 and NI 58-101.</p>
(c) Disclose whether or not a majority of trustees are independent. If a majority of trustees are not independent, describe what the board of trustees (the " Board ") does to facilitate its exercise of independent judgment in carrying out its responsibilities.	The Board has determined that the majority of the Trustees are independent.
(d) If a trustee is presently a director or trustee of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the trustee and the other issuer.	Refer to the disclosure starting on page 12 for directorships of the Trustees in other reporting issuers.

Governance Disclosure Guideline under NI 58-101**Comments**

(e) Disclose whether or not the independent trustees hold regularly scheduled meetings at which members of management are not in attendance. If the independent trustees hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent trustees do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent trustees.

The Board and its Committees meet independently of the management at all quarterly in-person meetings, and additionally when needed.

The independent Trustees are authorized to meet separately from the non-independent Trustees and retain external advisors at the expense of the REIT, as required whenever, in their opinion, matters come before the Board which require an independent analysis by independent Trustees. The independent Trustees met separately from the non-independent Trustees two times (excluding Committee meetings) during the fiscal year ended December 31, 2014.

The Audit and Risk Committee meets with the REIT's external auditors independently of the Board and management and discusses with them the financial statements and other financial issues as deemed appropriate.

(f) Disclose whether or not the chair of the board is an independent trustee. If the board has a chair or lead trustee who is an independent trustee, disclose the identity of the independent chair or lead trustee, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead trustee that is independent, describe what the board does to provide leadership for its independent trustees.

The Chairman of the Board is not an independent Trustee. Daniel Lewis is an independent Trustee and continues to serve as the Lead Independent Trustee. As Lead Independent Trustee, Mr. Lewis' responsibilities include: calling, setting the agenda and chairing meetings of the independent Trustees; in consultation with the Chairman, approving the agenda for Board meetings; as requested, advising management on the quality, quantity, appropriateness and timeliness of information sent to the Board; coordinating the activities of the independent Trustees and acting as a liaison between the independent Trustees and the Chairman and management; and such other duties and responsibilities as the Board may determine.

(g) Disclose the attendance record of each trustee for all board meetings held since the beginning of the issuer's most recently completed financial year.

Refer to the disclosure starting on page 28 for the attendance record of each Trustee for all Board meetings held since the beginning of the fiscal year ended December 31, 2014.

2. Mandate of the Board

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The Board has adopted the Charter of the Board, a copy of which is attached to the Circular as Schedule A.

3. Position Descriptions

(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Board is in the process of drafting position descriptions for the Chairman of the Board and the Chair of each of the Board committees. The Board expects that such position descriptions will be developed by the end of 2015.

The broad mandate of the Trustees serves to define the relationship between the Trustees and management. All parties work in a collegial manner without a significantly structured or hierarchical format to achieve the objectives of the REIT. Greater formalization through position descriptions may not well serve the REIT or the long-term interests of the Unitholders. The Trustees adhere to the guidelines as established in the Declaration of Trust.

The Declaration of Trust describes the role of the Board. Specifically, it provides that the Board has full, absolute and exclusive power, control and authority over the REIT's assets and over the affairs of the REIT and may do anything that in its sole judgment and discretion it considers necessary, incidental to or desirable for the purposes of the REIT or for conducting the affairs of the REIT. The Board acts in a supervisory role and any responsibilities not delegated to management or a Committee remain with the full Board.

(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board developed a written position description for the REIT's CEO in conjunction with the announcement in March 2014 that it had commenced a search for a permanent full-time CEO. The Board has met with Mr. Coles to discuss, among other things, his role and responsibilities as CEO.

The CEO's objectives are reviewed by the Compensation and Corporate Governance Committee and Board from time to time. These objectives include the general mandate to manage the REIT and to maximize Unitholder value. The limits to management's responsibilities are defined by the Board. This is accomplished both by specifically identifying the role and responsibilities of the CEO and specifying that all material decisions relating to the business and operations of the REIT are to be made by the Board or one of its Committees.

4. Orientation and Continuing Education

(a) Briefly describe what measures the board takes to orient new trustees regarding (i) the role of the board, its committees and its trustees, and (ii) the nature and operation of the issuer's business.

All new Trustees receive an orientation package, which includes the mandate of the Board and the charters of the Board Committees, copies of key corporate documents including the Declaration of Trust, and other relevant corporate and business information about the REIT.

In addition, the REIT's orientation for Trustees involves meeting with the Chair, CEO and senior management of the REIT for an interactive introductory discussion about the REIT. All Trustees are encouraged to meet with management informally and visit hotels.

(b) Briefly describe what measures, if any, the board takes to provide continuing education for its trustees. If the board does not provide continuing education, describe how the board ensures that its trustees maintain the skill and knowledge necessary to meet their obligations as trustees.

Senior management makes regular presentations to the Board on the main areas of the REIT's business and risks and updates the Board quarterly on the Company's financial and operating performance.

5. Ethical Business Conduct

(a) Disclose whether or not the board has adopted a written code for the trustees, officers and employees. If the board has adopted a written code: (i) disclose how a person or company may obtain a copy of the code; (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a trustee or executive officer that constitutes a departure from the code.

The Board has adopted a Code of Business Conduct and Ethics for the REIT (the "Code") a copy of which may be obtained, upon request, from the Investor Relations Officer of the REIT, by e-mail, at investor@innvestreit.com or by written request sent to the Investor Relations Officer at 200 Bay Street, Suite 3205, Toronto Ontario M5J 2J2.

The Board expects Trustees, officers and employees of the REIT to act ethically at all times and to acknowledge their adherence to the policies comprising the Code. The Code prohibits actions that could be considered a conflict of interest and contains provisions in respect of fair dealing, confidentiality and prohibitions and illegal or unethical behaviour. Compliance with the code is monitored by management of the REIT on a quarterly basis with results communicated to the Board as required.

<u>Governance Disclosure Guideline under NI 58-101</u>	<u>Comments</u>
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(b) Describe any steps the board takes to ensure trustees exercise independent judgment in considering transactions and agreements in respect of which a trustee or executive officer has a material interest.

Each Trustee must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such Trustee has a conflict of interest. In addition, a Trustee must excuse himself or herself from any discussion or decision on any matter in which the Trustee is precluded from voting as a result of a conflict of interest. The matter will also be discussed by non-conflicted Trustees of the Compensation and Corporate Governance Committee.

In addition, the Audit and Risk Committee reviews, from a compliance perspective, all transactions of the REIT with Related Parties (as such term is defined in the REIT’s Declaration of Trust) and reviews the financial statement disclosure for all such transactions.

(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

The Board promotes consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market, in accordance with applicable securities legislation, and promotes a whistle blowing policy. The Board has also adopted an insider trading policy and the Code, as described above.

The Audit and Risk Committee has adopted a whistle blowing policy in order to provide for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters related to the REIT. The policy promotes the confidential, anonymous submission by employees of the relevant entities of concern regarding questionable accounting or auditing matters related to the REIT.

The REIT has also established a disclosure policy to assist in compliance with requirement to disclose forthwith all material information.

6. Nomination of Trustees

(a) Describe the process by which the board identifies new candidates for board nomination.

The REIT does not have a nominating committee. The Compensation and Corporate Governance Committee is responsible for identifying individuals qualified to become Trustees and for recommending to the Board suitable candidates as trustees, in consultation with the Chairman of the Board.

In undertaking this responsibility, the Compensation and Corporate Governance Committee annually assesses the skill sets of the existing Board and Committees and identifies any additional skill sets deemed to be beneficial. The Compensation and Corporate Governance Committee, in recommending individuals as trustees, considers any selection criteria approved by the Board as well as the competencies and skills of the existing Trustees compared to the competencies and skills the new nominee would bring to the Board.

If vacancies occur on the Board, the Compensation and Corporate Governance Committee (comprised entirely of independent Trustees), in consultation with the Chairman of the Board, recommends nominees to the Board, reviews the qualifications of prospective members and determines their relevance taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board.

The Board is in the process of revising the mandate of the Compensation and Corporate Governance Committee and expects such revised mandate will be in place by the end of 2015.

(b) Disclose whether or not the board has a nominating committee composed entirely of independent trustees. If the board does not have a nominating committee composed entirely of independent trustees, describe what steps the board takes to encourage an objective nomination process.

See disclosure for item 6(a), above.

(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

See disclosure for item 6(a), above.

7. Compensation

(a) Describe the process by which the board determines the compensation for the issuer's trustees and officers.

Please see disclosure under the heading entitled "*Information Regarding the Board of Trustees – Compensation of the Trustees*" and "*Statement of Executive Compensation*" of the Circular for further details on the process through which the Compensation and Corporate Governance Committee, which is composed entirely of independent trustees, is responsible for the REIT's compensation policies among other things.

(b) Disclose whether or not the board has a compensation committee composed entirely of independent trustees. If the board does not have a compensation committee composed entirely of independent trustees, describe what steps the board takes to ensure an objective process for determining such compensation.

(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's trustees and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

See disclosure under the heading, "*Information Regarding the Board of Trustees – Compensation of the Trustees*" of the Circular.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

See disclosure under the heading, "*Information Regarding the Board of Trustees - Committees of the Board - Investment Committee*" of the Circular.

9. Assessments

Disclose whether or not the board, its committees and individual trustees are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual trustees are performing effectively.

The Compensation and Corporate Governance Committee conducts an annual evaluation of the effectiveness of the Board and its Committees. In such evaluation, the Compensation and Corporate Governance Committee assesses the operation of the Board and its Committees, the adequacy of information provided to Trustees, communication processes between the Board and management, agenda planning for Board and Committee meetings and strategic planning.

10. Board Renewal

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The REIT has not adopted term limits for its Trustees because we are focused on building a Board with the skills and expertise necessary to provide strong oversight for our business. A majority of the Board was reconstituted in 2014. The Board is of the view that Trustees are generally able to increase his or her contribution to the Board over time. The Board does recognize that turnover is necessary in order to introduce new ideas and perspectives but that this must be balanced against the need for Trustees with increased insight into the business of the REIT gained over their years of service. The Board annually considers changes to the composition of the Board.

11. Gender Diversity

(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women trustees. If the issuer has not adopted such a policy, disclose why it has not done so.

Specific written policies for gender or other diversity representation have not been adopted for the nomination of women trustees due to the need to consider a balance of criteria in each individual appointment. It is important that each appointment to the Board be made, and be perceived as being made, on the merits of the individual and the needs of the REIT at the relevant time.

(b) Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

While neither a written policy nor targets relating to the identification and nomination of women trustees have been adopted to date and the emphasis in filling Board vacancies has been finding the best qualified candidates given the needs and circumstances of the Board, a nominee's diversity of gender, race, nationality, age, experience and other attributes has and will be considered favorably in the assessment of trustee nominees.

(c) Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

While neither a written policy nor targets relating to the identification and nomination of women in executive officer positions have been adopted to date and the emphasis in filling executive officer vacancies has been finding the best qualified candidates given the needs and circumstances of senior management, a nominee's diversity of gender, race, nationality, age, experience and other attributes has and will be considered favorably in the assessment of executive officer nominees.

Governance Disclosure Guideline under NI 58-101

Comments

(d) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.

Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

(e) Disclose the number and proportion (in percentage terms) of trustees on the issuer's board who are women.

Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

The Board has not adopted targets regarding the representation of women on the Board or in executive officer positions. The Board however, is committed to the recruitment, retention and promotion of qualified women candidates. The Board believes that the nomination of individuals to the Board and senior management should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the REIT. The Board is of the view that adopting targets regarding the representation of women on the Board and in senior management could compromise its ability to be responsive to the needs of the Board which may arise over time.

12.5% (1 of 8) of our trustee nominees are women, and 25% (1 of 4) of the REIT's executive officers are women.

SCHEDULE C

FORM OF AMENDMENT TO DECLARATION OF TRUST

THIS AMENDMENT (the “**Amendment**”) made in Toronto, Ontario the [16th] day of June, 2015.

WHEREAS InnVest Real Estate Investment Trust (the “**Trust**”) was established pursuant to a Declaration of Trust dated January 1, 2002 (the “**Original Declaration of Trust**”) under the name White Real Estate Investment Trust;

AND WHEREAS the Original Declaration of Trust was amended and/or restated in accordance with its provisions on July 18, 2002, January 1, 2007, June 25, 2010, December 31, 2010, March 31, 2011, July 1, 2012 and August 7, 2013 (as amended and/or restated prior to the date hereof, the “**Amended Declaration of Trust**”);

AND WHEREAS the trustees of the Trust (the “**Trustees**”), in the exercise of their fiduciary duties to the Trust and its unitholders, have determined that it is advisable and in the best interests of the Trust and its unitholders to further amend the Amended Declaration of Trust on the terms and conditions set forth herein;

AND WHEREAS at the annual and special meeting of the Trust’s unitholders held on June 16, 2015, the Trust’s unitholders approved the amendments set forth herein;

NOW THEREFORE, the undersigned Trustees hereby confirm and declare as follows:

1. Interpretation

The division of this Amendment into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Amendment. Capitalized terms used but not otherwise defined herein shall have the respective meanings given to such terms in the Amended Declaration of Trust.

2. Amendments to the Amended Declaration of Trust

- (a) The first sentence of section 2.1 of the fourth amended and restated declaration of trust of the Trust dated July 1, 2012, as amended, be deleted and replaced with the following wording:

“There shall be no fewer than five and no more than ten Trustees.”

- (b) Section 2.9 of the fourth amended and restated declaration of trust of the Trust dated July 1, 2012, as amended, be deleted in its entirety and replaced with the following wording:

“2.9 Trustee Compensation and Other Remuneration.

(a) Trustee Compensation

The Trustees shall be paid such compensation for their services as the Trustees may from time to time determine. Trustees who are employees of and who receive salary from the Trust or its Subsidiaries shall not be entitled to receive any remuneration for their services as Trustees but shall be entitled to reimbursement from the Trust of their out-of-pocket expenses incurred in acting as a Trustee.

(b) Other Remuneration

Each of the Trustees may be entitled to receive remuneration for services rendered to the Trust in any other capacity, as may be approved by the Trustees from time to time, whether such services are performed by a Trustee or any Person affiliated with a Trustee.”

3. **Confirmation of Amended Declaration of Trust**

The Amended Declaration of Trust, as amended by this Amendment, is hereby confirmed and shall continue in full force and effect.

4. **Counterparts**

This Amendment may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Trustees appearing below, having been duly authorized to execute and deliver this Amendment, have caused these presents to be signed and sealed as of the date first above written.

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

