This prospectus supplement (the "Prospectus Supplement"), together with the short form base shelf prospectus dated July 2, 2015 (the "Base Shelf Prospectus") to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the Base Shelf Prospectus or this Prospectus Supplement constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

These securities have not been, and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States. See "Plan of Distribution". This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States.

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of InnVest Real Estate Investment Trust at 200 Bay Street, Suite 3205, Toronto, Ontario M5J 2J1, telephone (416) 607-7100, and are also available electronically at www.sedar.com.

# PROSPECTUS SUPPLEMENT (TO A SHORT FORM BASE SHELF PROSPECTUS DATED JULY 2, 2015)

<u>New Issue</u> July 8, 2015



#### INNVEST REAL ESTATE INVESTMENT TRUST

\$42,000,000 8,400,000 Units \$5.00 per Unit

This Prospectus Supplement qualifies the distribution of 8,400,000 units ("Units") of InnVest Real Estate Investment Trust ("InnVest") at a price of \$5.00 per Unit for aggregate gross proceeds to InnVest of \$42,000,000 (the "Offering"). InnVest is an unincorporated open-ended real estate investment trust governed by its declaration of trust and the laws of the Province of Ontario. KingSett Capital and Orange Capital, LLC, significant unitholders of InnVest, either directly or indirectly through their respective affiliates, and together with certain trustees of InnVest (collectively, the "Purchasing Insiders") have agreed to purchase an aggregate of up to 2,592,796 Units (the "Purchasing Insider Units") under the Offering for aggregate proceeds of \$12,963,980.

The Units are listed on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "INN.UN". On July 6, 2015, the last full trading day on the TSX prior to the announcement of the Offering, the closing price of the Units on the TSX was \$5.22 per Unit. On July 7, 2015, the last full trading day prior to the date of this Prospectus Supplement, the closing price of the Units on the TSX was \$5.02 per Unit. InnVest has applied to the TSX to list the Units offered by this Prospectus Supplement. Listing will be subject to InnVest fulfilling all of the listing requirements of the TSX.

_	Price to the Public <sup>(1)</sup>	Underwriters' Fee <sup>(2)</sup>	Net Proceeds to InnVest <sup>(3)(4)</sup>
Per Unit	\$5.00	\$0.20	\$4.80
Total Offering	\$42,000,000	\$1,206,939	\$40,793,061

### Notes:

- (1) The offering price for Units was established through negotiation between InnVest and the Underwriters (as defined below).
- (2) The Underwriters' fee is equal to 4.00% of the gross proceeds of the Offering. No Underwriters' fee will be payable to the Underwriters with respect to the purchase of Units by the Purchasing Insiders. See "Plan of Distribution".
- (3) Before deducting expenses of the Offering estimated at \$600,000. The Underwriters' fee and the other expenses of the Offering will be paid from the proceeds of the Offering. See "Use of Proceeds" and "Plan of Distribution".
- (4) InnVest has granted to the Underwriters an option (the "Over-Allotment Option") exercisable in whole or in part, at the discretion of the Underwriters, for a period of 30 days from the closing of the Offering (the "Closing"), to purchase up to 1,260,000 Units on the same terms and conditions as set forth above to cover over-allotments, if any, and for market stabilization purposes (for greater clarity, a maximum of 15% of the number of Units sold at Closing may be issued pursuant to the Over-Allotment Option). In respect of the Over-Allotment Option, InnVest will pay to the Underwriters a fee

equal to 4.00% of the gross proceeds realized on the exercise of the Over-Allotment Option provided that no Underwriters' fee will be payable to the Underwriters with respect to the purchase of Units by the Purchasing Insiders in connection with the Over-Allotment Option. If the Over-Allotment Option is exercised in full: the total number of Units sold pursuant to the Offering will be 9,660,000 Units; the total price to the public will be \$48,300,000 (or \$35,336,020 excluding the Purchasing Insiders and assuming the Purchasing Insiders purchase the maximum number of Purchasing Insider Units); assuming the Purchasing Insiders purchase the maximum number of Purchasing Insider Units, the total Underwriters' fee will be \$1,413,441; and the net proceeds to InnVest, before deducting the estimated expenses of the Offering, will be \$46,886,559. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires those Units under this Prospectus Supplement regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. This Prospectus Supplement also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable upon the exercise of the Over-Allotment Option. See "Plan of Distribution".

The following table sets forth the number of Units issuable pursuant to the exercise of the Over-Allotment Option:

Underwriters' Position	Maximum Size	Exercise Period	Exercise Price	
Over-Allotment Option 1,260,000 Units		Up to and including the 30 <sup>th</sup> day following the Closing	\$5.00 per Unit	

The Units are being offered pursuant to an underwriting agreement (the "Underwriting Agreement") dated July 8, 2015 between InnVest and RBC Dominion Securities Inc. ("RBC"), BMO Nesbitt Burns Inc. ("BMO"), CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp., Desjardins Securities Inc. and Industrial Alliance Securities Inc. (collectively, the "Underwriters" and each an "Underwriter").

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

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Closing is expected to occur on or about July 15, 2015 or such later date as InnVest and the Underwriters may agree, but in any event not later than July 22, 2015. Registration and transfers of Units will be effected only through the book-based system administered by CDS Clearing and Depository Services Inc. ("CDS"). Beneficial owners of Units will not, except in limited circumstances, be entitled to receive a physical certificate evidencing their ownership of Units. See "Plan of Distribution".

Affiliates of each of RBC and BMO are lenders to InnVest under the Credit Line (as such term is defined herein). Accordingly, InnVest may be considered to be a "connected issuer" of RBC and BMO within the meaning of applicable Canadian securities legislation. See "Relationship Between InnVest and Certain Underwriters".

Investing in the Units involves risks. The risk factors identified under the heading "Risk Factors" in the Base Shelf Prospectus and this Prospectus Supplement should be carefully reviewed and evaluated by prospective purchasers before purchasing the securities being offered hereunder.

Although InnVest intends to make distributions of a portion of its available cash to holders of Units ("Unitholders"), these cash distributions are not assured. A return on an investment in Units is not comparable to the return on an investment in a fixed-income security. The ability of InnVest to make cash distributions and the actual amount distributed will be dependent upon numerous factors, including the financial performance of InnVest, seasonal fluctuations in operating results, InnVest's debt covenants and obligations, InnVest's working capital requirements, InnVest's future capital requirements, InnVest continuing to qualify as a "real estate investment trust" (a "REIT") for Canadian income tax purposes and the redemption of Units, if any. The market value of the Units may deteriorate if InnVest is unable to maintain current levels of cash distributions in the future, and that deterioration may be material. See "Risk Factors".

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

The Canadian income tax consequences to Unitholders who are Canadian residents will depend, in part, on the composition for tax purposes of distributions paid by InnVest, portions of which may be fully or partially taxable or may constitute tax-deferred distributions which are not subject to tax at the time of receipt, but reduce the adjusted cost base of the Units for Canadian income tax purposes. That composition may change over time, thus affecting a Unitholder's after-tax return. The Income Tax Act (Canada), as amended (together with the Income Tax Regulations, the "Tax Act") contains provisions providing for tax on certain income earned by a "specified investment flowthrough" trust or partnership (a "SIFT"), and treating taxable distributions received by investors from such entities as taxable dividends (the "SIFT Rules"). Subject to the application of the SIFT Rules discussed under the heading "Certain Canadian Federal Income Tax Considerations", distributions of the net income of InnVest are generally taxed in the hands of a Unitholder as ordinary income while distributions in excess of the net income of InnVest are generally tax-deferred (and reduce the Unitholder's adjusted cost base in the Units for tax purposes). Distributions of income and returns of capital to a Unitholder that is not resident in Canada for purposes of the Tax Act or is a partnership that is not a "Canadian partnership" for purposes of the Tax Act may be subject to Canadian withholding tax. The SIFT Rules do not apply to certain entities, such as trusts, that qualify as a REIT under an exception to the application of the SIFT Rules. Management of InnVest believes, based on InnVest's valuation and measurement of its different categories of assets and revenues under the tests pertaining to the REIT exception (the "REIT Exception"), that InnVest qualified for the REIT Exception throughout 2014. There can be no assurances that InnVest will continue to qualify for the REIT Exception for Canadian income tax purposes throughout 2015 and subsequent taxation years. Prospective Unitholders should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their circumstances. See "Certain Canadian Federal Income Tax Considerations".

Certain officers and trustees of InnVest reside outside of Canada and have appointed an agent for service of process in Canada. See "Legal Matters".

The registered and head office of InnVest is located at 200 Bay Street, Suite 3205, Toronto, Ontario M5J 2J1.

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### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Norton Rose Fulbright Canada LLP, counsel to InnVest, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, provided that InnVest qualifies as a mutual fund trust under the Tax Act or the Units are listed on a designated stock exchange (which currently includes the TSX), the Units, as of the date hereof, will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts ("TFSAs"), each as defined in the Tax Act ("Registered Plans").

Notwithstanding the foregoing, if the Units are a "prohibited investment" (as defined in the Tax Act) for a RRSP, RRIF or TFSA, the annuitant or holder thereof will be subject to a penalty tax as set out in the Tax Act. The Units will not be a prohibited investment for a RRSP, RRIF or TFSA provided the annuitant or holder thereof: (i) deals at "arm's length" (as defined in the Tax Act) with InnVest; and (ii) does not have a "significant interest" (as defined in the Tax Act) in InnVest. Generally, an annuitant or holder of a RRSP, RRIF or TFSA will have a significant interest in InnVest if the annuitant or holder, together with persons not dealing at arm's length with the annuitant or holder, owns, directly or indirectly, Units representing 10% or more of the fair market value of all outstanding Units. In addition, Units will not be a "prohibited investment" if the Units are "excluded property" as defined in the Tax Act. Prospective purchasers should consult their own tax advisors prior to purchasing Units in a RRSP, RRIF or TFSA.

#### **MEANING OF CERTAIN REFERENCES**

In this Prospectus Supplement, references to "InnVest" include its subsidiaries where the context requires.

References to dollars or "\$" are to Canadian currency.

### NON-IFRS AND ADDITIONAL IFRS FINANCIAL MEASURES

In this Prospectus Supplement, the Base Shelf Prospectus and in certain documents incorporated by reference herein, there are references to non-IFRS (as defined below) financial measures, including "funds from operations", "adjusted funds from operations" and "capitalization rate", that InnVest uses to evaluate its operating performance and measure its ability to earn and distribute cash returns to Unitholders. Because non-IFRS measures do not have a standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and are unlikely to be comparable to similar financial measures used by other organizations, securities regulations require that non-IFRS measures be clearly defined and qualified, reconciled with their nearest IFRS measure and given no more prominence than the closest IFRS measure. This Prospectus Supplement and certain documents incorporated by reference herein also contains additional IFRS measures, including "gross operating profit" and "net operating income", that InnVest believes helps management, lenders and investors evaluate InnVest's core business' ongoing profitability. Such information is presented below and in the sections dealing with these financial measures in the documents incorporated by reference herein.

"Funds from operations" is a common measure of performance in the real estate investment trust industry. InnVest calculates funds from operations by using net income and adjusting for: (i) depreciation, amortization and accretion, excluding amortization of deferred financing costs; (ii) deferred income tax expense or recovery; (iii) any gains or losses on the disposition of assets or the settlement of liabilities; (iv) non-cash writedown of assets held for sale as well as the impairment provision (and impairment reversals) on assets; (v) non-cash effect of certain equity-based financial instruments classified as financial liabilities under IFRS (includes distributions included in corporate and administrative expenses and changes to fair value each reporting period); (vi) transaction costs expensed as a result of the purchase of a property being accounted for as a business combination; and (vii) non-recurring costs that may impact cash flow. Items are considered non-recurring when a similar loss or gain is not reasonably likely to occur within the next two years and has not occurred during the prior two years.

"Adjusted funds from operations" or "AFFO" (previously referred to as "distributable income") 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 AFFO based on funds from operations 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 (the "**Trustees**") in their discretion.

"Capitalization rate" means a rate of return on a property based on the expected income that the property will generate. Capitalization rate is calculated by dividing the net operating income produced by the property by the total purchase price of the property.

"Gross operating profit" means revenues less hotel and other real estate properties expenses and reflects results of operations from InnVest's two lines of business: hotel ownership and other real estate assets.

"Net operating income" means the gross operating profit less an annual capital reserve for the replacement of furniture, fixtures and equipment (as may be stipulated in individual hotel management agreements).

# NOTE REGARDING FORWARD LOOKING STATEMENTS

Statements contained in this Prospectus Supplement (including the Base Shelf Prospectus and documents incorporated by reference) that are not historical facts are forward-looking statements within the meaning of applicable securities laws.

These statements include, but are not limited to, statements made concerning InnVest's investment approach, objectives, its strategies to achieve those objectives, assumptions and forecasts of future results from acquisitions and divestitures as well as other statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances and performance or expectations that are not historical facts. Forward-looking information typically contains statements with words such as "outlook", "objective", "may", "could", "continue", "anticipate", "believe", "expect", "estimate", "plan", "intend", "forecast", "project" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and expectations and are based on certain factors, assumptions and analyses made by InnVest in light of information currently available to management, management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances, including those factors set out below.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on InnVest's estimates and assumptions, which are subject to risks and uncertainties, including those described under "Risk Factors" in the 2014 AIF (as defined below) and those detailed in InnVest's filings with applicable securities regulators, including InnVest's annual and interim financial statements and the notes thereto. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, InnVest's forward-looking information involves numerous assumptions, inherent risks and uncertainties, which may cause InnVest's actual performance and results to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Factors that could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the status of InnVest as a real estate investment trust for Canadian federal income tax purposes in any year; achievement of plans to develop an optimal asset portfolio through completion of acquisitions, divestitures, and reinvestments within the timeframes necessary to generate the desired return on investment and maintain adequate liquidity; risks that deposits to vendors related to contemplated acquisitions by InnVest may not be refunded should InnVest fail to complete such purchases; extent of realized benefits from the internalization of asset management functions; InnVest's capital requirements and available sources of funds; hotel industry risks; ability to refinance debt maturities as planned; ability to achieve lower debt leverage target; ability to fund acquisitions at a capital

cost and equity/debt mix as desired; changes to InnVest's business strategy (including InnVest's ability to divest of assets; internalization of asset management and return expectations on capital investments completed); real estate investment risks; lender concentration; general global credit market conditions including currency and interest rate fluctuations; general global economic and business conditions; variable regional economic conditions including dependence on manufacturing, oil or other resource markets; failure to effectively understand and respond to changing guest demands and/or failure to meet guest needs; failure to effectively manage relationships with hotel brands including failure to comply with the appropriate standards and contractual requirements; failure to effectively manage relationships with operators including operator managed employee satisfaction, morale, and effectiveness; medical or terrorist concerns relating to travel and/or specific destinations; the effects of competition and pricing pressures from multiple bidders for acquisitions, development and opening of new hotel properties, aggressive marketing, and service or product quality improvements by competitors; extent of industry overcapacity; changes in the level of cross-border travel by Americans to Canada and other possible shifts in market demands; adverse changes in laws and regulations, including environmental and taxation; failure to leverage technological innovation to achieve or sustain financial and operational efficiency, competitive advantage, and deliver better quality services to quests; potential increases in maintenance and operating costs; possible variances in the amount and timing of completion for planned capital or maintenance projects; failure of planned capital projects to result in desired shift in business mix; uncertainties of litigation; labour disputes; various events which could disrupt operations; reliance on information systems and associated security risks; and technological changes including impact of direct internet reservation systems and potential impact of new disruptive hospitality offerings in the market and those factors discussed in the section entitled "Risk Factors" in this Prospectus Supplement.

References to "net operating income" and "capitalization rate" in respect of the hotels or hotel interests being acquired by InnVest reflect management's appraisal of the hotels and expected net operating income of the hotels based on past results. There can be no assurance that the appraised value of the hotels is an accurate reflection of the value of the hotel as at the date thereof or on any other date. In addition, there can be no assurance that the valuation method or the capitalization rate(s) used in appraising the hotels was appropriate for such properties as at the date thereof or on any other date.

In making such forward-looking statements, management of InnVest has relied upon a number of material factors and assumptions, including with respect to: the expected future financial performance of the hotels forming part of the Acquisitions (as defined below); general economic and financial conditions; the terms and conditions on which the Acquisitions will be completed, including mortgage financing and the Offering; the use of proceeds of the Offering; and the expected financial impact of the Acquisitions on InnVest. Although management of InnVest believes that the expectations with respect to such forward-looking statements are reasonable, such forward-looking statements are subject to known and unknown risks and uncertainties and, accordingly, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list is not exhaustive. The forward-looking statements included herein are made as of the date hereof and InnVest disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable securities law.

### **DOCUMENTS INCORPORATED BY REFERENCE**

This Prospectus Supplement is deemed to be incorporated by reference into the Base Shelf Prospectus solely for the purpose of the distribution of the Units. Other documents are also incorporated, or deemed to be incorporated, by reference into the Base Shelf Prospectus and reference should be made to the Base Shelf Prospectus for full particulars thereof.

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

- (i) the "template version" (as such term is defined in National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**")) of the marketing materials for the Offering dated July 6, 2015, filed on SEDAR in connection with the Offering (the "**Marketing Materials**");
- the annual information form of InnVest dated March 13, 2015 for the year ended December 31, 2014 (the "2014 AIF");
- the audited consolidated financial statements of InnVest for the year ended December 31, 2014, together with the notes thereto and the independent auditor's report thereon (the "2014 Annual Financial Statements");
- (iv) management's discussion and analysis of the consolidated financial condition and results of operations of InnVest for the year ended December 31, 2014 (the **"2014 Annual MD&A"**);
- (v) the supplemental management information circular of InnVest dated July 14, 2014 prepared in connection with InnVest's postponed meeting of holders of the Series G Debentures held on July 25, 2014;
- (vi) the management information circular of InnVest dated June 18, 2014 prepared in connection with InnVest's meeting of holders of the Series G Debentures originally held on July 22, 2014;
- (vii) the management information circular of InnVest dated May 7, 2015 prepared in connection with InnVest's annual and special meeting of Unitholders to be held on June 16, 2015 (the "2015 AGM"):
- (viii) the unaudited condensed interim consolidated financial statements of InnVest for the three months ended March 31, 2015, together with the notes thereto (the "2015 Q1 Financial Statements"); and
- (ix) management's discussion and analysis of the condensed interim consolidated financial condition and results of operations of InnVest for the three months ended March 31, 2015 (the "2015 Q1 MD&A").

Any statement contained in the Base Shelf Prospectus, in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein or in the Base Shelf Prospectus for the purposes of the distribution of Units will be deemed to be modified or superseded, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in the Base Shelf Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Base Shelf Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Any documents of the types referred to in the preceding paragraphs in (i) through (ix), material change reports (other than confidential material change reports, if any), business acquisition reports and other documents disclosing additional or updated information as may be required to be incorporated by reference herein under applicable securities laws, which are filed by the REIT with the securities regulatory authorities in any of the provinces of Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement.

#### MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus Supplement or the Base Shelf Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment. Any template version of any "marketing materials" (as defined in NI 41-101) relating to the Offering filed on SEDAR after the date hereof but before the termination of the distribution of Units under this Prospectus Supplement (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference into this Prospectus Supplement and the Base Shelf Prospectus.

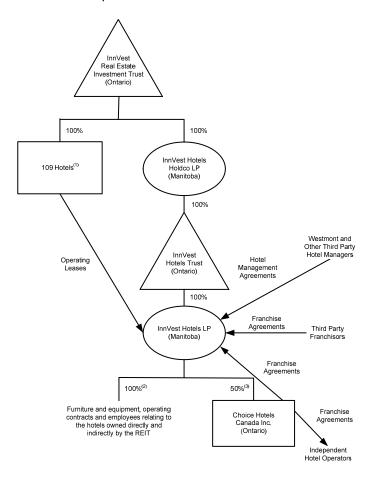
#### INNVEST REAL ESTATE INVESTMENT TRUST

InnVest is an unincorporated open-ended trust governed by an amended and restated declaration of trust dated as of July 1, 2012, as amended (the "**Declaration of Trust**"), and the laws of the Province of Ontario. InnVest is focused on the ownership and acquisition of hotel properties. InnVest also indirectly holds a 50% interest in Choice Canada, one of the largest franchisors of hotels in Canada, as measured by hotels under franchise.

The head office and the registered office of InnVest is located at 200 Bay Street, Suite 3205, Toronto, Ontario M5J 2J1. InnVest is a "mutual fund trust" as defined by the Tax Act, but it is not a "mutual fund" as defined by applicable securities legislation.

InnVest currently holds, directly, indirectly or through a partnership, 109 Canadian hotel properties, one of Canada's largest hotel portfolios as measured both by number of hotels and by number of guest rooms. InnVest's hotels are operated under 15 internationally recognized brands. Sixty-seven of the 109 hotels in InnVest's portfolio are operated under franchise agreements with Choice Canada and 41 of the remaining 42 hotels are operated under management or franchise agreements with other managers or franchisors.

The following diagram illustrates the primary structural and contractual relationships between InnVest and its principal subsidiaries and certain third parties as of the date hereof:



# Notes:

- Includes one hotel owned through a 20% venture interest, one hotel owned by a subsidiary corporation of the REIT, with the balance of hotels owned directly by the REIT or through its subsidiary limited partnerships. (1)
- Assets held directly by InnVest Hotels LP or through its subsidiary limited partnerships.
- (2) (3) Shares held through a wholly-ownd corporate subsidiary of InnVest Hotels LP.

### RECENT DEVELOPMENTS

# **Announcement of the Hotel Acquisitions**

On July 6, 2015, InnVest announced that it had entered into definitive agreements to acquire interests in two hotel properties, representing an aggregate 799 rooms, for \$70 million (collectively, the "Acquisitions"). The Acquisitions consist of a 100% interest in Hotel Saskatchewan in Regina, Saskatchewan ("Hotel Saskatchewan") and a 33% interest in the Courtyard by Marriott (the "Courtyard by Marriott") in Toronto, Ontario. As announced, the properties are being acquired at a weighted average capitalization rate of 8.3% based on 2016 estimated net operating income for both hotels.

Hotel Saskatchewan is a full-service, 224-room upscale hotel located in downtown Regina. The hotel features a restaurant and lounge, a tea room, 14,000 square feet of meeting space, 3,600 square feet of leased commercial space, and a 92-space adjacent parking lot. The hotel is currently undergoing a repositioning from Radisson to the Marriott Autograph Collection with Marriott Hotels, which will be completed in late 2015. The hotel is being acquired for a net purchase price of \$37 million and is expected to close in September 2015.

The Courtyard by Marriott is a select-service, 575-room hotel located in downtown Toronto. The hotel consists of two towers situated on 1.5 acres of land on Yonge Street, just north of College Street. It features 14,000 square feet of meeting space, two restaurants, 4,600 square feet of leasable retail and a 101-space underground parking garage. InnVest is acquiring a 33% interest in the hotel for a net purchase price of \$33 million, KingSett Real Estate Growth LP No. 5 ("KingSett") will be acquiring the remaining 67% interest. The acquisition is expected to close in August 2015.

# **Debt Financing**

InnVest intends to place new mortgage financing in respect of Hotel Saskatchewan of approximately \$22 million, representing 60% of the purchase price, bearing an anticipated interest rate of 4.0%. InnVest will also draw approximately \$12 million from its operating line of credit, representing 36% of the purchase price of its 33% interest in the Courtyard by Marriott, which bears interest at either the Canadian bank prime rate plus 1.75% or the Canadian Bankers' Acceptance rate plus 2.75%.

### **Other Financing Developments**

On June 5, 2015, InnVest closed a \$100 million operating, acquisition and capital expenditure line with RBC and BMO that will ultimately be secured by 24 hotel properties by the end of August 2015 (the "Credit Line"). See "Relationship Between InnVest and Certain Underwriters". InnVest has also entered into a commitment for an \$82.5 million mortgage loan with a U.S. financial institution to finance the Fairmont Palliser in Calgary for a 10-year term, which is expected to close in July 2015. InnVest has entered into a forward interest rate agreement to effectively fix the interest rate on this mortgage at 4.0%.

# **CONSOLIDATED CAPITALIZATION**

Other than as contemplated by the Offering or as described herein, there have not been any material changes in the unit or loan capital of InnVest since March 31, 2015, the date of InnVest's most recently filed condensed consolidated interim financial statements. The following table sets forth the consolidated capitalization of InnVest: (i) as at March 31, 2015; (ii) as at March 31, 2015, after giving effect to the Offering (assuming the Over-Allotment Option is not exercised) as though the Offering (assuming the Over-Allotment Option is not exercised) and the completion of the Acquisitions and related debt financings as though they had been completed on March 31, 2015. The table below should be read in conjunction with the 2015 Q1 Financial Statements.

	As at March 31, 2015 (in thousands of \$)			
	Actual	As Adjusted for the Offering	As Adjusted for the Offering and the Acquisitions	
Indebtedness				
Bank indebtedness <sup>(1)</sup>	-	-	12,000	
Mortgages and other long-term debt <sup>(1)(2)</sup>	790,446	790,446	812,196	
Convertible debentures <sup>(3)</sup>	200,390	200,390	200,390	
Total Indebtedness <sup>(4)</sup>	990,836	990,836	1,024,586	
Unitholders' equity	202,492	242,685	242,685	
Total Capitalization	1,193,328	1,233,521	1,267,271	

#### Notes:

- (1) Following March 31, 2015, InnVest drew down \$53,600 on its Credit Line primarily to replace mortgage debt which became due after the quarter and no longer constitutes "Mortgages and other long-term debt". InnVest expects such draw down to be temporary as it currently plans to replace the draw on the Credit Line with replacement mortgages.
- (2) Net of debt issuance costs of \$6,634. The "As Adjusted for the Offering and the Acquisitions" column was increased by \$21,750 (net of \$250 of debt issuance costs) due to the debt financing of Hotel Saskatchewan.
- (3) Net of allocation to equity of \$12,320, accretion and issuance costs of \$1,485.
- InnVest is not permitted to exceed certain financial leverage amounts under the terms of the Declaration of Trust. InnVest is permitted to hold indebtedness excluding convertible debentures up to a level of 60% of gross asset value. Further, InnVest is permitted to have indebtedness and convertible debentures up to a level of 75% of gross asset value. Indebtedness is computed as of the last day of each financial period excluding any indebtedness under any operating line, non-interest bearing indebtedness, trade accounts payable and, for greater certainty, deferred income tax liability. At March 31, 2015, InnVest's leverage excluding and including convertible debentures was 48.0% and 60.7%, respectively. As adjusted for the Offering, InnVest's financial leverage excluding and including convertible debentures will be approximately 46.8% and 59.2%, respectively. As adjusted for the Offering and the Acquisition, InnVest's financial leverage excluding and including convertible debentures will be approximately 47.9% and 60.0%, respectively.

### **USE OF PROCEEDS**

The estimated net proceeds of the Offering (after deducting the Underwriters' fee payable to the Underwriters and the estimated expenses of the Offering) will be \$40,193,061 (or, assuming the Purchasing Insiders purchase the maximum number of Purchasing Insider Units, \$46,286,559 if the Over-Allotment Option is exercised in full). InnVest intends to use the net proceeds from the Offering to fund the Acquisitions, for capital expenditures, debt repayment, potential future acquisitions, and general trust purposes. The Offering is not conditional upon closing of the Acquisitions. In the event that the Offering is completed but either or both of the Acquisitions is not completed, some or all of the aggregate net proceeds of the Offering will be used by InnVest to fund capital investments and future acquisitions, for repayment of indebtedness and for general trust purposes. InnVest anticipates that the use of proceeds will be as follows:

<u>Use of Proceeds</u>	<u>Amount</u>
The Acquisitions	\$36,250,000 <sup>(1)</sup>
Capital expenditures, debt repayment, future acquisitions and general trust purposes	\$3,943,061
Underwriters' fee and other expenses	\$1,806,939
Total Use of Proceeds	\$42,000,000
Note:	

Note:

(1) Proceeds of the Offering expected to be used for the Acquisitions are net of mortgage financing.

The Offering is not conditioned on the completion of either or both of the Acquisitions and there can be no assurance that either or both of the Acquisitions will be completed. The Units offered will remain outstanding whether or not the Acquisitions are completed.

For additional information concerning the Acquisitions, see "Recent Developments – Announcement of the Hotel Acquisitions".

#### **PLAN OF DISTRIBUTION**

Pursuant to the Underwriting Agreement, InnVest has agreed to sell and the Underwriters have severally agreed to purchase, as principals, on or about July 15, 2015, or on such other date as may be agreed upon, but in no event later than July 22, 2015, a total of 8,400,000 Units at a price of \$5.00 per Unit, subject to the provisions contained in such agreement, payable in cash to InnVest by the Underwriters against delivery of the Units. The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion upon the occurrence of certain stated events including events materially adversely affecting the financial markets in Canada. Subject to certain exceptions, the Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The Purchasing Insiders have agreed to purchase not less than 2,365,304 Purchasing Insider Units under the Offering for aggregate proceeds of \$11,826,520. The Underwriters will receive at Closing, assuming the Purchasing Insiders purchase 2,365,304 Purchasing Insider Units, an aggregate fee of \$1,206,939 (or, assuming the Purchasing Insiders purchase the maximum number of Purchasing Insider Units, \$1,413,441 if the Over-Allotment Option is exercised in full) for their services performed in connection with the Offering. No fees will be payable to the Underwriters in respect of any purchases made pursuant to the Offering by the Purchasing Insiders.

The Purchasing Insiders' purchase of not less than 2,365,304 Purchasing Insider Units under the Offering must be completed concurrently with the sale of the Units in order for the Offering to close.

For a period of 90 days following the Closing, the Purchasing Insiders will not, directly or indirectly, without the prior written consent of RBC, on behalf of the Underwriters, which consent will not be unreasonably withheld or delayed, (i) offer, sell, contract to sell, secure, pledge or grant any option, right or warrant to purchase or otherwise lend, transfer or dispose of any Units owned by the Purchasing Insiders; or (ii) make any short sale, engage in any hedging transaction, or enter into any swap,

monetization, securitization or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Units owned by the Purchasing Insiders.

InnVest has granted the Over-Allotment Option to the Underwriters, exercisable upon two business days' prior notice in whole or in part and at any time up to the 30<sup>th</sup> day following the date of Closing, to purchase up to 1,260,000 Units on the same terms and conditions set forth above to cover the Underwriters' overallotment position, if any, and for market stabilization purposes. This Prospectus Supplement also qualifies the granting of the Over-Allotment Option and the distribution of Units that may be offered in relation to the Over-Allotment Option.

InnVest has agreed to indemnify the Underwriters and their respective shareholders, directors, officers, employees and agents against certain liabilities, including civil liabilities under Canadian provincial and territorial securities legislation, or to contribute to any payments the Underwriters may be required to make in respect thereof.

InnVest shall not, without the prior written consent of RBC and BMO, such consent not to be unreasonably withheld or delayed, for a period ending 90 days following the date of Closing, create, offer, sell, contract to sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of directly or indirectly, any Units, or any securities convertible into or exercisable or exchangeable for Units, (other than the Units issued in connection with InnVest's outstanding convertible debentures, Units issued in connection with the existing executive incentive plan and deferred unit plan, Units issued under InnVest's distribution reinvestment plan or Units issued in connection with an acquisition by InnVest of hotel properties from an arm's length vendor).

The outstanding Units are listed and posted for trading on the TSX under the symbol "INN.UN". InnVest has applied to the TSX to list the Units offered by this Prospectus Supplement (including any Units issuable upon the exercise of the Over-Allotment Option). Listing will be subject to InnVest fulfilling all listing requirements of the TSX.

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice.

The terms and offering price of the Units were established by negotiation between InnVest and the Underwriters. The Underwriters propose to offer the Units initially at the offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Units at the price specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the price paid by the Underwriters to InnVest. Any such reduction will not affect the proceeds received by InnVest.

Pursuant to policy statements of certain securities commissions and the Universal Market Integrity Rules ("UMIR") of the Investment Industry Regulatory Organization of Canada, the Underwriters may not, throughout the period of distribution, bid for or purchase any Units. The foregoing restriction is subject to certain exceptions as permitted by such policy statements and the UMIR. These exceptions include a bid or purchase permitted under such policy statements and the UMIR relating to market stabilization and market balancing activities and a bid or purchase on behalf of a customer where the order was not solicited. InnVest has been advised that in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

This Canadian prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units in the United States. The Units are being offered by the Underwriters in all provinces and territories in Canada. The Units offered hereby have not been, and will not be, registered under the *United States Securities Act of 1933*, as amended (the "**1933 Act**"), or applicable state securities laws,

and may not be offered or sold within the United States absent registration under the 1933 Act and all applicable state securities laws or an exemption therefrom. The Underwriting Agreement permits the Underwriters to reoffer and resell Units that they have acquired pursuant to the Underwriting Agreement in the United States through their U.S. broker-dealer affiliates to persons who are "qualified institutional buyers," as such term is defined in Rule 144A under the 1933 Act, where such offers and sales are made in compliance with Rule 144A under the 1933 Act and applicable state securities laws. The Underwriting Agreement also permits the Underwriters to offer the Units to institutional "accredited investors" (within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D ("Regulation D") under the 1933 Act) in the United States, for sale directly by InnVest in transactions exempt from the registration requirements of the 1933 Act pursuant to Rule 506 under Regulation D, and similar exemptions under state securities laws. Each Underwriter has agreed that it will offer and sell the Units outside the United States only in accordance with Rule 903 of Regulation S under the 1933 Act, and that except as permitted by the Underwriting Agreement and as expressly permitted by applicable laws of the United States, it will not offer or sell any Units within the United States.

Except for Units issued to, or for the account or benefit of, persons within the United States who are acquiring Units in reliance on Rule 506 of Regulation D under the 1933 Act, which will be issued in certificated form, no physical certificate representing the Units will be issued to purchasers in the Offering, and registration will be effected only through the book-based system administered by CDS. Purchasers of Units under this Canadian prospectus, as well as purchasers in the United States who are acquiring Units in compliance with Rule 144A under the 1933 Act, will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Units is purchased. Certificates representing Units sold in the United States in reliance on Rule 506 of Regulation D under the 1933 Act will contain legends to the effect that the Units represented thereby have not been registered under the 1933 Act and may only be offered for sale pursuant to certain exemptions from the registration requirements of the 1933 Act.

#### RELATIONSHIP BETWEEN INNVEST AND CERTAIN UNDERWRITERS

An affiliate of RBC and an affiliate of BMO are each a lender to InnVest under the Credit Line. Accordingly, InnVest may be considered to be a "connected issuer" of both RBC and BMO within the meaning of applicable Canadian securities legislation.

InnVest's borrowings under the Credit Line are used for general working capital purposes, capital expenditures and acquisitions. Given the seasonality of earnings through the year in contrast to its fixed costs, InnVest generally funds a portion of its distributions in its first and fourth financial quarters with funds borrowed under the Credit Line. As at July 8, 2015, the principal amount outstanding under the Credit Line is \$53,600,000 which amount was primarily used to replace mortgage debt which became due after the end of the most recent quarter. InnVest expects such draw down to be temporary as it currently plans to replace the draw on the Credit Line with replacement mortgages. InnVest may draw down any amounts repaid under the Credit Line, subject to compliance with the terms of the Credit Line.

As at July 8, 2015, InnVest was in compliance in all material respects with the terms and conditions of the Credit Line and no breach under such facility had been waived by the lenders thereto. The Credit Line is currently secured by 15 properties. There has been no material change in the financial position of InnVest since the execution of the agreement governing the Credit Line. The decision by the Underwriters to purchase Units was made independently of the lenders under the Credit Line and any other affiliates of the Underwriters, and no such person had any influence as to the determination of the terms of the distribution of the Units and the other terms and conditions of the Offering, which were established through negotiations between InnVest and the Underwriters. In addition, neither RBC nor BMO will receive any benefit from the Offering, other than the respective portion of the Underwriters' fee payable by InnVest to RBC and BMO, respectively.

Certain affiliates of the Underwriters have provided and may provide in the future investment banking, commercial banking and other financial services to InnVest for which they have received or will receive compensation.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

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

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

This summary is based upon the facts set out in this Prospectus Supplement and in a certificate provided to counsel by an officer of InnVest (the "Officer's Certificate"). Counsel has assumed the accuracy of the representations and statements contained in the Officer's Certificate.

This summary is also based upon the current provisions of the Tax Act and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). This summary takes into account all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be enacted as proposed, but no assurances can be given that this will be the case. There can be no assurances that the CRA will not change its administrative policies and assessing practices.

This summary assumes that InnVest currently qualifies as a "mutual fund trust" and a "real estate investment trust" under the Tax Act and will continue to so qualify while the Units remain outstanding. If InnVest does not qualify as a mutual fund trust or a real estate investment trust, the income tax considerations described below would in some respects be materially different. See "Certain Canadian Federal Income Tax Considerations — Mutual Fund Trust Status of InnVest".

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

This summary does not address any Canadian federal tax considerations applicable to non-residents of Canada. Non-residents of Canada should consult their own tax advisors regarding the tax consequences

of acquiring, holding and disposing of Units. Distributions on Units or amounts paid in respect thereof, whether paid in cash or Units, will be paid or issued net of any applicable withholding tax.

#### **Mutual Fund Trust Status of InnVest**

This summary assumes that InnVest qualifies, and will continue at all times to qualify, as a "mutual fund trust" for purposes of the Tax Act.

Currently, a trust will not be considered to be a mutual fund trust if, among other things, it is established or maintained primarily for the benefit of non-residents of Canada. This summary assumes that InnVest was not established and is not maintained primarily for the benefit of non-residents. Counsel is of the view that this assumption is reasonable based on statements contained in the Officer's Certificate and the restriction on the ownership of Units contained in the Declaration of Trust. If InnVest was not to qualify as a mutual fund trust at any particular time, the Canadian federal income tax considerations described herein would, in some respects, be materially different.

#### **Taxation of InnVest**

#### Application of SIFT Rules

The SIFT Rules apply to any trust or partnership that is a SIFT and to its investors. A SIFT includes a Canadian resident trust where investments in the trust are listed or traded on a stock exchange or other public market, the trust holds one or more "non-portfolio properties" (as defined in the Tax Act), and the trust is not an "excluded subsidiary entity" (as defined in the Tax Act). "Non-portfolio properties" generally include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada.

Pursuant to the SIFT Rules, a trust that is a SIFT cannot deduct any part of the amounts payable to its unitholders in respect of (i) aggregate net income from businesses it carries on in Canada; (ii) aggregate net income (other than taxable dividends received by the SIFT) from its non-portfolio properties; and (iii) aggregate net taxable capital gains from its disposition of non-portfolio properties. Distributions which a SIFT is unable to deduct will be taxed in the SIFT at rates of tax designed to emulate the combined federal and provincial corporate tax rates.

Distributions of a SIFT trust's income that are not deductible to the SIFT will be treated as dividends payable to its unitholders from a taxable Canadian corporation. Such dividends deemed to be received by an individual (other than certain trusts) will be included in computing the individual's income for tax purposes and will be subject to the enhanced gross-up and dividend tax credit rules normally applicable to eligible dividends received from taxable Canadian corporations. Such dividends deemed to be received by a unitholder that is a corporation generally will be deductible in computing the corporation's taxable income. Certain corporations, including "private corporations" and "subject corporations" (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received to the extent that such dividends are deductible in computing taxable income.

### REIT Exception

The SIFT Rules are not applicable to "real estate investment trusts" (as defined in the Tax Act) that meet certain specified criteria relating to the nature of their income and investments (under the REIT Exception). In particular, in order for InnVest to qualify for this REIT Exception in a particular taxation year:

(i) at each time in the taxation year, the total fair market value at that time of all non-portfolio properties that are "qualified REIT properties" (as described below) held by InnVest must be at least 90% of the total fair market value at that time of all non-portfolio properties held by InnVest;

- (ii) not less than 90% of InnVest's "gross REIT revenue" for the taxation year must be derived from one or more of the following: "rent from real or immovable properties", interest, dispositions of "real or immovable properties" that are capital properties, dividends, royalties, and dispositions of "eligible resale properties" (each as described below);
- (iii) not less than 75% of InnVest's gross REIT revenue for the taxation year must be derived from one or more of the following: rent from real or immovable properties; interest from mortgages or hypothecs on real or immovable properties, and dispositions of real or immovable properties that are capital properties;
- (iv) at no time in the taxation year may the total fair market value of properties comprised of real or immovable properties that are capital properties, eligible resale properties, cash, deposits in a bank or credit union, indebtedness of Canadian corporations represented by bankers' acceptances, and debt issued or guaranteed by a government in Canada or certain other public bodies, be less than 75% of the "equity value" of InnVest at that time; and
- (v) investments in InnVest (such as the Units) are, at any time in the taxation year, listed or traded on a stock exchange or other public market.

# For purposes of the SIFT Rules and the REIT Exception:

- (a) "eligible resale property" means real or immovable property (other than capital property) of an entity, (i) that is contiguous to a particular real or immovable property that is capital property or eligible resale property held by the entity or another entity affiliated with the entity, and (ii) the holding of which is ancillary to the holding of the particular property;
- (b) "gross REIT revenue", of an entity for a taxation year, means the amount, if any, by which the total of all amounts received or receivable in the taxation year (depending on the method regularly followed by the entity in computing the entity's income) by the entity exceeds the total of all amounts each of which is the cost to the entity of a property disposed of in the year;
- (c) "qualified REIT property" of a trust at any time means, generally, a property held by the trust that is at that time:
  - (i) a real or immovable property that is capital property, an eligible resale property, money and certain indebtedness held by the trust;
  - (ii) a security of a "subject entity" (as described below) all or substantially all of the gross REIT revenue of which (for the subject entity's taxation year that ends in the trust's taxation year that includes that time) is from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the trust or of an entity of which the trust holds a share or interest;
  - (iii) a security of a subject entity if the entity holds no property other than (A) legal title to real or immovable properties of the trust or of another subject entity all of the securities of which are held by the trust and (B) property described in (iv) below; and
  - (iv) ancillary to the earning by the trust of rents from real or immovable property or revenues from the dispositions of real or immovable properties that are capital properties, other than an equity of an entity or a mortgage, hypothecary claim, mezzanine loan or similar obligation;

- (d) "real or immovable property" includes generally a security of a trust that satisfies (or of any other entity that would, if it were a trust, satisfy) the criteria in (i), (ii), (iii) and (iv) required to qualify for the REIT Exception discussed above and an interest in certain real property or a real right in immovables, but excludes any depreciable property other than a depreciable property included (otherwise than by an election) in capital cost allowance Class 1, 3 or 31, a property ancillary to the ownership or utilization of such depreciable property and a lease or leasehold interest in respect of land or such depreciable property;
- (e) "rent from real or immovable properties" includes rent or similar payments for the use of or right to use real or immovable properties, payment for services ancillary to the rental of real or immovable properties and customarily supplied or rendered in connection therewith, but does not include any other payments for services supplied or rendered to the tenants of such properties, fees for managing or operating such properties, payment for the occupation, use or right to use a room in a hotel or other similar lodging facility, or rent based on profits; and
- (f) "subject entity" means a person or partnership that is (i) a corporation resident in Canada, (ii) a trust resident in Canada, (iii) a Canadian resident partnership or (iv) a non-resident person, or a partnership that is not a Canadian resident partnership, the principal source of income of which is one or more sources in Canada.

Management of InnVest has advised counsel that it believes that InnVest satisfied the REIT Exception throughout its 2014 taxation year and, based on its current expectations for 2015, including anticipated property sales and revenues, gains and approximate asset values, it anticipates InnVest will satisfy the REIT Exception throughout its 2015 taxation year.

The conditions for satisfying the REIT Exception are onerous and, as described above, include various numerical tests (including tests entailing valuations or measurement of various assets and revenue streams) which must be satisfied throughout, or for the whole of, the taxation year in question. Therefore, financial results for a year, or developments occurring during the year, that were not anticipated earlier in the year, or challenges by the CRA to valuations made by or on behalf of management, or to other calculations, that are relevant to the application of the REIT Exception, could result in the REIT Exception not being available for the year.

Except where otherwise noted, the discussion in this summary assumes that InnVest will satisfy the REIT Exception at all material times.

# General Considerations for Taxation of InnVest

The taxation year of InnVest is the calendar year. In each taxation year, InnVest is subject to tax under the Tax Act on its income for the year, including net realized taxable capital gains, computed in accordance with the detailed provisions of the Tax Act, less any portion thereof that it deducts in respect of amounts paid or payable or deemed to be paid or payable in the year to Holders of Units. An amount will be considered to be payable to a Holder in a taxation year if it is paid to the Holder in the year by InnVest or if the Holder is entitled in that year to enforce payment of the amount. Losses incurred by InnVest cannot be allocated to Holders, but may be deducted by InnVest in computing its income in future years in accordance with the Tax Act.

The income for purposes of the Tax Act of InnVest for a taxation year will include any income realized from the rental of its rental properties and (where applicable) taxable capital gains or recapture of depreciation realized from the disposition of its properties, as well as any interest accruing on debt owing to it by a subsidiary trust, and any income allocated to it by subsidiary limited partnerships (which have calendar taxation years) for their corresponding taxation years. If such partnerships were to incur losses for purposes of the Tax Act, InnVest's ability to deduct such losses may be limited under the Tax Act.

Any distributions to InnVest in excess of its allocated share of the income of a subsidiary limited partnership for a fiscal year will result in a reduction of the adjusted cost base of InnVest's units in such

partnership by the amount of such excess. If, as a result, InnVest's adjusted cost base at the end of the taxation year of its units in such partnership would otherwise be a negative amount, InnVest will be deemed to realize a capital gain in such amount for that year, and InnVest's adjusted cost base at the beginning of the next taxation year of its units in the partnership will then be nil.

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

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

Part XII.2 of the Tax Act provides for a special 36% tax on the designated income (including income from Canadian real property, taxable capital gains from dispositions of taxable Canadian property (including Canadian real property, property used in carrying on a business in Canada and a share or unit of most private corporations, partnerships or trusts that derive more than 50% of their fair market value from Canadian real property or certain other types of property) and income from businesses carried on in Canada) of certain trusts which have designated beneficiaries (including non-resident persons and certain tax exempt persons) in circumstances where all or a substantial portion of such income has been distributed by the trusts to their beneficiaries. If the trust makes an appropriate designation to this effect in its return of income for the year in which such income is realized, a pro rata portion of such tax is deemed to have been paid by Canadian resident beneficiaries of the trust who are not designated beneficiaries and by certain other persons as an amount on account of their liability for tax under Part I of the Tax Act, so that they potentially can receive a full or partial refund of their pro rata share of Part XII.2 tax paid by the trust for the year. Part XII.2 tax does not apply to a trust for a taxation year if the trust is a mutual fund trust throughout such year. Accordingly, provided InnVest qualifies as a mutual fund trust throughout a taxation year, it will not be subject to Part XII.2 tax for such taxation year.

# **Taxation of Holders of Units**

# Distributions on Units

A Holder will generally be required to include in income for a particular taxation year of the Holder the portion of the net income of InnVest for a taxation year, including net realized taxable capital gains, that is paid or payable to the Holder in such taxation year, whether such portion is received in cash, additional Units, or otherwise.

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

Provided appropriate designations are made by InnVest, net taxable capital gains realized by InnVest that are paid or payable to a Holder will retain their character as taxable capital gains to Holders for purposes of the Tax Act and will be subject to the general rules relating to the taxation of capital gains described below. The non-taxable portion of any capital gains of InnVest that is paid or payable, or deemed to be paid or payable, to a Holder in a taxation year will not be included in computing the Holder's income for the year. Any other amount in excess of the net income and net taxable capital gains of InnVest that is paid or payable, or deemed to be paid or payable to a Holder in a taxation year generally will not be included in the Holder's income for the year. A Holder will be required to reduce the adjusted cost base of

Units by the portion of any amount (other than proceeds of disposition in respect of the redemption of Units and the non-taxable portion of net capital gains) paid or payable to such Holder that was not included in computing the Holder's income and will realize a capital gain to the extent that the adjusted cost base of the Holder's Units would otherwise be a negative amount.

Provided that appropriate designations are made by InnVest, such portions of the taxable dividends received, or deemed to be received, on shares of taxable Canadian corporations as are paid or payable, or deemed to be paid or payable, by InnVest to Holders effectively will retain their character and be treated and taxed as such in the hands of Holders for purposes of the Tax Act. The normal (or in the case of eligible dividends, the enhanced) gross-up and dividend tax credit rules will apply to Holders who are individuals (other than certain trusts) and the deduction in computing taxable income will apply to Holders that are corporations. Holders that are private corporations (and certain other corporations) may be subject to the refundable tax under Part IV.

If InnVest does not qualify under the REIT Exception throughout the year and becomes subject to tax under the SIFT Rules (see "Certain Canadian Federal Income Tax Considerations — Taxation of InnVest" above), amounts paid or payable by InnVest which it is not entitled to deduct in computing its income by virtue of the SIFT Rules will be deemed to be a taxable dividend and an eligible dividend received by the Holder.

# Dispositions of Units

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

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

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

### Taxable Capital Gains

One-half of any capital gain realized by a Holder, and the amount of any net taxable capital gains designated by InnVest in respect of such Holder, will be included in the Holder's income as a taxable capital gain. One-half of any capital loss (an "allowable capital loss") realized by such a Holder on a disposition, or deemed disposition, of Units is deducted from taxable capital gains of the Holder in the year of disposition, and any remaining balance of allowable capital losses may generally be deducted

against taxable capital gains realized in the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

# Refundable Tax for Certain Corporations

A Holder that is a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, including taxable capital gains.

### Alternative Minimum Tax

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

### **PRIOR SALES**

The following table summarizes the issuances by InnVest of Units and securities convertible into Units within the 12 months prior to the date of this Prospectus Supplement:

<u>Date</u>	<u>Securities</u>	Price Per Security (\$)	Number of Securities
July 15, 2014	Units	5.29	70,540
August 1, 2014	Units	5.59	22,800
August 15, 2014	Units	5.64	68,544
September 1, 2014	Units	5.74	22,185
September 15, 2014	Units	5.73	71,505
September 23, 2014	Units <sup>(2)</sup>	5.31	5,000
October 1, 2014	Units	5.26	23,439
October 15, 2014	Units	5.09	82,427
November 3, 2014	Units	5.08	25,093
November 4, 2014	Deferred Units <sup>(1)</sup>	5.10	94,827
November 17, 2014	Units	5.16	88,788
November 26, 2014	Units	5.25	21,050,000
December 15, 2014	Units	5.54	18,225
January 2, 2015	Units	5.70	877
January 2, 2015	Units	5.98	7,140
January 6, 2015	Deferred Units <sup>(1)</sup>	5.84	34,724
January 15, 2015	Units	5.98	14,844
January 21, 2015	Units	9.45	2,645
January 26, 2015	Units	6.50	80,000
January 29, 2015	Units	5.70	8,596
January 30, 2015	Units	5.70	17,719
January 30, 2015	Units	6.25	44,000
February 3 <sup>rd</sup> to 13 <sup>th</sup> , 2015	Units	5.70	393,504
February 17, 2015	Units	6.05	18,352
February 18 <sup>th</sup> to 27 <sup>th</sup> , 2015	Units	5.70	2,793,507
March 2, 2015	Units	5.70	2,525,262
March 11, 2015	Units <sup>(2)</sup>	5.98	38,779
March 16, 2015	Units	5.60	16,622
March 30, 2015	Units <sup>(2)</sup>	5.98	5,016
April 1, 2015	Deferred Units <sup>(1)</sup>	5.75	35,843

<u>Date</u>	<u>Securities</u>	Price Per Security (\$)	Number of Securities
April 15, 2015	Units	5.75	20,994
May 15, 2015	Units	5.42	22,315
June 15, 2015	Units	5.47	160,306
June 19, 2015	Units	5.35	58,528
June 24, 2015	Units	8.00	625
July 1, 2015	Deferred Units <sup>(1)</sup>	5.35	42,790

### Notes:

# TRADING PRICE AND VOLUME

The following tables set forth, for the periods indicated, the reported high and low daily trading prices and the aggregate volume of trading of the Units, and InnVest's 6.00% Series E debentures, 5.75% Series F debentures and 6.25% Series G debentures on the TSX.

TSX Trading	Summary	of of	REIT	Units
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Month	High	Low	Volume
	(\$)	(\$)	(#)
2014			
July	5.79	5.20	1,614,694
August	5.84	5.44	1,324,374
September	5.89	5.11	1,881,170
October	5.46	4.58	1,329,355
November	5.59	5.01	3,155,863
December	6.12	5.27	4,912,025
2015			
January	6.56	5.78	3,663,788
February	6.32	5.82	4,826,647
March	5.92	5.41	1,860,306
April	5.93	5.58	1,389,155
May	5.75	5.30	1,621,687
June	5.57	5.12	2,374,057
July 1 <sup>st</sup> to July 7	5.24	5.00	945,407

<sup>(1)</sup> Redeemable into Units in accordance with the terms and conditions of InnVest's deferred unit plan effective October 21, 2014 established for Trustees who are not employees of InnVest (including executive officers).

<sup>(2)</sup> Awarded pursuant to InnVest's Second Amended and Restated Executive Incentive Plan dated July 1, 2012.

rrading of 0.00 % Series					
Convertible Debentures (INN.DB.E					
High	Low	Volume			
(\$)	(\$)	(#)			

Trading of C 000/ Carios E

Month	High	Low	Volume
	(\$)	(\$)	(#)
2014			
July	103.50	101.50	499,000
August	103.56	101.25	307,000
September	102.05	101.70	415,000
October	102.98	100.00	726,000
November	101.50	100.75	370,000
December	101.50	100.00	513,000
2015			
January	102.00	100.00	1,614,000
February	102.51	101.25	451,000
March	102.70	101.01	746,000
April	102.50	100.21	2,424,000
May	101.84	100.51	945,000
June	101.92	101.10	1,306,000
July 1 <sup>st</sup> to July 7	101.75	101.50	208,000

	Trading	of 5.75% Serie	es F	Trading	of 6.25% Se	ries G	
	Convertible Debentures (INN.DB.F)			Convertible Debentures (INN.DB.G)			
Month	High	Low	Volume	High	Low	Volume	
_	(\$)	(\$)	(\$)	(\$)	(\$)	(#)	
2014							
July	102.60	100.25	2,082,000	105.00	102.00	1,263,500	
August	101.00	100.10	446,000	103.24	101.00	5,233,000	
September	100.95	100.16	396,000	103.73	102.30	2,850,100	
October	101.25	100.16	323,000	103.35	102.60	1,314,000	
November	101.65	100.16	318,000	103.12	101.75	423,000	
December	101.65	100.00	761,000	103.90	102.50	581,000	
2015							
January	101.50	100.00	314,000	106.75	103.75	854,000	
February	102.75	100.99	281,000	106.50	104.01	667,000	
March	106.95	100.17	485,000	105.55	102.16	2,110,000	
April	101.90	100.50	780,000	103.75	102.26	1,091,000	
May	104.00	100.50	873,000	107.99	101.50	1,712,000	
June	104.98	102.10	435,000	105.25	103.75	1,720,100	
July 1 <sup>st</sup> to July 7	103.00	102.65	78,000	104.10	104.00	194,000	

#### **RISK FACTORS**

An investment in the Units involves certain risks. A prospective purchaser of Units should carefully consider the risk factors described under: (i) the heading "Risks and Uncertainties" found on page 21 of the 2015 Q1 MD&A and pages 38 to 40 of the 2014 Annual MD&A; (ii) the heading "Risk Factors" found on pages 43 to 57 of the 2014 AIF; and (iii) note 17 of the 2015 Q1 Financial Statements and note 20 of the 2014 Annual Financial Statements, each of which is incorporated by reference herein. In addition, a prospective purchaser of Units should carefully consider the risk factors described below and the other information contained in this Prospectus Supplement (including the documents incorporated by reference herein).

### **Determination of Offering Price**

The offering price of the Units offered hereunder was determined by negotiation between InnVest and the Underwriters. A publicly-traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the valuations of the assets of InnVest. A factor that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely

affect the market price of the Units. Additional factors that may have an influence on the market price of the Units include, among other things, general market conditions, fluctuations in the markets for equity or debt securities, short-term supply and demand factors for real estate investment trusts and numerous other factors beyond the control of InnVest. In additional, the market price of the Units may be affected by changes in general market conditions, fluctuations in the markets for equity or debt securities and numerous other factors beyond the control of InnVest.

# **Possible Failure to Complete the Acquisitions**

InnVest expects to complete the acquisition of Hotel Saskatchewan in September 2015 and the acquisition of the Courtyard by Marriott in August 2015, subject in each case to satisfactory completion of customary closing conditions. However, in each case, InnVest has no control over whether or not all of the conditions will be met and there can be no assurance that all conditions will be satisfied or waived or that one or both of the Acquisitions will be consummated on the specified timeframes or at all. There is no assurance that either or both of the Acquisitions will be completed or, if completed, will be on terms that are the same as described in this Prospectus Supplement.

If one or both of the Acquisitions does not take place as contemplated, the proceeds of the Offering will not be refunded and InnVest will use the proceeds that otherwise would have been used for the Acquisitions that does not take place for capital expenditures, debt repayment, potential future acquisitions, and general trust purposes. If either or both of the Acquisitions are not consummated, InnVest may not realize the benefits described in this Prospectus Supplement and could suffer adverse consequences, including loss of investor confidence. The price of the Units may decline to the extent that the relevant current market price reflects a market assumption that one or both of the Acquisitions will be completed and certain costs related to each of the Acquisitions, such as legal, accounting and consulting fees, must be paid even if the Acquisitions are not completed. InnVest may be unable to identify other investments offering financial returns comparable to those of the Acquisitions.

# **General Risks Relating to the Acquisitions**

Although due diligence was completed in respect of the Acquisitions, and the vendors will provide certain representations and warranties in connection with the Acquisitions, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, each of Hotel Saskatchewan and the Courtyard by Marriott. Following the closing of each of the Acquisitions, InnVest may discover that it has acquired substantial undisclosed liabilities or that certain of the representations made by the vendors were untrue. There can be no assurance of recovery by InnVest from the vendors for any breach of the representations, warranties or covenants to be provided by the vendors of the hotels.

### **Financing Risks Relating to the Acquisitions**

InnVest intends to finance a portion of the acquisition of Hotel Saskatchewan through a new mortgage (see "Recent Developments – Debt Financing"). There can be no assurance that InnVest will secure a new mortgage in respect of this property, and if it does not, it may need to use the Credit Line to finance the acquisition of Hotel Saskatchewan. Should sufficient funds not be available to InnVest at or prior to closing of the acquisition of Hotel Saskatchewan, InnVest will not be able to close the acquisition of Hotel Saskatchewan, which could have a material adverse impact on InnVest.

The partner with whom InnVest is participating in the acquisition of the Courtyard by Marriott intends to finance the acquisition with conventional mortgage financing, and InnVest intends to fund its share of the acquisition with available cash (including proceeds of the Offering) and capacity under existing credit facilities (see "Recent Developments – Debt Financing"). There can be no assurance that KingSett's borrowing ability will be sufficient to close the acquisition of the Courtyard by Marriott. Should sufficient funds not be available to one or both of InnVest and KingSett at or prior to the closing of the acquisition of the Courtyard by Marriott, the transaction may not close.

# Financing Risks Relating to the Offering

If the Offering is not completed, then InnVest would be required to obtain alternative financing to complete the Acquisitions, which alternative financing may be on less favourable terms than the Offering or may not be available at all. If no alternative financing is available, InnVest may not have sufficient funds to complete the Acquisitions (see "Risk Factors – Financing Risks Relating to the Acquisitions").

# Possible Failure to Realize Expected Returns on the Acquisitions

Acquisitions involve risks, including the failure of the Acquisitions to realize the results InnVest expects. Once acquired, if the Acquisitions fail to realize the results that InnVest expects, such failure(s) could materially and adversely affect InnVest's business plan and could have a material adverse effect on InnVest and its financial results.

#### **LEGAL MATTERS**

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

Each of Daniel Lewis, Edward Pitoniak, Majid Mangalji and Fereed Mangalji resides outside of Canada and has appointed Norton Rose Fulbright Canada LLP, Royal Bank Plaza, South Tower, Suite 3800, 200 Bay Street, Toronto, ON, M5J 2Z4, Attention: Walied Soliman, as his agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The independent auditors of InnVest are Deloitte LLP, Chartered Professional Accountants, Chartered Accountants, Licensed Public Accountants, at their principal offices in Toronto, Ontario. Deloitte LLP has advised InnVest that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Units is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

# **PURCHASERS' STATUTORY RIGHTS**

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

# **CERTIFICATE OF INNVEST**

Dated: July 8, 2015

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

(Signed) ANDREW C. COLES Chief Executive Officer (Signed) GEORGE KOSZIWKA Chief Financial Officer

On behalf of the Board of Trustees

(Signed) ROBERT WOLF Trustee (Signed) JON LOVE Trustee

# **CERTIFICATE OF THE UNDERWRITERS**

Dated: July 8, 2015

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

(Signed) William Wong
RBC DOMINION SECURITIES INC.
By: William Wong

(Signed) Jonathan Li BMO NESBITT BURNS INC. By: Jonathan Li

(Signed) Jeff Appleby
CIBC WORLD MARKETS INC.
By: Jeff Appleby

(Signed) Bryce Stewart SCOTIA CAPITAL INC. By: Bryce Stewart

(Signed) David Barnes
TD SECURITIES INC.
By: David Barnes

(Signed) Justin Bosa
CANACCORD GENUITY CORP.
By: Justin Bosa

(Signed) Mark Edwards
DESJARDINS SECURITIES INC.
By: Mark Edwards

(Signed) Richard Legault
INDUSTRIAL ALLIANCE SECURITIES INC.
By: Richard Legault