



**ANNUAL INFORMATION FORM**

**March 27, 2013**

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## GLOSSARY OF TERMS

The following terms used in this Annual Information Form have the meanings set out below:

**“137<sup>th</sup> Avenue”** means the 137<sup>th</sup> Avenue property located in Edmonton, Alberta;

**“2010 Management Agreement”** means the management agreement dated June 4, 2010 between the Manager and the REIT, which was replaced in its entirety by the Management Agreement;

**“2010 Unit Offering”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Public Financings – 2010 Unit Offering”;

**“2011 Debenture Offering”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Public Financings – 2011 Debenture Offering”;

**“2011 Debentures”** means the 8.0% extendible convertible unsecured subordinated debentures of the REIT offered by way of short form prospectus dated February 25, 2011;

**“2012 Debenture Offering”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Public Financings – 2012 Debenture Offering”;

**“2012 Debentures”** means the 6.0% convertible unsecured subordinated debentures of the REIT offered by way of short form prospectus dated August 28, 2012;

**“2012 Meeting”** has the meaning ascribed to such term under “Description of Capital Structure – Declaration of Trust and Description of Units”;

**“2013 Debenture Offering”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Public Financings – 2013 Debenture Offering”;

**“2013 Debentures”** means the 5.5% convertible unsecured subordinated debentures of the REIT offered by way of short form prospectus dated March 5, 2013;

**“ACP”** has the meaning ascribed to such term under “Trustees and Officers – Alternate Compensation Plan”;

**“Acquisition Facility”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Credit Facilities – Acquisition Facility”;

**“Acquisition Fee”** is the fee payable by the REIT to the Manager each time real property is acquired by the REIT and/or the Subsidiaries during each calendar quarter during the initial term and any renewal term of the Management Agreement from third parties who are not related, associated or affiliated with the Manager or LAC or any affiliates thereof, and is equal to: (i) 0.50% of the Property Cost of such real property if prior to such acquisition the Adjusted Book Value of the REIT Assets is less than or equal to \$1 billion; and (ii) 0.40% of the Property Cost of such real property if prior to such acquisition the Adjusted Book Value of the REIT Assets is greater than \$1 billion;

**“Adjusted Book Value”** means the book value of the assets of the REIT as shown on its most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization shown on the most recently filed financial statements of the REIT, or if not so shown, as recorded in the books and records of the REIT, less the amount of any receivable reflecting interest rate subsidies on any debt assumed by the REIT;

**“Adjusted Unitholders’ Equity”** means, at any time, the aggregate of Unitholders’ equity and the amount of accumulated depreciation and amortization recorded on the books and records of the REIT in respect of its properties and assets, calculated in accordance with GAAP;

**“affiliate”** has the meaning ascribed thereto for the purposes of Part XX of the *Securities Act* (Ontario);

**“Arrangement”** means the arrangement under section 182 of the *Business Corporations Act* (Alberta) involving, among other things, the transfer by shareholders of all of the issued and outstanding common shares of Charter Realty to the REIT in exchange for Units on the basis that 10 common shares of Charter Realty were exchanged for one Unit;

**“Assigned Mortgages”** means the mortgages to be transferred and assigned by NorRock Realty Finance L.P. (or its subsidiaries) to NorRock upon the wind-up of NorRock Realty Finance L.P. and further transferred and assigned by NorRock to the REIT, all in accordance with the joint plan of arrangement between NorRock and the REIT;

**“Assigned Shares”** means shares of 2246329 Ontario Limited, a corporation incorporated under the laws of the Province of Ontario and a direct, wholly-owned subsidiary of NorRock Realty Finance L.P.;

**“BCSC”** means the British Columbia Securities Commission;

**“Beneficial Debenture Owner”** has the meaning ascribed to such term under “Description of Debentures and Indenture – Book-Entry System for Debentures”;

**“Beneficial Owner”** has the meaning ascribed to such terms under “Declaration of Trust and Description of Units – Book-Based System”;

**“Bentall Properties”** means Crossing Bridge Square and King George Square;

**“Board of Trustees”** means the board of Trustees of the REIT;

**“Brandon Property”** means the Shoppers Drug Mart property located in Brandon, Manitoba;

**“Brockville Property”** means the Canadian Tire property located in Brockville, Ontario;

**“Business Day”** means any day except a Saturday, Sunday or statutory holiday in the City of Toronto, Ontario;

**“CAB”** means C.A. Bancorp Inc.;

**“Canadian Tire Refinancing”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Refinancings – Canadian Tire Refinancing”;

**“Canadian Tire Properties”** means the Brockville Property, the Strathroy Property and the Wasaga Beach Property;

**“Capital Project”** means any single capital project for development or redevelopment of any property with a Hard Construction Cost equal to or in excess of \$10,000 for which the Manager has been appointed by the Independent Trustees as the project manager prior to the commencement thereof, but specifically excludes any work done on behalf of tenants or any maintenance capital expenditures;

**“CDS”** means CDS Clearing and Depository Services Inc.;

**“Cease Trade Order”** has the meaning ascribed to such term under “Trustees and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions”;

**“Centre Village”** means the Centre Village Retail Centre in Nun’s Island, Québec;

**“Centuria Urban Village”** means a high-rise mixed use retail and residential property located in Kelowna, British Columbia;

**“Change of Control”** has the meaning ascribed to such term under “Description of Debentures and Indenture – Change of Control of the REIT”;

**“Charter Acquisition”** means Charter Acquisition Corp., a wholly-owned subsidiary of the REIT;

**“Charter Realty”** means Charter Realty Holdings Ltd., a corporation formed under the laws of the Province of Alberta;

**“Châteauguay”** means the Châteauguay shopping centre located in Châteauguay (Montréal), Québec;

**“Closing Market Price”** has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Redemption Right”;

**“Computershare”** means Computershare Trust Company of Canada;

**“Consolidation”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Consolidation of Units”;

**“Consumer Price Index”** means the consumer price index as published by Statistics Canada monthly;

**“Cornwall Square”** means the Cornwall Square shopping centre located in Cornwall, Ontario;

**“Cornwall Square Loan Agreement”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Refinancing of Cornwall Square”;

**“CPLP”** has the meaning ascribed to such term under “Trustees and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions”;

**“CRA”** means the Canada Revenue Agency;

**“Crofton”** means Crofton Moore Management Inc.;

**“Crossing Bridge Square”** means an existing 45,800 square foot open-air centre located in Stittsville, Ontario;

**“Current Market Price”**, at any date, means the volume-weighted average trading price for the Units on the TSXV for the 20 consecutive trading days ending five trading days prior to the applicable date;

**“Debenture Certificates”** has the meaning ascribed to such term under “Description of Debentures and Indenture – Book-Entry System for Debentures”;

**“Debentureholder”** means a holder of Debentures;

**“Debenture Offer”** has the meaning ascribed to such term under “Description of Debentures and Indenture – Change of Control of the REIT”;

**“Debenture Offer Price”** has the meaning ascribed to such term under “Description of Debentures and Indenture – Change of Control of the REIT”;

**“Debentures”** means the 2011 Debentures, the 2012 Debentures and the 2013 Debentures;

**“Debenture Trustee”** means Computershare Trust Company of Canada;

**“Declaration of Trust”** means the REIT’s declaration of trust dated March 27, 2007, as amended and restated with effect as of June 4, 2010 and as further amended and restated with effect as of November 3, 2010, December 15, 2011, March 29, 2012 and May 11, 2012;

**“Disposition”** means the sale, assignment or other transfer, when completed, of a Property, in whole or in part, and includes any sale, assignment or other transfer to the Manager or to any person in respect of which the Manager has an ownership or financial interest provided that the Manager has disclosed such interest to the REIT in writing prior to the commencement of the negotiation of the sale price for such Disposition, provided that “Disposition” does not include any sale, assignment or other transfer to any affiliate of the REIT and **“Dispose”** and **“Disposed”** have corresponding meanings;

**“Distribution”** has the meaning ascribed to such term under “Distributions – Distribution Reinvestment and Optional Unit Purchase Plan”;

**“Distribution Payment Date”** means, in respect of a Distribution Period, any date that a distribution is paid to Unitholders in respect of such period, generally being the 15<sup>th</sup> calendar day of each month (or if such day is not a Business Day, on the next Business Day thereafter) following the Distribution Period;

**“Distribution Period”** means each calendar month, or as otherwise determined by the Trustees;

**“DRIP”** means the REIT’s Distribution Reinvestment and Optional Unit Purchase Plan dated January 11, 2008, as amended on February 9, 2009 and as further amended effective February 15, 2012;

**“Elgar Place”** means the Elgar Place Retail Centre in Nun’s Island, Québec;

**“Eligible Persons”** has the meaning ascribed to such term under “Trustees and Officers – Unit Option Plan”;

**“Event of Default”** has the meaning ascribed to such term under “Description of Debentures and Indenture – Events of Default”;

**“Evergreen Shopping Centre”** means an open-air shopping centre located in Sooke, British Columbia;

**“Exchangeable Securities”** has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Units and Special Voting Units”;

**“Exeter Lease”** has the meaning ascribed to such term under “General Development of the Business – Property Portfolio – The RONA Properties”;

**“Exeter Property”** means the RONA property located in Exeter, Ontario;

**“Extraordinary Resolution”** has the meaning ascribed to such term under “Description of Rights – Meetings of Holders of Rights – Matters to be Approved by Extraordinary Resolution”;

**“FCC Loan Facility”** means a 36-month loan facility from Firm Capital Corporation for \$13.5 million (\$7.5 million of which is revolving) secured against the REIT’s portfolio of properties with a floating interest rate for the first 24 months that is the greater of (a) 9.00% and (b) the posted bank prime rate of interest plus 4.00%;

**“February 2012 Unit Offering”** has the meaning ascribed to such term under “General development of the Business – Three Year History from 2010 to 2012 – Public Financings – February 2012 Unit Offering”;

**“Fiscal Year”** means the financial reporting year of the REIT commencing January 1 and ending on December 31 in each calendar year, and any other 12 month reporting period adopted by the Trustees from time to time;

**“GAAP”** means the generally accepted accounting principles described and promulgated by the Canadian Institute of Chartered Accountants which are applicable as at the date on which any calculation using GAAP is made and includes International Financial Reporting Standards;

**“Gatineau Property”** means the Shoppers Drug Mart property located in Gatineau, Québec;

**“GLA”** means gross leaseable area;

**“Global Unit Certificates”** has the meaning ascribed to such terms under “Declaration of Trust and Description of Units – Book-Based System”;

**“Grand Bend Towne Centre”** means a retail centre located in Grand Bend, Ontario;

**“Gross Book Value”** means the purchase cost of an acquired property (for greater certainty whether paid in cash, by the assumption of any mortgage or other indebtedness, the issuance of debt or equity, or in any other manner), including the Acquisition Fee payable to the Manager and all out-of-pocket costs incurred by the REIT or its Subsidiaries in connection with the acquisition, including legal fees and disbursements, registration and filing fees, land transfer and sales taxes, all calculated in accordance with GAAP applicable to the real estate industry, applied on a consistent basis, plus all capital expenditures relating to such Properties since the date of acquisition;

**“Gulf”** means Gulf Pacific Property Management Ltd.;

**“Hard Construction Cost”** means all direct construction costs incurred by the Manager in the completion of the work associated with any Capital Project;

**“IGW LP”** has the meaning ascribed to such term under “Trustees and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions”;

**“IGW Public”** means IGW Public Limited Partnership, an affiliate of LAC;

**“IGW REIT”** has the meaning ascribed to such term under “Trustees and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions”;

**“IGW REIT LP”** means IGW Real Estate Investment Trust Limited Partnership, an affiliate of LAC;

**“In specie Redemption Price”** has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Redemption Right”;

**“Incentive Fee”** means an incentive fee for the financial year ended December 31, 2012 equal to 15% of the REIT’s Incentive FFO per Unit in excess of \$0.70 (the “Hurdle Amount”), provided that the Hurdle Amount will, unless otherwise agreed to by the parties, rise by 1.5% in each subsequent financial year during the term of the Management Agreement;

**“Incentive FFO per Unit”** means the quotient obtained by dividing:

- (i) the sum of (A) the Realized Gains on Dispositions during such Fiscal Year; and (B) the REIT’s funds from operations for such Fiscal Year, as reported in management’s discussion and analysis of the REIT for the applicable Fiscal Year; by
- (ii) the average of the Quarterly Weighted Average of Units as at the end of the four financial quarters of such Fiscal Year;

**“Indenture”** means the trust indenture entered into between the REIT and Computershare Trust Company of Canada dated March 8, 2011, as amended by a first supplemental indenture dated March 29, 2012, a second supplemental indenture dated September 5, 2012 and a third supplemental indenture dated March 12, 2012;

**"Independent Committee"** has the meaning ascribed to such term under "General Development of the Business – Three Year History from 2010 to 2012 – Change of Sponsorship";

**"Independent Trustee"** means a Trustee of the REIT who is "independent" (as defined in Multilateral Instrument 52-110 — *Audit Committee* as in effect on the date hereof and as amended from time to time);

**"Information Circular"** means Charter Realty's management information circular dated April 3, 2007 in respect of the special meeting of shareholders held on May 3, 2007 to approve, among other things, the Arrangement;

**"Insider"** has the meaning ascribed to such term in the TSX Company Manual;

**"Insider Participation Limit"** means the number of Units:

- (a) issued to Insiders, within any one year period; and
- (b) issuable to Insiders, at any time,

which cannot exceed 10% of the REIT's total issued and outstanding Units, respectively;

**"Insolvency"** has the meaning ascribed to such term under "Management of the REIT – Management Agreement – Term and Termination";

**"Interest Obligation"** has the meaning ascribed to such term under "Description of Debentures and Indenture – Debenture – Interest Payment Option";

**"Interest Payment Date"** means a date specified in a Debenture as the date on which interest on such Debenture becomes due and payable;

**"Interim Report"** has the meaning ascribed to such term under "Description of Rights – To Provide Notices";

**"Internalization Decision"** means a determination by the Independent Trustees that (i) the Management Fees, Acquisition Fees and other amounts paid to the Manager to carry out its duties hereunder are in excess of those expenses the Independent Trustees believe would be incurred by the REIT on an annual basis if management of the REIT was performed by individuals employed directly by the REIT rather than by the Manager under this Agreement and (ii) otherwise it is in the best interests of the REIT to have the management of the REIT performed on a full time basis by individuals employed directly by the REIT;

**"January 2013 Unit Offering"** has the meaning ascribed to such term under "General development of the Business – Three Year History from 2010 to 2012 – Public Financings – January 2013 Unit Offering";

**"joint venture entity"** has the meaning ascribed to such term under "Investment Guidelines and Operating Policies – Investment Guidelines";

**"joint venturers"** has the meaning ascribed to such term under "Investment Guidelines and Operating Policies – Investment Guidelines";

**"June 2012 Unit Offering"** has the meaning ascribed to such term under "General development of the Business – Three Year History from 2010 to 2012 – Public Financings – June 2012 Unit Offering";

**"King George Square"** means an open-air centre comprised of three buildings located in Brantford, Ontario;

**"LAC"** means League Assets Corp.;

**"LCBO"** means Liquor Control Board of Ontario;



**“League Assets LP”** means League Assets Limited Partnership, the parent of LAC;

**“Lender Warrants”** means the 625,000 unit purchase warrants issued by the REIT to Firm Capital Mortgage Fund Inc., as a funding fee;

**“LHC”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Acquisitions – NorRock Assets”;

**“LHC Note”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Acquisitions – NorRock Assets”;

**“Management Agreement”** means the management agreement dated March 30, 2012 between the Manager and the REIT;

**“Management Changes”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Change of Sponsorship”;

**“Management Fee”** means an annual fee based on the Adjusted Book Value of the REIT Assets calculated as at the close of business on the last day of each calendar quarter and equal to 0.30% of the Adjusted Book Value of the REIT Assets as at such time if the Adjusted Book Value of the REIT Assets is \$1 billion or less at such time and 0.25% on the amount by which the Adjusted Book Value of the REIT Assets as at such time exceeds \$1 billion;

**“Manager”** means LAPP Global Asset Management Corp.;

**“Manning Crossing”** means a retail strip with restaurant pad development located in Northeast Edmonton;

**“Market Price”** has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Redemption Right”;

**“Méga Centre”** means the Méga Centre shopping centre located in St. Laurent (Montréal), Québec;

**“MI 62-104”** means Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

**“Monthly Limit”** has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Redemption Right”;

**“Montréal Properties”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Acquisitions – Montréal Properties”

**“Non-Competition Agreement”** means the non-competition agreement dated June 4, 2010 among the Manager, IGW Public, League Assets LP (the parent of LAC) and the REIT;

**“Non-Resident”** includes, in the case of a Person other than a partnership, a Person who is not resident in Canada for purposes of the Tax Act and, in the case of a partnership, a partnership that is not a “Canadian partnership” for purposes of the Tax Act;

**“NorRock”** means NorRock Realty Finance Corporation;

**“NorRock Acquisition”** means acquisition of substantially all the assets of NorRock, consisting of cash, cash equivalents, mortgages and other assets from NorRock in exchange for the issuance of Units, certain rights to acquire Units and cash;

**“OBCA”** means the *Business Corporations Act* (Ontario);

“**October 31 Proposals**” has the meaning ascribed to such term under “Risk Factors – Tax Risks Related to Qualification as a “Mutual Fund Trust; Financing; Expenses”;

“**Optional Cash Payment**” has the meaning ascribed to such term under “Distributions – Distribution Reinvestment and Optional Unit Purchase Plan”;

“**Optionee**” has the meaning ascribed to such term under “Trustees and Others – Unit Option Plan”;

“**Participant**” has the meaning ascribed to such term under “Description of Debentures and Indenture – Debentures – Book-Entry System for Debentures”;

“**Pembina Property**” means the Shoppers Drug Mart property located on Pembina Highway, Winnipeg, Manitoba;

“**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status and whether acting in an individual, fiduciary or other capacity;

“**Place Desormeaux**” means the enclosed shopping centre in Longueuil, Québec;

“**Place Val Est**” means a retail strip centre located in Sudbury, Ontario;

“**Plan Participant**” has the meaning ascribed to such term under “Distributions – Distribution Reinvestment and Optional Unit Purchase Plan”;

“**Plans**” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts, each as defined in the Tax Act, and “**Plan**” means any of them;

“**Plaza des Seigneurs**” means the open-air centre located in Terrebonne, Québec;

“**Prior Management Agreement**” means the management agreement dated March 27, 2007 between the Prior Manager and Charter Realty, which was subsequently assigned to the REIT in connection with the Arrangement;

“**Prior Manager**” means C.A. Realty Management Inc.;

“**Project Management Fee**” means a fee equal to 5% of all direct construction costs incurred by the Manager in the completion of the work associated with any Capital Project on which the Manager has been appointed by the Trustees as the project manager and where such costs are over \$50,000 but is equal to or less than \$300,000, provided that the Project Management Fee is 4% of all such costs over \$300,000 incurred on any Capital Projects on which the Manager has been appointed by the Trustees as the project manager;

“**Properties**” means the properties owned, directly or indirectly, by the REIT;

“**Property Cost**” means the purchase cost of an acquired property (for greater certainty whether paid in cash, by the assumption of any mortgage or other indebtedness, the issuance of debt or equity, or in any other manner), excluding the Acquisition Fee payable to the Manager and all out-of-pocket costs incurred by the REIT or its Subsidiaries in connection with the acquisition, including legal fees and disbursements, registration and filing fees, land transfer and sales taxes, all calculated in accordance with GAAP applicable to the real estate industry, applied on a consistent basis;

“**Property Management Fees**” means property management fees payable with respect to any property held by or on behalf of the REIT where the Manager is providing Property Management Services to the REIT or its Subsidiaries or their properties, such fees not to exceed the fair market value for such services in the market

in which such property is located, as determined by the Independent Trustees, and currently determined to be no more than 3% of the gross rental income from such property;

**“Property Management Services”** means services provided by one or more person(s) who provide property management services and/or leasing services to the REIT and/or its subsidiaries pursuant to written contract(s), which may include the Manager and/or its affiliates and associates;

**“Proposed Manager Trustees”** has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Trustees”;

**“Proposed Manager Trustee Notice”** has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Trustees”;

**“Quarterly Weighted Average of Units”** is the weighted average number of Units outstanding at any time during each of the four financial quarters of the Fiscal Year of the REIT, calculated as at the end of each such financial quarter, currently being March 31, June 30, September 30 and December 31 in each Fiscal Year;

**“Realized Gains on Dispositions”** shall mean, except in those circumstances set out under “Management of the REIT – Management Agreement – Fees”, for each Fiscal Year, the sum of the cumulative fair value gains or losses on each income producing Property Disposed of during that Fiscal Year, if such amount is a positive number, where such cumulative fair value gain or loss per Property is calculated in accordance with IFRS from December 31, 2011 if the Property was owned by the REIT on the date of this Agreement, or from the date of acquisition of the Property, if after December 31, 2011, provided that if at the time of Disposition of a Property on which there is a cumulative fair value gain the aggregate cumulative fair value gains and losses on all income producing Properties still held by the REIT at such time other than the Property Disposed of is negative, the cumulative fair value gain for the Property Disposed of will be reduced by the amount of the aggregate cumulative fair value loss on such other Properties and this amount, if a positive number, shall be deemed to be the cumulative fair value gain of that Property for the purpose of this calculation, and if this amount is a negative number, the cumulative fair value gain of that Property for the purpose of this calculation will be deemed to be zero;

**“Redemption Notes”** has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Redemption Right”;

**“Redemption Price”** has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Redemption Right”;

**“Regulatory Authorities”** has the meaning ascribed to such term under “Trustees and Officers – Alternate Compensation Plan”;

**“REIT”** means Partners Real Estate Investment Trust, a trust formed under the Declaration of Trust, including where the context requires, the REIT’s subsidiaries, and means Charter Real Estate Investment Trust prior to the name change described under “General Development of the Business – Three Year History from 2010 to 2012- Name Change”;

**“REIT Assets”** means the assets of the REIT as shown on the most recent consolidated balance sheet of the REIT;

**“REIT Exception”** means the exception from the application of the tax regime under the SIFT Rules, which exception applies to real estate investment trusts that meet a series of conditions relating to the nature of their revenue and investments;

**“REIT Proposals”** means certain Tax Proposals included in Bill C-48 concerning the income tax treatment of real estate investment trusts and, in particular, the conditions which must be met in order for a trust to qualify for the REIT Exception that received first reading in the House of Commons on November 21, 2012.

**“Revolving Credit Facility”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Credit Facilities – Revolving Credit Facility”;

**“Restricted Parties”** has the meaning ascribed to such term under “Management of the REIT – Non-Competition Agreement”;

**“Restricted Real Estate Asset”** has the meaning ascribed to such term under “Management of the REIT – Non-Competition Agreement”;

**“Retail Property”** has the meaning ascribed to such term under “Management of the REIT – Non-Competition Agreement”;

**“Rights Issuance”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 –NorRock Assets”;

**“Rights Offering”** has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Rights Offering”;

**“RONA”** means RONA inc.;

**“RONA Leases”** has the meaning ascribed to such term under “General Development of the Business – Property Portfolio – The RONA Properties”;

**“RONA Properties”** means the Exeter Property, the Seaforth Property and the Zurich Property;

**“St. Clair Beach Towne Centre”** means the centre comprised of two buildings located in Tecumseh, Ontario;

**“Saint Remi”** means the Saint Remi Shopping Centre in Montréal, Québec;

**“SAQ”** means Société des alcools du Québec;

**“Seaforth Lease”** has the meaning ascribed to such term under “General Development of the Business – Property Portfolio – The RONA Properties”;

**“Seaforth Property”** means the RONA property located in Seaforth, Ontario;

**“Securities”** means any security of the REIT and, for greater certainty, includes Units, Unit Options, and Debentures;

**“Securities Commissions”** has the meaning ascribed to such term under “Description of Debentures and Indenture – Reports to Holders of Debentures”;

**“Selkirk Property”** means the Shoppers Drug Mart property located in Selkirk, Manitoba;

**“Senior Indebtedness”** means the principal, premium (if any), interest (if any) or any other amounts payable thereunder (if any) on:

- (a) all indebtedness (including any indebtedness to trade creditors), liabilities and obligations of the REIT (other than the Debentures), whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed in the normal course or in connection with the acquisition by the REIT of any businesses, properties or other assets or for monies borrowed or raised by whatever means (including, without limitation, by means of commercial paper, bankers' acceptances, letters of credit, debt instruments, revolving credit facilities, bank debt and financial leases, and any liability evidenced by bonds, debentures,

notes or similar instruments) by the REIT or others including, without limitation, any subsidiary of the REIT for payment of which the REIT is responsible or liable, whether absolutely or contingently; and

- (b) renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations;

unless in each case it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are *pari passu* with or subordinate in right of payment to debentures that by their terms are subordinated (including the Debentures);

“**shadow anchors**” means a nearby shopping centre that has an anchor tenant;

“**Sherbrook Property**” means the Shoppers Drug Mart property located on Sherbrook Street, Winnipeg, Manitoba;

“**Shoppers Drug Mart Properties**” means the Brandon Property, the Gatineau Property, the Pembina Property, the Selkirk Property, the Sherbrook Property and the Steinbach Property;

“**SIFT**” means, in connection with the SIFT Rules, a “specified investment flow-through”;

“**SIFT Rules**” means the rules in the Tax Act which tax certain publicly-traded or listed trusts and partnerships in a manner similar to corporations and which tax certain distributions from such trusts or partnerships as taxable dividends from a taxable Canadian corporation;

“**SIFT Trust**” has the meaning ascribed thereto in the SIFT Rules;

“**SIQ**” means Société immobilière Québec;

“**Sorel**” means the Sorel Shopping Centre in Montréal, Québec;

“**Special Voting Unit(s)**” means non-participating special voting unit(s) of the REIT and, for greater certainty, does not mean Unit(s);

“**Steinbach Property**” means the REIT’s Shoppers Drug Mart property located in Steinbach, Manitoba;

“**Strathroy Property**” means the REIT’s Canadian Tire Property located in Strathroy, Ontario;

“**Subsidiaries**” means any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by the REIT;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder;

“**Tax Proposals**” means proposed amendments to the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof;

“**Termination Payment**” has the meaning ascribed to such term under “Management of the REIT – Management Agreement – Term and Termination”;

“**The REIT Group**” has the meaning ascribed to such term under “Exhibit “A” – Audit Committee Charter of Partners Real Estate Investment Trust – Composition”;

“**Thunder Centre**” means the power centre located in Thunder Bay, Ontario;

“**Timmins**” means Timmins Power Centre located in Timmins, Ontario;

“**Triovest**” means Triovest Realty Advisors Inc.;

“**Trustee**” means a trustee of the REIT and “**Trustees**” means all of the trustees of the REIT;

“**Trustees’ Fees**” has the meaning ascribed to such term under “Trustees and Officers – Alternate Compensation Plan”;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange;

“**Unit**” means ordinary participating voting unit(s) of the REIT and, for greater certainty, does not mean Special Voting Unit(s);

“**Unitholder(s)**” means the holder(s) of Units;

“**Unit Interest Payment Election**” has the meaning ascribed to such term under “Description of Debentures and Indenture – Interest Payment Option”;

“**Unit Option Plan**” means the plan adopted by the REIT that authorizes the REIT to grant Unit Options;

“**Unit Options**” means options for the purchase of Units under the Unit Option Plan;

“**Unit Sale**” has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Change of Sponsorship”;

“**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“**U.S. Person**” means a “U.S. person” as defined in Rule 902 of Regulation S under the 1933 Act;

“**Vancouver Island Acquisition**” has the meaning ascribed to such term under “General Development of the Business – Three Year History from 2010 to 2012 – Acquisitions – Mariner Square Shopping Centre”

“**Voting Unitholders**” means the holders of Units and Special Voting Units;

“**Voting Units**” means collectively, the Units and Special Voting Units;

“**Wasaga Beach Property**” means the Canadian Tire Property located in Wasaga Beach, Ontario;

“**Washington Park**” means Washington Park Shopping Centre;

“**Wellington Southdale**” means the retail strip centre located in London, Ontario;

“**Wind-up Event**” has the meaning ascribed to such term under “Management of the REIT – Management Agreement – Term and Termination”;

“**Zurich Lease**” has the meaning ascribed to such term under “General Development of the Business – Property Portfolio – The RONA Properties”; and

“**Zurich Property**” means the RONA property located in Zurich, Ontario.

## PARTNERS REAL ESTATE INVESTMENT TRUST

### ANNUAL INFORMATION FORM

*In this Annual Information Form, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and the statistical and financial data are presented as of December 31, 2012.*

#### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains “forward-looking statements” that reflect the current expectations of management regarding our future growth, results of operations, performance and business prospects and opportunities. Forward looking statements are only predictions and are not guarantees of performance. Wherever possible, words such as “may”, “would”, “could”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “aim”, “endeavour” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Important assumptions relating to the forward-looking statements contained in this Annual Information Form include:

- our acquisition and expansion plans, including our intention to acquire Marcel-Laurin Power Centre, Sophia Retail Centre and Repentigny Shopping Centre at the end of March 2013 and our intention to acquire Mariner Square Shopping Centre in April of 2013;
- the strategy of the REIT, including
  - the acquisition of “A” assets in “B” markets and “B” assets in “A” markets;
  - our ability to access capital to fund our acquisition strategy;
  - realizing opportunities for growth; and
  - achieving organic growth through redevelopment and lease renewal activities of our existing centres;
- our ability to generate returns, based on our strategy;
- the REIT’s status as a “real estate investment trust”;
- maintaining current levels of distributions with a view to increasing levels of distributions;
- capital expenditures;
- our expectation regarding our tenants’ continued occupation of the premises in accordance with the terms of their leases;
- our ability to lease vacant units on a timely basis and on market terms;
- our expectation that we will be able to improve our occupancy rate in 2012;
- competitive conditions; and
- general economic conditions.

Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the “Risk Factors” section of this Annual Information Form, in our Management’s Discussion and Analysis of Operating Results and Financial Position for the year ended December 31, 2012 and elsewhere in our on-going filings with securities regulators.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Annual Information Form.

These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this Annual Information Form are based upon what management currently believes to be reasonable assumptions, we cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.

These forward-looking statements are made as of the date of this Annual Information Form unless otherwise indicated, and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by law.



## STRUCTURE

### **Name, Address and Incorporation**

The REIT is an unincorporated open-ended real estate investment trust established by a declaration of trust dated March 27, 2007, as amended and restated with effect as of May 11, 2012 (the "Declaration of Trust") and governed by the laws of the Province of Ontario.

On March 29, 2005, Charter Realty, the predecessor to the REIT, was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta). The common shares of Charter Realty were listed and posted for trading on the TSXV commencing on September 2, 2005. On May 10, 2007, Charter Realty completed the Arrangement. The REIT continued the business of Charter Realty from and after May 10, 2007.

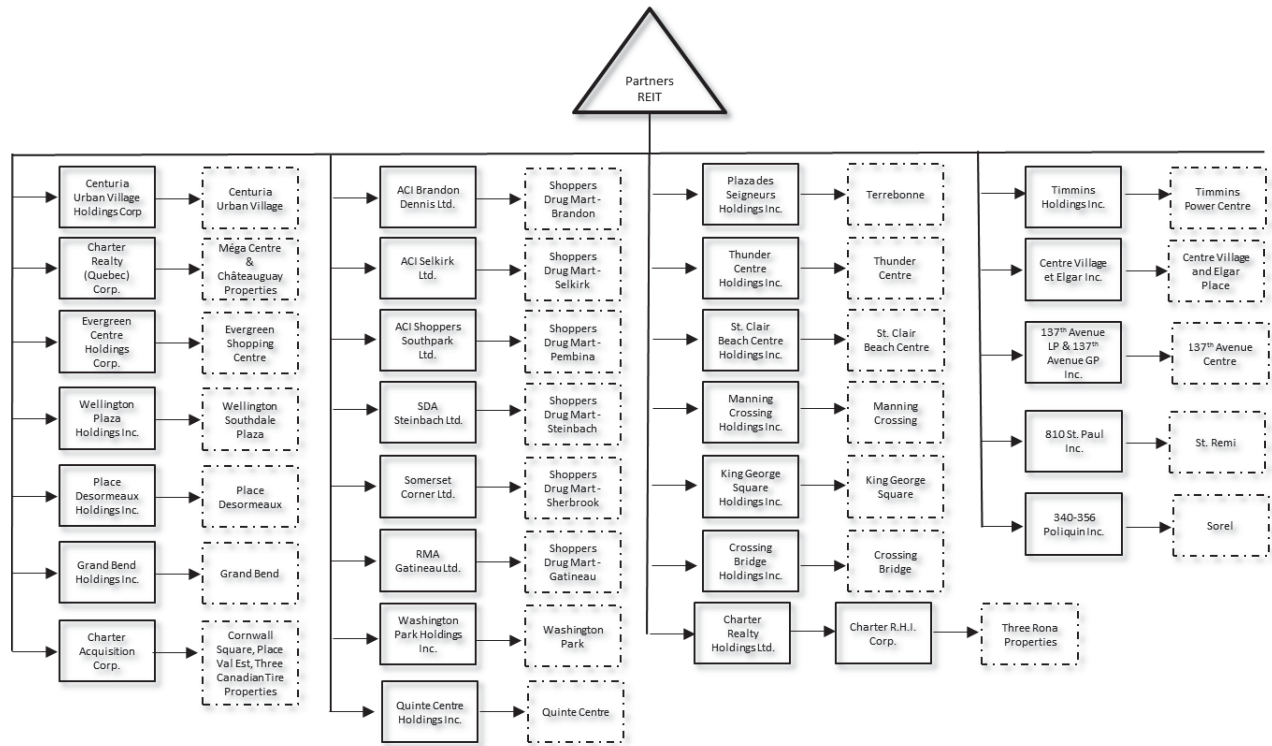
Effective November 3, 2010, the REIT changed its name from "Charter Real Estate Investment Trust" to "Partners Real Estate Investment Trust".

On April 3, 2012, the Units and the 2011 Debentures commenced trading on the TSX, at which point such Units and 2011 Debentures were de-listed from the TSXV.

The REIT's head and registered office is located at 200-710 Redbrick Street, Victoria, BC V8T 5J3.

### **Inter-corporate Relationships**

The following chart illustrates the relationship of the REIT to those entities that hold the 35 properties comprising the current portfolio of properties held by the REIT and its controlled entities, as well as the jurisdiction of incorporation or organization of each entity as at the date of this Annual Information Form. The properties listed under each subsidiary of the REIT are held in the name of the applicable subsidiary. Charter Realty, however, is the beneficial owner of the three RONA Properties pursuant to nominee agreements entered into between Charter Realty and Charter R.H.I. Corp. Additionally, 137<sup>th</sup> Avenue LP is the beneficial owner of the property located at 137th Avenue in Edmonton, Alberta, pursuant to a nominee agreement entered into between 137<sup>th</sup> Avenue LP and 137<sup>th</sup> Avenue GP Inc. The REIT is the beneficial owner of all of the other properties pursuant to nominee agreements entered into between the REIT and the subsidiary that holds each property. Each of the entities is 100%, directly or indirectly, wholly owned by its parent unless otherwise noted.



## GENERAL DEVELOPMENT OF THE BUSINESS

### Formation of Charter Realty

On March 29, 2005, Charter Realty, the predecessor to the REIT, was incorporated under the name "Chartered Realty Holdings Ltd." pursuant to the provisions of the *Business Corporations Act* (Alberta). On May 4, 2005, Chartered Realty Holdings Ltd. filed articles of amendment changing its name to "Charter Realty Holdings Ltd." and on June 13, 2005, filed articles of amendment removing the private company restrictions on transfer of securities from its articles.

Following its incorporation, Charter Realty was capitalized with \$200,000 pursuant to an aggregate issuance of 2,000,000 common shares issued at a price of \$0.10 per share. Charter Realty completed its initial public offering under the CPC Policy on August 22, 2005 pursuant to which 1,500,000 common shares were sold at a price of \$0.20 per share for aggregate gross proceeds of \$300,000. The common shares were listed and posted for trading on the Exchange commencing on September 2, 2005. On September 14, 2006, Charter Realty issued a total of 2,500,000 common shares at a price of \$0.20 per share to CAB for aggregate gross proceeds of \$500,000.

### Organization of the Trust

The REIT is an unincorporated, open-ended real estate investment trust and was formed pursuant to the Declaration of Trust. The principal activity of the REIT is investing in commercial retail properties. The Units, the 2011 Debentures, the 2012 Debentures and the 2013 Debentures of the REIT are listed on the TSX and trade under the symbols "PAR.UN", "PAR.DB", "PAR.DB.A" and "PAR.DB.B", respectively.

On May 10, 2007, under the Arrangement, Charter Realty completed its conversion to a trust structure. The Arrangement resulted in the shareholders of Charter Realty transferring their shares to the REIT, in consideration for Units. Pursuant to the Arrangement, Charter Realty is a wholly-owned subsidiary of the REIT.

Effective November 3, 2010, the name of Charter Real Estate Investment Trust was changed to Partners Real Estate Investment Trust. All references to "Partners Real Estate Investment Trust," "Partners REIT", the "REIT" and similar references in this Annual Information Form refer to Charter Real Estate Investment Trust prior to the name change.

### Management Arrangement

On June 4, 2010, the REIT and the Manager entered into the 2010 Management Agreement to replace the Prior Management Agreement and on March 30, 2012 agreed to amend certain terms of the 2010 Management Agreement by replacing the 2010 Management Agreement with the Management Agreement. See "Management of the REIT".

### Three Year History from 2010 to 2012

#### General

##### *Change of Sponsorship*

Pursuant to a strategic review process conducted in 2009, the REIT entered into a non-binding letter of intent with LAC and with CAB providing for the following transactions:

- CAB selling all of its units in the capital of the REIT, being 6,047,095 units representing approximately 33% of the REIT's outstanding units at the time, to LAC or an affiliate of LAC (the "Unit Sale"); and
- CAB and the REIT terminating the Prior Management Agreement and LAC (or an affiliate) and the REIT entering into a new Management Agreement (the "Management Changes").

The letter also contemplated a separate transaction regarding an investment by LAC, which took the form of a standby purchase agreement to a rights offering by the REIT. Under this agreement, LAC, or an affiliate of LAC, agreed to purchase all of the units not otherwise purchased by other Unitholders pursuant to the exercise of the rights under the rights offering, subject to a total ownership position of no more than 49.9% of the REIT after the exercise of the rights.

On June 4, 2010, IGW Public, an affiliate of LAC, completed the Unit Sale at \$1.45 per Unit. The Management Changes were also completed on June 4, 2010 with LAPP Global Asset Management Corp., a wholly owned subsidiary of IGW Public, becoming the new Manager. The new Management Agreement is on substantially similar terms to the Prior Management Agreement with the Prior Manager. See "Management of the REIT".

#### *Relocation of Head Offices*

On September 10, 2010, the REIT announced the relocation of its head offices to Victoria, British Columbia.

#### *Name Change*

On November 3, 2010, the REIT changed its name from "Charter Real Estate Investment Trust" to "Partners Real Estate Investment Trust". Shortly thereafter, the REIT's trading symbol on the TSXV changed from "CRH.UN" to "PAR.UN".

The name change reflected the REIT's new ownership structure, new Board of Trustees, and a new focus on achieving growth in assets under management, distributable cash, and Unitholder value.

#### *Consolidation of Units*

Effective February 14, 2012, the REIT consolidated all of its issued and outstanding Units on the basis of one post-consolidation Unit for every four pre-consolidation Units (the "Consolidation").

#### *Changes to Trustees and Management*

On March 27, 2012, the REIT announced the appointment of Tony Quo Vadis as Chief Financial Officer of the REIT, which became effective on April 13, 2012. On July 24, 2012, the REIT announced the appointment of Dr. Tim O'Neill as an independent trustee of the REIT. On October 18, 2012, the REIT announced that Peter D. Morris had been appointed as the REIT's Chief Operating Officer, with Patrick Miniutti remaining as the Trust's President. On February 13, 2013, the REIT announced the resignation of Tony Quo Vadis as Chief Financial Officer of the REIT and the appointment, on an interim basis, of Heather Routly as Chief Financial Officer of the REIT. On March 27, 2013, the REIT announced the appointment of Edward W. Boomer as Chief Investment Officer of the REIT.

#### *Graduation to the TSX*

On April 3, 2012, the Units and the 2011 Debentures commenced trading on the TSX, at which point such Units and 2011 Debentures were de-listed from the TSXV. The 2012 Debentures and 2013 Debentures are currently listed and trade on the TSX.

#### *OTC Marketplace*

On October 27, 2012, the REIT began trading on OTCQX International, an over the counter marketplace operated by OTC Markets Group Inc.

#### *Change of Auditor*

On November 9, 2012, the REIT announced that the Board of Trustees, based on the recommendation of its Audit Committee, appointed KPMG LLP as the auditor of the REIT. At the request of the REIT, Deloitte LLP

resigned as the auditor of the REIT. There were no reservations in Deloitte LLP's audit reports for the fiscal years ended December 31, 2011 and 2010 and there are no reportable events, as such term is defined in National Instrument 51-102, between the REIT and Deloitte LLP. The REIT filed the required reporting package in accordance with National Instrument 51-102 on December 5, 2012.

## **Acquisitions**

### *Wellington Southdale*

On December 22, 2010, the REIT completed the acquisition of Wellington Southdale for an aggregate purchase price of \$20.3 million (before closing costs), subject to customary closing adjustments. The acquisition was financed by the assumption of an existing first mortgage loan in the amount of \$9.7 million. The loan matures in 2016 and bears contractual interest at a rate of 6% per annum. The amortization period of the loan from the date of acquisition was 223 months or 18.6 years. The balance of the purchase price was financed through a second mortgage and cash raised from the refinancing of Cornwall Square. See “— Refinancing of Cornwall Square”.

The second mortgage was drawn upon the acquisition of Wellington Southdale in the amount of \$2.3 million. The mortgage loan matures in 2016 and bears contractual interest (the fixed interest rate specified or stated in the loan agreement) at a rate of 4.57% per annum. The amortization period of the loan from the date of acquisition was 300 months or 25 years. See “Description of the Business – Wellington Southdale — London, Ontario”.

### *Shoppers Drug Mart Properties*

On November 22, 2010, the REIT entered into an agreement (as subsequently amended) to acquire six income producing properties: the Brandon Property, the Gatineau Property, the Pembina Property, the Selkirk Property, the Sherbrook Property, and the Steinbach Property, collectively the “Shoppers Drug Mart Properties”. The Shoppers Drug Mart Properties were acquired for an aggregate purchase price of \$30.97 million. The purchase closed on March 17, 2011 and was funded by a combination of the assumption of existing mortgages of \$17.2 million and cash. See “Description of the Business – Shoppers Drug Mart Properties”.

### *Centuria Urban Village*

On May 16, 2011, the REIT acquired the majority of the retail units of Centuria Urban Village. The development of the property was completed in 2009.

The retail space purchased by the REIT totals approximately 32,500 square feet and includes designated underground parking space as limited common property. The properties acquired are 100% occupied under long-term leases with Nesters Food Market (Buy-Low Foods LP), Paragon Pharmacies Ltd., the British Columbia Nurses Union, and a salon and spa. The purchase price was approximately \$8.9 million, and was paid with cash from the proceeds of the 2011 Debenture Offering (see “— Public Financings - 2011 Debenture Offering”) and the Acquisition Facility (see “— Credit Facilities – Acquisition Facility”). See “Description of the Business – Centuria Urban Village — Kelowna, British Columbia”.

### *Place Desormeaux*

On August 31, 2011, the REIT acquired Place Desormeaux. The property is situated in what the REIT believes is a growing urban market and anchored by branches of retailers including a Super C grocery store, Pharmaprix, Zellers, Dollarama, the SAAQ, and two Canadian chartered banks. At the time of acquisition the property was 98.0% occupied. Management believes that the centre also offers the opportunity to enhance income through the expansion of existing tenants and the development of three new retail pad sites.

The REIT paid approximately \$32.2 million for the property and incurred approximately \$3.6 million in acquisition and capital improvement costs. The aggregate outlay of funds was covered by the placement of a

\$23.0 million mortgage bearing interest at 210 basis points over the five-year Government of Canada bond rate with a 58-month term or currently approximately 4.25%. The balance of the purchase price was funded from the Acquisition Facility and the FCC Loan Facility. In addition, the REIT issued the Lender Warrants. See “Description of the Business – Place Desormeaux — Longueuil, Québec”.

#### *Evergreen Shopping Centre*

On September 1, 2011, the REIT completed the acquisition of Evergreen Shopping Centre. Anchored by a Western Foods grocery store, a newly-constructed Shoppers Drug Mart, a BC Liquor outlet and a branch of a Canadian chartered bank branch, the property was 96.2% occupied at the time of acquisition.

The REIT paid approximately \$15.8 million for the property, in part funded by the placement of a new \$10.5 million five-year mortgage on the property incurring an interest rate of 3.8%. The balance of the purchase price was paid in cash from a new secondary loan bearing interest at 7% and the Acquisition Facility. See “Description of the Business – Evergreen Shopping Centre — Sooke, British Columbia”.

#### *137<sup>th</sup> Avenue Shoppers Drug Mart and PartSource*

On December 19, 2011, the REIT completed the acquisition of an existing Shoppers Drug Mart and PartSource development in Edmonton, Alberta. The REIT paid approximately \$4.09 million for the property, which was funded by the assumption of a \$1.64 million mortgage bearing interest at 4.23%. The balance of the purchase price was satisfied through the issuance of 1,150,000 exchangeable limited partnership units (287,500 post-consolidation units) with a value of \$2.07 million and \$380,000 in cash. The Exchangeable LP Unit is exchangeable on a one for one basis into Partners REIT units, upon the vendor’s election. An above market interest rate adjustment of \$0.1 million has been included in the determination of the total cost of this acquisition.

#### *NorRock Assets*

On February 1, 2012, the REIT closed the previously announced acquisition of substantially all of the assets of NorRock, consisting of cash, cash equivalents, eight mortgages, and other assets of NorRock, in exchange for the issuance of Units, certain rights to acquire Units, and cash. On March 29, 2012 the REIT sold three of the mortgage assets with a combined carrying value of approximately \$3.7 million for proceeds of \$3.2 million. On June 29, 2012, the REIT sold one of the mortgage assets with a carrying value of \$1.5 million for proceeds of \$1.5 million. On June 30, 2012, the REIT sold the remaining four mortgage assets to a related party, League Holdings Corp (“LHC”) for \$7.9 million. In exchange for purchasing the mortgage assets, the REIT accepted a full recourse note receivable from LHC due on September 15, 2012 (the “LHC Note”). The independent trustees of the REIT, on behalf of the REIT, and LHC have agreed that the maturity date on the LHC Note will be extended to May 31, 2013 and will bear interest from September 15, 2012 at the rate of 12% per annum unless repaid by February 28, 2013, in which case the interest rate shall be reduced to 9% retroactively to September 15, 2012. In addition, as part of the agreement to extend the maturity date of the LHC Note, it will be secured by certain assets held by LHC indirectly and its repayment will be guaranteed by LAC. On September 28, 2012 an additional 259,993 Units were issued to holders of rights (the “Rights Issuance”) in accordance with the rights indenture dated February 1, 2012 entered into between the REIT and Computershare Trust Company of Canada, as rights agent.

#### *Plaza des Seigneurs*

On February 2, 2012, the REIT completed the acquisition of Plaza des Seigneurs for an aggregate purchase price of \$4.05 million. The property is anchored by necessity-based tenants, including an SAQ liquor store, a branch of a Canadian chartered bank and a Uniprix drug store. The purchase price was funded with a new \$2.25 million five-year mortgage that bears interest at 3.5% and the balance paid with funds on hand. See “Description of the Business – Plaza Des Seigneurs —Terrebonne, Québec”.

#### *Properties in Ontario and Alberta*

On February 16, 2012, the REIT completed the acquisition of four properties in Ontario from unrelated vendors and one property in Alberta, aggregating approximately 392,000 square feet. The aggregate purchase price is approximately \$99.0 million and was funded by new bank credit facilities bearing interest at 3.6%, the assumption of existing mortgages bearing effective interest rates between 3.5% to 3.6%, and proceeds from the NorRock transaction (see “– NorRock Assets”). The four properties in Ontario are: Crossing Bridge Square; King George Square; St. Clair Beach Towne Centre; and Thunder Centre. The property located in Edmonton, Alberta, Manning Crossing, is an existing 64,500 square foot centre comprised of a retail strip and five restaurant pads, and is approximately 95% occupied. See “Description of the Business – Properties in Ontario and Alberta”.

#### *Quinte Crossroads*

On March 29, 2012, the REIT completed the previously announced acquisition of Quinte Crossroads, a newly developed 88,319 square foot power centre consisting of four recently constructed buildings on 14.26 acres in Belleville, Ontario. The centre is shadow-anchored by The Home Depot. The purchase price of approximately \$21.25 million was satisfied in part by cash and in part by a \$14.2 million new ten-year mortgage that bears interest at 4.0%. See “Description of the Business – Quinte Cross Roads – Belleville, Ontario”.

#### *Grand Bend Towne Centre*

On May 1, 2012, the REIT completed the acquisition of Grand Bend Towne Centre, an existing 36,100 square foot shopping centre comprised of a Sobeys grocery store with a lease extending to April 2023 and a Shoppers Drug Mart with a lease extending to September 2017 located on Main Street East in downtown Grand Bend, Ontario. The REIT paid approximately \$8.1 million for the property, prior to an effective \$200,000 adjustment for the above market interest rate on the assumed mortgage, for a net acquisition price of \$7.9 million. The acquisition price funded by the assumption of an existing mortgage of approximately \$3.2 million, originally maturing July 2017, with a stated interest rate of 5.44%, but with an effective interest rate of 3.85% taking into consideration the \$200,000 purchase price adjustment. The mortgage was increased by approximately \$0.8 million at an interest rate of 3.6% and maturing with the original mortgage. The balance of the acquisition was funded with cash on hand. See “Description of the Business – Grand Bend Towne Centre – Grand Bend, Ontario”.

#### *Washington Park Shopping Centre*

On June 18, 2012, the REIT completed the acquisition of Washington Park, a two-building 32,912 square foot open-air shopping centre located in Courtenay, British Columbia on the east coast of Vancouver Island approximately 220 kilometres north of Victoria. Washington Park is anchored by a Tim Hortons and a Canadian chartered bank. The purchase price of \$11.95 million was satisfied by a \$7.5 million first mortgage bearing interest at a floating rate equal to 175 basis points over five-year Government of Canada bonds with a 5-year term and a 25-year amortization period, with the balance paid in cash from the proceeds of the June 2012 Unit Offering. Washington Park is 100% occupied with approximately 45% of rental income derived from national and regional tenants. See “Description of the Business – Washington Park Shopping Centre – Courtenay, British Columbia”.

#### *Timmins West Power Centre*

On December 20, 2012, the REIT completed the acquisition of the 43,774 square foot Timmins West Power Centre, a retail centre in Timmins, Ontario. The Timmins West Power Centre is a 100% leased, open-air centre, that benefits from the close proximity to the centre of a Canadian Tire store and Home Depot outlet. The property includes three separate buildings individually occupied by Michaels, Mark’s Work Wearhouse and Reitmans. The purchase price for the property was approximately \$9.95 million, less a market interest rate adjustment of \$225,000, and was funded by cash on hand and by way of assumption of a first mortgage from a Canadian chartered bank for \$4.94 million maturing in September 2018 with an effective rate of approximately 4%. See “Description of the Business – Timmins West Power Centre – Timmins, Ontario”.

#### *Centre Village and Elgar Place – Nun’s Island*

On December 21, 2012, the REIT completed the acquisition of two retail centres situated in close proximity on Nun's Island in Montréal, Québec. Centre Village is a 95,000 square foot retail property anchored by a Loblaws grocery store and a newly-expanded SAQ liquor store, as well as a Royal Bank and a new Starbucks coffee shop. Centre Village is 97% occupied. Elgar Place, located nearby, is an 80% occupied 10,000 square foot retail centre anchored by a Couche-Tard convenience store. The purchase price for Centre Village and Elgar Place was approximately \$21.9 million, the funds for which came from cash on hand and from drawing down approximately \$6.9 million on the Revolving Credit Facility. See "Description of the Business – Centre Village and Elgar Place – Nun's Island, Québec".

#### *Montréal Properties*

On January 17, 2013, the REIT announced that it had agreed with separate vendors to acquire four newly-constructed, necessity-based, open-air retail centres and one stabilized retail centre in the Greater Montréal region totaling approximately 286,500 square feet of gross leasable area (the "Montréal Properties"). The five properties have an overall economic occupancy of 93.3% with nearly 50% of the floor space and income generated by national and regional tenants on long-term leases. The REIT will pay approximately \$78.5 million for the five properties, satisfied by \$47.5 million in mortgages incurring a weighted average interest rate of approximately 3.7%, with the balance of the purchase price to be funded with cash on hand from the December 2012 Unit Offering, the proceeds from the 2013 Debenture Offering and funds to be drawn from the Revolving Credit Facility.

On March 18, 2013, the REIT announced that it had completed the acquisitions of two of the five previously-announced acquisitions in the Greater Montréal region totalling approximately 93,735 square feet of gross leasable area. The properties are further described below:

#### *Sorel Shopping Centre*

Sorel Shopping Centre is a newly-constructed, 31,776 square foot open-air property, anchored by an SAQ liquor store and a Tim Hortons coffee shop. Sorel is located 45 minutes northeast of downtown Montréal. The property is strongly-positioned and is located adjacent to a major highway

#### *Saint Remi Shopping Centre*

Saint Remi Shopping Centre is a newly-constructed, 61,704 square foot open-air retail property, anchored by an IGA grocery store, a Uniprix, an SAQ liquor store and a Tim Hortons coffee shop. The centre is well-situated in a primarily residential neighbourhood in a prime retail node of St. Remi, Québec, located 30 minutes south of downtown Montréal. The Saint Remi Shopping Centre property includes a second phase of 25,000 square feet which will be constructed over the next 24 months and which will include an 8,200 square foot Dollarama store.

The three remaining Montréal Properties, further described below, are expected to close with an effective date before the end of March, 2013.

#### *Marcel-Laurin Power Centre*

Marcel-Laurin Power Centre is a newly-constructed, 120,566 square foot property, anchored by a Metro grocery store and a Brunet Pharmacy. Located in Saint Laurent, Québec, less than 20 minutes from downtown Montréal, the property occupies a prominent location in a primary retail node with frontage on major access roads.

#### *Sophia Retail Centre*

Sophia Retail Centre is a 22,843 square foot ground-floor retail component of a five-storey condominium complex in Saint-Laurent, a borough of Montréal. Approximately 86% of the floor space at the Sophia Retail Centre is leased to ReMax du Cartier and a Rachele-Berry grocery store, a flagship of Sobeys (to be finalized prior to closing). The property occupies an in-fill site surrounded by residential properties.



### *Repentigny Shopping Centre*

Repentigny Shopping Centre is a 49,366 square foot open-air strip centre, anchored by a Familiprix store, a Dollarama and a Banque Nationale du Canada. Repentigny is a Montréal suburb located 30 minutes from the city centre. The property includes 11,247 square feet of second floor office space leased to CHSLD, a Québec government agency.

### *Mariner Square Shopping Centre*

On February 19, 2013, the REIT announced that it had agreed to acquire the Mariner Square Shopping Centre, a 97.8% occupied, six building, open-air retail centre aggregating approximately 101,000 square feet of gross leasable area (“the Vancouver Island Acquisition”). Mariner Square Shopping Centre is anchored by a Save-On Foods grocery store, a London Drugs and a BC Liquor Store as well as a Starbucks coffee shop and a Subway restaurant and is situated in downtown Campbell River on the east coast of Vancouver Island about 260 kilometres north of Victoria. Approximately 89% of the property’s total in-place rental income is derived from necessity-based national, regional and government tenants. The Vancouver Island Acquisition is expected to close on or before April 15, 2013.

## **Public Offerings**

### *Rights Offering*

On June 16, 2010, the REIT filed a short form prospectus in each of the provinces and territories of Canada qualifying the distribution of rights to the holders of its outstanding Units of record at the close of business (Toronto time) on June 30, 2010 (the “Rights Offering”). Each Unitholder was entitled to one right for each Unit held on the record date. Each 0.644675 rights entitled the holder thereof to purchase one Unit of the REIT at a price of \$5.56 per Unit prior to 5:00 p.m. (Toronto time) on July 23, 2010, and Unitholders who exercised these basic subscription rights in full were entitled to subscribe for additional Units, if available, pursuant to an additional subscription privilege. On July 26, 2010, the REIT announced that Unitholders had elected to exercise 1,730,132 rights under the basic subscription rights, which resulted in the issuance of 670,931 Units to such Unitholders at a price of \$5.56 per Unit. In addition, 1,403 Units were issued pursuant to the additional subscription rights, for a total issuance of 672,334 Units. This included 586,254 Units issued in connection with the exercise of the basic subscription rights by IGW Public, the REIT’s largest Unitholder. Pursuant to the terms of a standby purchase agreement between the REIT and IGW Public dated June 4, 2010, as amended on July 29, 2010, IGW Public purchased an additional 1,105,187 Units at a purchase price of \$5.56 per Unit. Following these transactions on July 29, 2010, IGW Public held 49.9% of the outstanding Units. Substantially all of the funds raised by the Rights Offering were used by the REIT to repay outstanding indebtedness under its operating and acquisition facility.

### *2010 Unit Offering*

On December 30, 2010, the REIT closed its public offering of 1,170,000 Units as well as the distribution of 117,000 Units by way of an over-allotment option, which was fully exercised (the “2010 Unit Offering”). The Units were issued at \$6.40 per Unit for gross proceeds of \$8,236,800 to the REIT. The net proceeds to the REIT from the 2010 Unit Offering (before deducting expenses of the offering) of \$7,742,592, were used by the REIT to acquire Wellington Southdale (see “– Wellington Southdale”).

### *2011 Debenture Offering*

On March 8, 2011 the REIT closed its public offering of \$25 million aggregate principal amount of debentures which included the granting of an over-allotment option equal to 15% of the aggregate principal amount of the debentures to the underwriters (“2011 Debenture Offering”). The 2011 Debentures mature on March 31, 2016. The 2011 Debentures bear interest at an annual rate of 8.0% payable semi-annually, in arrears, on March 31 and September 30 in each year commencing on September 30, 2011. The 2011 Debentures are listed and trade on the TSX under the symbol “PAR.DB”. See “Description of Debentures and Indenture”. On March 15, 2011, the underwriters exercised the over-allotment option and the REIT issued an additional

\$3,750,000 aggregate principal amount of 2011 Debentures, for a total issuance of \$28,750,000 in outstanding aggregate principal amount of debentures. The net proceeds of the 2011 Debenture Offering were used to purchase the Shoppers Drug Mart Properties and to pay out a \$8.6 million credit facility (see “– Credit Facilities”).

#### *February 2012 Unit Offering*

On February 8, 2012, the REIT closed its public offering of 10,753,000 Units (2,688,250 post-consolidation Units) at a price of \$1.86 per Unit (\$7.44 per post-consolidation Unit), representing gross proceeds of approximately \$20 million, on a bought deal basis, to a syndicate of underwriters (the “February 2012 Unit Offering”). The REIT granted the underwriters an over-allotment option, exercisable in whole or in part at any time up to 30 days following the closing of the offering, to purchase up to an additional 403,237 post-consolidation Units at the same offering price. On March 5, 2012, the underwriters exercised the over-allotment option to purchase 360,812 over-allotment Units at a purchase price of \$7.44 per Unit for gross proceeds of \$2,684,441. The net proceeds to the REIT from the February 2012 Unit Offering, net of underwriters’ fees was approximately \$19.1 million. The net proceeds were used by the REIT to partially fund the acquisitions of Quinte Cross Roads, Plaza des Seigneurs, Crossing Bridge Square, King George Square, Manning Crossing, St. Clair Beach Towne Centre and the Thunder Centre.

#### *June 2012 Unit Offering*

On June 13, 2012, the REIT closed an offering of 2,705,000 Units, at a price of \$7.40 per Unit, for aggregate gross proceeds of approximately \$20 million (the “June 2012 Unit Offering”). In connection with this offering, the underwriters also exercised their option to purchase an additional 405,750 Units at a price of \$7.40 per Unit on the same terms and conditions as the initial offering. The aggregate gross proceeds of the June 2012 Unit Offering were approximately \$23.02 million and the proceeds to the REIT (before deducting expenses of the June 2012 Unit Offering) were approximately \$21.98 million. The net proceeds were used by the REIT to pay down the FCC Loan Facility, to partially pay down the balance of the Acquisition Facility and to partially fund the acquisition of Washington Park Shopping Centre.

#### *2012 Debenture Offering*

On September 5, 2012, the REIT announced it had closed an offering of \$34.5 million, including over-allotment options, of 6.0% convertible unsecured subordinated debentures maturing on September 30, 2017 (the “2012 Debenture Offering”). The 2012 Debentures are convertible into Units of the REIT at the option of the holder at a conversion price of \$10.35 per Unit. The REIT received proceeds of approximately \$33.12 million (before deducting expenses of the 2012 Debenture Offering), which were used to partially repay outstanding credit facilities. The 2012 Debentures are listed and trade on the TSX under the symbol “PAR.DB.A”. See “Description of Debentures and Indenture”.

#### *January 2013 Unit Offering*

On January 10, 2013, the Trust announced that it had closed an offering of 3,363,750 Units, including the exercise in full of the over-allotment option, at a price of \$7.70 per Unit, for aggregate gross proceeds of approximately \$25.9 million (the “January 2013 Unit Offering”). The net proceeds to the REIT (before deducting expenses of the January 2013 Unit Offering) were approximately \$24.74 million, which were used to partially repay outstanding credit facilities, to fund acquisitions and for general trust purposes.

#### *2013 Debenture Offering*

On March 12, 2012, the REIT announced it had closed an offering of \$20.0 million of 5.5% convertible unsecured subordinated debentures maturing on March 31, 2018 (the “2013 Debenture Offering”). On March 19, 2013, the underwriters exercised the over-allotment option and the REIT issued an additional \$3.0 million of aggregate principal amount of 2013 Debentures for a total issuance of \$23 million in outstanding aggregate principal amount of debentures. The 2013 Debentures are convertible into Units of the REIT at the option of the holder at a conversion price of \$10.25 per Unit. The REIT received proceeds of approximately \$22.08

million (before deducting expenses of the 2013 Debenture Offering), which are expected to be used to fund the acquisition of the Montréal Properties. The 2013 Debentures are listed and trade on the TSX under the symbol "PAR.DB.B". See "Description of Debentures and Indenture".

### **Credit Facilities**

The \$1.4 million and \$8.6 million facility credit agreements entered into by the REIT, both dated September 5, 2008, were repaid without penalty on December 16, 2010 and March 8, 2011, respectively. See "– Public Offerings – 2011 Debenture Offering".

#### *Acquisition Facility*

On May 16, 2011, the REIT renewed its acquisition facility with a Canadian chartered bank (the "Acquisition Facility"). The REIT specified Centuria Urban Village as security for this facility, providing a maximum amount of up to \$5.8 million. Pursuant to the terms of the Acquisition Facility, from time to time, the amount permitted to be drawn under the Acquisition Facility may be adjusted based on certain financial tests (including a loan-to-value ratio). The amount available to be drawn upon is calculated based on the value of a property that has been specified under the agreement. The Acquisition Facility bears interest at a rate equal to the Canadian chartered bank's prime rate plus 2.25% per annum or the banker's acceptance stamping fee plus 3.25% per annum. As of March 27, 2013, the total drawn on this facility is \$nil.

#### *Bentall Properties Credit Facility*

On February 14, 2012, the REIT entered into a one-year \$14.0 million credit facility, as borrower, with a Canadian chartered bank, as initial lender and administrative agent, secured against the King George Square and Crossing Bridge Square properties. During the year ended December 31, 2012, this facility was repaid and replaced by the Revolving Credit Facility.

#### *Revolving Credit Facility*

On September 24, 2012, the REIT entered into a \$20 million revolving credit facility with a syndicate of Canadian chartered banks (the "Revolving Credit Facility"). The REIT amended the Revolving Credit Facility in January 2013 to exercise its accordion feature to increase the maximum availability to \$50 million. The Revolving Credit Facility is renewable annually. The Revolving Credit Facility bears interest at the prime rate plus 1.0% per annum or the banker's acceptance stamping fee plus 2.25% per annum. Amounts owing under this facility are secured by the REIT's King George Square, Crossing Bridge Square, Centre Village and Elgar Place properties. The Trust paid for a portion of the Nun's Island Acquisitions with funds drawn from the Revolving Credit Facility. As of March 27, 2013, the total drawn on this facility is \$nil.

#### *FCC Loan Facility*

During the year ended December 31, 2012, the REIT repaid the FCC Loan Facility from Firm Capital Corporation. The FCC Loan Facility was used in connection with the acquisition on August 31, 2011 of Place Desormeaux. The Lender Warrants were exercised on October 31, 2012, resulting in cash proceeds to the Trust of \$4.5 million net of expenses allocated to the issuance of such Lender Warrants.

### **Refinancings**

#### *Cornwall Square*

On December 16, 2010, Charter Acquisition, a wholly-owned subsidiary of the REIT, borrowed \$25.5 million which was secured against the Cornwall Square shopping centre located in Cornwall, Ontario. The property is registered in the name of Charter Acquisition and is beneficially owned by the REIT. This loan, which was used to repay two loans secured against this property, has a term of five years and bears interest at the rate of 4.9% annually. The REIT has guaranteed the obligations of Charter Acquisition to repay the principal, interest and other amounts owing to the lender under the terms of a loan agreement entered into by the REIT,

Charter Acquisition and the lender (the “Cornwall Square Loan Agreement”). After the repayment of the two loans, including interest owing thereon, which amounted to approximately \$17.4 million, the balance of the proceeds of this loan were used to partially fund the acquisition of Wellington Southdale.

In connection with the advance made under the Cornwall Square Loan Agreement, the REIT repaid a \$1.4 million credit facility (see “– Credit Facilities”). The REIT also repaid the amount outstanding at December 16, 2010 under a line of credit provided by a Canadian chartered bank which was secured against Cornwall Square. See “Description of the Business – Cornwall Square Shopping Centre — Cornwall, Ontario”.

#### *Shoppers Drug Mart Properties*

On July 14, 2011, the REIT drew upon a second mortgage in the amount of \$4,000,000 secured on the Shoppers Drug Mart Properties. It is an interest only loan maturing April 30, 2013 and bears interest at a floating rate of prime plus 4%.

#### *Châteauguay, Québec*

On October 12, 2011, the REIT refinanced its property located in Châteauguay, Québec. The loan is secured by a first mortgage on the property. The loan amount is for \$11 million, bears interest at a rate equal to 3.4%, with a term to maturity of five years. The REIT used \$8.6 million of the loan proceeds to pay down the previous first mortgage. See “Description of the Business – Châteauguay — Châteauguay (Montréal), Québec”.

#### *Canadian Tire Properties*

In December 2012, the REIT refinanced \$17.5 million of mortgages payable on its Canadian Tire properties, bearing interest at 5.65%, with mortgages of \$20.5 million, bearing interest at 3.4% (the “Canadian Tire Refinancing”). The new mortgages mature January 1, 2018 and have a 20-year amortization period. The Canadian Tire Refinancing resulted in net cash proceeds of \$3.0 million to the Trust. See “Description of the Business – Canadian Tire Properties”.

## **DESCRIPTION OF THE BUSINESS**

### **Business Overview**

The REIT is focused on acquiring and managing a portfolio of retail and mixed-use retail community and neighbourhood shopping centres, primarily in the mid-market value range of \$10 to \$50 million, from both primary and secondary markets throughout Canada. The REIT’s goal is to generate a reliable and growing tax-efficient return for Unitholders.

Management is of the view that retail centres are attractive investments because they offer stable cash flow where the majority of rents are derived from national and regional retailers with multi-year leases. These centres typically provide growth opportunities through the lease-up of vacant space, the upward trend in rental rates through contractual escalations and through management’s active re-merchandising and redevelopment of the properties. The REIT looks to create a base of retail assets that provide both a reliable, stable cash flow and an opportunity for yield growth through lease renewals, redevelopment and/or development of assets. Currently, the REIT’s portfolio consists of 35 properties located in British Columbia, Alberta, Manitoba, Ontario and Québec comprising approximately 2.4 million square feet of GLA.

Management has acquired assets in secondary markets to take advantage of opportunities to obtain well-tenanted centres with strong national and regional retailers at attractive capitalization rates. The REIT is focused on building a geographically diversified portfolio of quality real estate assets with stabilized income that are accretive on a per unit basis. As the portfolio becomes more accretive, over time, the REIT’s goal is to provide a steady increase in cash distributions to its Unitholders.

The REIT is managed by the Manager, an affiliate of IGW Public. IGW Public is a significant Unitholder of the REIT. Pursuant to the terms of the Management Agreement, the Manager provides strategic, advisory, asset management and administrative services to the REIT. See “Management of the REIT”.

### Strategy of the REIT

Management believes that it can obtain high quality, stable retail properties with growth potential by focusing on both enclosed and open-air community and neighbourhood shopping centres in primary and secondary markets. Management also believes that the REIT has a differentiated position within the broader retail REIT sector by focusing on these community and neighbourhood shopping centres because there are only a small number of key public players focusing on these types of centres, and even fewer focusing on these types of centres in secondary markets. These centres are typically between 100,000 and 500,000 square feet and anchored by department stores, discount retailers and/or supermarkets. The REIT intends to maximize the value of its centres by redeveloping or renewing leases on these properties wherever possible. The REIT’s goal is to own “institutional-grade” properties or properties with the potential to become “institutional-grade” through redevelopment and lease renewals.

**“A” assets in “B” markets, “B” assets in “A” markets:** The REIT applies an acquisition strategy of “A” assets in “B” markets and “B” assets in “A” markets. Management believes that secondary real estate markets offer the REIT the opportunity to acquire well-tenanted retail properties with strong national and regional retailers at attractive capitalization rates. By combining assets in the secondary market with high yielding primary real estate market assets, management believes that the REIT will generate higher returns with less risk than if the REIT were to focus exclusively on primary real estate markets.

- **Mid-market deal size of \$10 to \$50 million:** The REIT focuses on acquiring properties or portfolios of properties valued between \$10 million and \$50 million, allowing it to differentiate itself from small public and private real estate investors, who management believes generally look for smaller investments, while also acquiring properties that are small enough to minimize competition from large real estate investment trusts, corporations and institutions. The REIT also looks at larger acquisitions that do not fall into the investment parameters of larger real estate investment trusts or institutions that still provide accretive investment opportunities.
- **Stable rents via national and regional tenants:** The REIT focuses on acquiring retail properties with national and regional retail tenants, which management believes increases the likelihood of those tenants fulfilling the lease terms to which they have committed and thereby providing the REIT with more stable cash flows.
- **Institutional grade properties:** The REIT focuses on acquiring properties that are of institutional grade or have the potential to become institutional grade through active management. Management believes this strategy presents two main benefits. First, focusing on institutional grade properties tends to generate more interest from national/regional retailers, resulting in more stable cash flows for the REIT. Second, institutional grade properties tend to be more highly sought after and valued by others in the event of a disposition of a particular asset by the REIT.

## Property Portfolio

As at March 27, 2013, the REIT owned 35 retail and mixed use retail properties in British Columbia, Alberta, Manitoba, Ontario and Québec as follows:

Property and location	Property type	Date built /redeveloped	Anchor tenants	Retail (sq.ft.) <sup>(1)</sup>	Occupancy <sup>(2)</sup> <sub>(3)</sub>	Annualized base rent % <sup>(3)</sup>	W.A. rent <sup>(4)</sup>
<b>British Columbia:</b>							
Evergreen Shopping Centre Sooke, British Columbia	Shopping Centre	1978/2010	Shoppers Drug Mart	87,382	90.3%	3.7%	\$15.76
Centuria Urban Village Kelowna, British Columbia	Condominium Shopping Centre	2007	Nesters Market	32,625	100.0%	2.1%	\$21.40
Washington Park Shopping Centre Courtenay, British Columbia	Retail Strip Centre	1992/1993	Toronto Dominion Bank Tim Hortons	32,652	92.9%	2.1%	\$23.20
<b>Alberta:</b>							
Manning Crossing Edmonton, Alberta	Retail Strip Centre	1993 - 1996	RBC Royal Bank	64,528	85.9%	4.0%	\$23.80
137th Ave. Edmonton, Alberta	Free Standing	2003	Shoppers Drug Mart	15,922	100.0%	0.9%	\$17.84
<b>Manitoba:</b>							
Shoppers Drug Mart Property Steinbach, Manitoba	Free Standing	2006	Shoppers Drug Mart	21,005	100.0%	1.3%	\$21.01
Shoppers Drug Mart Property Brandon, Manitoba	Free Standing	2005	Shoppers Drug Mart	16,986	100.0%	1.1%	\$21.75
Shoppers Drug Mart Property Winnipeg (Sherbrook), Manitoba	Free Standing	2005	Shoppers Drug Mart	16,839	100.0%	1.3%	\$26.50
Shoppers Drug Mart Property Selkirk, Manitoba	Free Standing	2005	Shoppers Drug Mart	16,685	100.0%	1.0%	\$19.00
Shoppers Drug Mart Property Winnipeg (Pembina), Manitoba	Free Standing	2003	Shoppers Drug Mart	15,780	100.0%	1.2%	\$25.80
<b>Ontario:</b>							
Timmins West Power Centre Timmins, Ontario	Open-Air Retail Centre	2007 - 2009	Mark's Work Warehouse	43,774	100.0%	2.2%	\$16.84
Grand Bend Towne Centre, Grand Bend, Ontario	Free Standing	2002	Shoppers Drug Mart Sobeys	41,605	86.8%	1.7%	\$15.90
Quinte Crossroads, Belleville, Ontario	Power Centre	2005 - 2007	The Brick Best Buy	88,319	100.0%	4.5%	\$17.17
Thunder Centre Thunder Bay, Ontario	Enclosed Mall	2004 - 2007	Hudson's Bay Company	168,059	96.3%	7.8%	\$16.09
St. Clair Beach Towne Centre Tecumseh, Ontario	Retail Plaza	2004	Shoppers Drug Mart	40,088	89.6%	2.1%	\$19.81
King George Square Brantford, Ontario	Retail Plaza	1988	Shoppers Drug Mart	66,983	81.5%	2.8%	\$17.40
Crossing Bridge Square Stittsville, Ontario	Retail Plaza	1995	Farm Boy	45,913	83.6%	1.7%	\$15.14

Cornwall Square Cornwall, Ontario	Enclosed Mall	1979/1989	Sears Loblaws (No Frills)	253,233	98.3%	10.4%	\$13.94
Place Val Est Sudbury, Ontario	Grocery- anchored Strip Centre	1983/1987, 1990, 1998	Metro	110,577	94.2%	3.8%	\$12.00
Wellington Southdale London, Ontario	Shopping Centre	1986, 2000, 2004, 2006	Empire Theatres	86,629	92.0%	4.7%	\$19.68
Canadian Tire Property Brockville, Ontario	Free Standing	1995/2006	Canadian Tire	70,380	100.0%	2.3%	\$11.00
Canadian Tire Property Strathroy, Ontario	Free Standing	2005	Canadian Tire	67,834	100.0%	2.2%	\$11.00
Canadian Tire Property Wasaga Beach, Ontario	Free Standing	2007	Canadian Tire	54,081	100.0%	1.8%	\$11.00
RONA Property Exeter, Ontario	Free Standing	1996/2000	RONA	42,780	100.0%	0.5%	\$3.54
RONA Property Zurich, Ontario	Free Standing	1961/2000	RONA	24,400	100.0%	0.1%	\$1.49
RONA Property Seaforth, Ontario	Free Standing	1962/2000	RONA	19,622	100.0%	0.1%	\$2.47
<b>Québec:</b>							
Sorel Shopping Centre Montréal, Québec	Shopping Centre	2011	Tim Hortons SAQ	31,776	63.1%	1.4%	\$22.98
Saint Remi Shopping Centre Montréal, Québec	Shopping Centre	2012	Sobeys SAQ	61,704	91.9%	2.9%	\$17.34
Centre Village Shopping Centre Montréal, Québec	Shopping Centre	1977, 1991, 2001, 2010, 2012	Loblaws SAQ	98,069	98.0%	4.4%	\$15.15
Elgar Place Montréal, Québec	Shopping Centre	1969, 1989	Couche Tard	10,321	100.0%	0.4%	\$14.53
Plaza des Seigneurs Terrebonne, Québec	Retail Strip Centre	1998	SAQ Banque Nationale Uniprix	20,810	100.0%	1.3%	\$20.36
Méga Centre Montréal, Québec	Community Power Centre	1973/1993, 1999, 2000, 2004	Walmart Brault & Martineau	277,477	100.0%	7.9%	\$9.48
Place Desormeaux Longueuil, Québec	Regional Mall	1971/1998,2009, 2010	Walmart Super C	249,709	98.1%	8.5%	\$11.54
Châteauguay Montréal, Québec	Mixed-use Strip Centre	1970/1994, 2010	Shoppers Drug Mart Staples	115,745	99.6%	4.4%	\$12.74
Shoppers Drug Mart Property Gatineau, Québec	Free Standing	2007	Shoppers Drug Mart	17,028	100.0%	1.2%	\$24.00
<b>Total</b>				<b>2,427,320</b>	<b>96.0%</b>	<b>100%</b>	<b>\$14.31</b>

Notes:

- (1) Includes office space in mixed-use retail properties.
- (2) Excluding storage space.
- (3) Includes square footage of all material executed leases, regardless of occupancy date, and excludes square footage of all documented material lease terminations updated through March 27, 2013.
- (4) Represents the weighted average rent for the portfolio.

*Méga Centre Côte-Vertu — St. Laurent (Montréal), Québec*

Méga Centre is a shopping centre located on 3800 Côte Vertu Boulevard, at the intersection of Côte-Vertu Boulevard and Rue Bégin in St. Laurent (Montréal), Québec. The total size of the Méga Centre property is approximately 19.0 acres, including 277,477 square feet of rentable space and surrounding lands. Méga Centre was built in 1973 and was substantially renovated in 1993, 1999, 2000 and 2004. As at March 27, 2013, the retail space in Méga Centre was 100% leased. Tenants include Walmart (91,857 square feet), Brault & Martineau (77,318 square feet), Laura Shoppe. (34,093 square feet), Staples (24,860 square feet), and L'Oreal (23,550 square feet). A 110,000 square foot RONA home improvement store is located adjacent to the property and acts as a shadow anchor, drawing customers to Méga Centre.

The average term to maturity of existing leases is approximately seven years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	7,906	2.5%
2014	11,765	3.8%
2015	-	-
2016	81,942	26.1%
2017	23,550	7.5%

Pursuant to a property management agreement between Charter Realty and Crofton (as subsequently assigned by Charter Realty to the REIT), Crofton provides property management services for Méga Centre. Such services are provided for a management fee of 1.5% of gross revenues, leasing fees ranging from \$1.00 to \$3.00 per square foot and other customary property management fees on market terms. The property management agreement is terminable by either party on 60 days' notice. LAC provides the REIT with property accounting services and receives a fee of 1.5% based on the gross revenues.

*Cornwall Square Shopping Centre — Cornwall, Ontario*

Cornwall Square is a two-level enclosed shopping centre located on One Water Street East in Cornwall, Ontario. Cornwall Square was originally built in 1979 and was expanded in 1989 with the addition of a food court. The property comprises 253,233 square feet of commercial retail space and 1,419 square feet of rentable storage space and administration offices. Cornwall Square is anchored by a 96,909 square foot Sears store and a 41,058 square foot Loblaws grocery store operating under the "No Frills" banner. There are approximately 53 additional retail tenants, including five food court users. Non-anchor tenants include Shoppers Drug Mart, Le Chateau, Stitches, Cleo, Garage Clothing Company, La Senza, a Canadian chartered bank, Coles, Payless Shoes, Bentley Leather and Ardene. At March 27, 2013, the centre was 98.3% leased, including anchor tenants.



The average term to maturity of existing leases is approximately three years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	22,666	8.9%
2014	156,896 <sup>(1)</sup>	61.6%
2015	16,442	6.5%
2016	8,135	3.2%
2017	10,746	4.2%

<sup>(1)</sup> Includes lease expiries of the two anchor tenants at the centre.

The REIT has entered into a property management agreement with Triovest to provide property management and leasing services for Cornwall Square. Such services are provided for a management fee of \$108,000 annually, leasing fees ranging from \$0.30 to \$3.25 per square foot and other customary property management fees on market terms. The property management agreement is for a term of one year, automatically renewable unless terminated in accordance with the provisions of the agreement and can be terminated by either party on 90 days notice. LAC provides accounting services for a fee of 3% of gross revenues less the management fee provided to Triovest.

*Place Val Est — Sudbury, Ontario*

Place Val Est, located on 3140 Highway 69 North, is a 110,512 square foot food-anchored retail strip centre located in the north section of Sudbury (Valley East). At March 27, 2013, the property was 94.2% leased and has the dominant grocery store in that area. The property was originally developed in 1983 and has seen many additions over the last 20 years. Tenants include a Metro grocery store (33,063 square feet), Rossy (22,662 square feet), Dollar Tree (9,540 square feet), PharmaSave (6,547 square feet), Pro Hardware (5,464 square feet), a branch of a Canadian chartered bank (4,989 square feet), LCBO (3,603 square feet), and Tim Horton's (2,488 square feet).

The average term to maturity of existing leases is approximately five years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	5,464	4.9%
2014	33,063 <sup>(1)</sup>	29.9%
2015	3,351	3.0%
2016	9,792	8.9%
2017	-	-

<sup>(1)</sup> Includes lease expiry of anchor tenant (Metro) at the centre.

The REIT has entered into a property management agreement with Triovest to provide property management and leasing services for Place Val Est. Such services are provided for a management fee of 2% of gross revenues, and leasing fees ranging from \$0.45 to \$3.25 per square foot. The property management agreement is for a term of one year, automatically renewable unless terminated in accordance with the provisions of the agreement and can be terminated by either party on 90 days' notice. LAC provides the REIT with property accounting services for a fee of 1% of gross revenues.

*Châteauguay —Châteauguay (Montréal), Québec*

Châteauguay is a two-storey, 115,745 square-foot mixed-use retail property located on 160–180 Anjou Boulevard, in Châteauguay (Montréal), Québec. At March 27, 2013, Châteauguay was 99.6% leased. The property contains a total of 68,029 square feet of ground level retail space and 47,716 square feet of second floor office space. Châteauguay is anchored by Pharmaprix (Shoppers Drug Mart) (18,181 square feet) and Staples (25,885 square feet) on the ground floor, and by two different branches of the Québec government (44,629 square feet) on the second floor.

The average term to maturity of existing leases is approximately six years. In the next five years, leases representing the percentage of leased retail/office square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	2,637	2.3%
2014	11,134	9.6%
2015	33,495	28.9%
2016	25,885	22.4%
2017	-	-

Crofton and LAC also provide property management services for Châteauguay under similar terms to those for the Méga Centre.

*Wellington Southdale —London, Ontario*

Wellington Southdale is an 86,629 square foot, cinema-anchored retail strip centre located on 977-995 Wellington Road South, near the intersection of Wellington Road and Southdale Road. Wellington Road is a major arterial route through London which provides heavy exposure to vehicular traffic in excess of 40,000 vehicles per day. At March 27, 2013, Wellington Southdale was 92.0% leased. The total size of the property is 6.97 acres with four freestanding buildings. The site benefits from five access points. Wellington Southdale was built in 1986 and was renovated in 2000, 2004 and 2006. Tenants include: Empire Theatres (33,949 square feet), Dollarama (9,375 square feet), Moxies (8,009 square feet) and a branch of a Canadian chartered bank (2,142 square feet).

The average term to maturity of existing leases is approximately three years. In the next five years, leases representing the percentage of leased retail/office square feet set out below will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	7,566	8.7%

2014	5,423	6.3%
2015	35,449 <sup>(1)</sup>	40.9%
2016	12,143	14.0%
2017	3293	3.8%

<sup>(1)</sup> Includes lease expiry of anchor tenant (Empire) at the centre.

Triovest and LAC provide property management services for Wellington Southdale under similar terms to those for the Place Val Est property.

#### *Canadian Tire Properties*

The Canadian Tire Properties are located in Brockville, Strathroy and Wasaga Beach, Ontario. The leases governing the Canadian Tire Properties were for an initial term of 15 years, expiring September 30, 2023. The rent payable pursuant to the leases increases every five years by 10%. Canadian Tire has seven options of five years each, which can be exercised on 24 months' notice to the landlord. The first option is set at 110% of basic rent from the previous term, while the additional options are at fair market rents but cannot exceed 110% of basic rent from the previous 12-month period.

The Brockville Property is located at 2360 Parkedale Avenue, Brockville, Ontario. It was built in 1995, expanded in 2006, and has 70,380 square feet of rentable area. The property is in immediate proximity to the Sears-anchored 1000 Islands Mall, an approximately 273,735 square foot enclosed community mall located in one of the prime retail nodes in Brockville. Other surrounding retailers include Staples, Galaxy Theatres, and Shoppers Drug Mart.

The Strathroy Property is located at 24614 Adelaide Rd., Strathroy, Ontario. It was built in 2005 and has 67,834 square feet of rentable area. The asset is situated in Strathroy's primary retail node and is in immediate proximity to Wal-Mart, Staples, and Giant Tiger.

The Wasaga Beach Property is located at 75-45th St. S., Wasaga Beach, Ontario. It was built in 2007 and has 54,081 square feet of rentable area. The property is shadow-anchored by a recently developed Real Canadian Superstore (Loblaws), in one of the primary retail nodes in Wasaga Beach. Surrounding retailers include Home Hardware Building Centre and Shoppers Drug Mart.

The leases governing the Canadian Tire Properties are "triple-net" leases, with the tenant responsible for all common area charges associated with the properties as well as the maintenance and repair of the properties. Realty taxes are paid by Canadian Tire directly to the municipalities. Property management services are provided by the REIT as a result of the relatively simple nature of the lease obligations.

LAC provides the REIT with property accounting services for the Canadian Tire Properties for a fee of 1.5% of gross revenues.

#### *The RONA Properties*

The Exeter Property is located at 265 Main Street North in Exeter, Ontario (approximately 50 kilometres northwest of London, Ontario), directly across the street from the main shopping complex servicing the local area, which houses a Canadian Tire, Your Independent Grocer and Shoppers Drug Mart, among other retailers. The retail portion of the Exeter Property has 16,000 square feet of finished sales area. Additionally, the Exeter Property includes three enclosed warehouse spaces, covering an aggregate of 26,780 square feet. The Exeter Property is leased to RONA, pursuant to the terms of a triple-net lease (the "Exeter Lease").

The Seaforth Property is located at 198 Main Street South in Seaforth, Ontario (approximately 70 kilometres northwest of London, Ontario), just south of the Seaforth "Main Street" retail area. The retail portion of the

Seaforth Property has 10,154 square feet of finished sales area, and an additional enclosed warehouse area of 9,468 square feet is attached to the retail building. The Seaforth Property is leased to RONA pursuant to the terms of a triple-net lease (the "Seaforth Lease").

The Zurich Property is located at 72821 Blind Line in Zurich, Ontario (approximately 70 kilometres northwest of London, Ontario), which is just off Highway No. 84, directly east of the Zurich "Main Street" retail area. The retail portion of the Zurich Property has 8,400 square feet of finished sales area. Additionally, two warehouse buildings of 11,560 square feet and 4,440 square feet, respectively, are also located on the Zurich Property. The Zurich Property is leased to RONA pursuant to the terms of a triple-net lease (the "Zurich Lease").

The Exeter Lease, Seaforth Lease, and Zurich Lease (collectively, the "RONA Leases") were all for an initial term of 15 years, expiring on March 12, 2015. RONA has an option to renew the initial term for each RONA Lease for an additional five years at fair market rents, which can be exercised on six months notice to the landlord.

As the RONA Leases are all triple-net leases, the tenant pays all area charges associated with the properties and is obligated to maintain and repair the premises. The landlord is not responsible during the term of the RONA Leases for any costs, charges, expenses or outlays of any nature, except for repairs and replacements resulting from reasonable wear and tear. Realty taxes are paid by the landlord to the municipality and collected in their entirety from RONA. Property management services are currently provided by the REIT as a result of the relatively simple nature of the lease obligations.

LAC provides the REIT with property accounting services for the Canadian Tire Properties for a fee of 1.5% of gross revenues.

#### *Shoppers Drug Mart Properties*

The REIT acquired the Shoppers Drug Mart Properties in March of 2011. The Shoppers Drug Mart Properties are located in Manitoba and Québec. The six leases governing the Shoppers Drug Mart Properties were each for an initial term of 15 years. Except as discussed below, all common area maintenance costs are recoverable under the terms of the individual leases.

The Brandon Property is located at 139 Victoria Avenue, Brandon, Manitoba. It was built in 2005 and has 16,986 square feet of rentable area on 1.21 acres. Brandon is Manitoba's second largest city. The property occupies a prominent corner along the major arterial route and benefits from high traffic volume and ease of access from the primary market area. The property is in immediate proximity to Brandon Regional Hospital. It is 100% leased to Shoppers Drug Mart under a 15 year lease with more than 7 years remaining on the term. Contract rent is at market levels and includes a rent step in year 10 of the lease agreement. Due to the increase in the Consumer Price Index and specific exclusions to operating expense recoveries set out in the lease agreement, there is a slight shortfall in common area maintenance recovery costs.

The Gatineau Property is located at 465 Boulevard de l'Hôpital, Gatineau, Québec. It was built in 2006 and has 17,028 square feet of rentable area on 1.61 acres. The property occupies a prominent corner location with high traffic volume and is in immediate proximity to l'Hôpital du Gatineau and various medical buildings. It is 100% leased to Shoppers Drug Mart under a 15 year lease with more than 9 years remaining on the term. Contract rent is at market levels and includes a rent step in year 10 of the lease agreement.

The Pembina Property is located at 2211 Pembina Highway, Winnipeg, Manitoba. It was built in 2004 and has 15,780 square feet of rentable area on 1.61 acres. Located at the northwest corner of Pembina Highway and Southpark Drive, the property occupies a prominent corner situated along an established retail corridor in the south portion of the city. It is 100% leased to Shoppers Drug Mart under a 15 year lease with more than 6 years remaining on the term. Contract rent is at market levels and includes a rent step in year 10 of the lease agreement.

The Selkirk Property is located at 230 Main Street, Selkirk, Manitoba. It was built in 2004 and has 16,685 square feet of rentable area on 1.30 acres. The property is situated along an established retail corridor, in a

suburban community approximately 34 km north of Winnipeg. It is 100% leased to Shoppers Drug Mart under a 15 year lease with more than 7 years remaining on the term. Contract rent is at market levels and includes a rent step in years 5 and 10 of the lease agreement. Due to the Consumer Price Index and specific exclusions to operating expense recoveries set out in the lease agreement, there is a slight shortfall in common area maintenance recovery costs.

The Sherbrook Property is located at 777 Sherbrook Street, Winnipeg, Manitoba. It was built in 2005 and has 16,839 square feet of rentable area on 1.46 acres. The property is situated along an established retail corridor located northwest of the downtown core and benefits from exposure to a high volume of traffic and ease of access from the primary market area. It is 100% leased to Shoppers Drug Mart under a 15 year lease with more than 7 years remaining on the term, providing good long-term income security. Contract rent is at market levels and includes a rent step in year 10 of the lease agreement. Due to specific exclusions to operating expense recoveries set out in the lease agreement, there is a slight shortfall in common area maintenance recovery costs.

The Steinbach Property is located at 383 & 390 Main Street Steinbach, Winnipeg, Manitoba. It was built in 2006 and has 21,005 square feet of rentable area on 3.27 acres. The property is situated along an established retail corridor, in a suburban community approximately 54 km southeast of Winnipeg. It is 100% leased to two medical tenants and Shoppers Drug Mart. The lease with Shoppers Drug Mart is a 15 year lease with more than 8 years remaining on the term. Contract rent is at market levels and includes a rent step in year 10 of the lease agreement. Due to specific exclusions to operating expense recoveries set out in the lease agreement, there is a slight shortfall in common area maintenance recovery costs.

LAC provides the REIT with property management and property accounting services for the Shoppers Drug Mart Properties for a fee of 3% of gross revenues.

*Centuria Urban Village — Kelowna, British Columbia*

The REIT acquired the majority of the retail units of Centuria Urban Village. The retail space purchased totals 32,625 square feet and includes designated underground parking space as limited common property. The retail space acquired is 100% occupied under long-term leases with Nesters Food Market (15,392 sq. ft.) (Buy-Low Foods LP), Shoppers Drug Mart (12,569 sq. ft.), the British Columbia Nurses Union (1,843 sq. ft.), and a salon and spa (2,821 sq.ft). The two large tenants, the grocery and the pharmacy, have lease commitments for another 9 and 6 years respectively. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	2,821	8.6%
2014	-	-
2015	1,843	5.6%
2016	-	-
2017	-	-

*Place Desormeaux — Longueuil, Québec*

Place Desormeaux is an enclosed community shopping centre of 249,710 sq.ft. Anchored by Walmart (81,221 sq. ft.), Super C (51,253 sq. ft.), the SAQ (18,245 sq. ft.) and SIQ (24,839 sq. ft.). The property includes branches of two Canadian chartered banks (9,826 sq. ft.), Dollarama (10,997 sq.ft.) and Pharmaprix (8,231 sq.ft.). These tenants occupy 81.9% of the total rentable area and generate 72.6% of gross revenue.

Walmart Canada acquired the Zellers lease, and signed a five year lease extension with numerous renewal options. Walmart Canada took possession of the 81,221 sq.ft. space in May 2012 and opened for business in September 2012.

Four of the major leases expire over the next seven years: The SAQ in 2014, Walmart in 2021, Super C in 2018, and the SIQ in 2019. All four tenants have renewal options at favourable rates, and are thus expected to exercise those options. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	13,211	5.3%
2014	25,986	10.4%
2015	7,746	3.1%
2016	1,895	0.8%
2017	9,300	3.7%

The REIT has entered into a property management agreement with Sandalwood Management Services ULC to provide property management and leasing services for Place Desormeaux. Such services are provided for a management fee of 3% of gross revenues, and leasing fees ranging from \$1.25 to \$4.00 per square foot. The property management agreement is for a term of one year, automatically renewable unless terminated in accordance with the provisions of the agreement and can be terminated by either party on 90 days' notice.

*Evergreen Shopping Centre — Sooke, British Columbia*

Evergreen Shopping Centre is an 87,382 sq. ft. neighbourhood retail plaza. The centre has two free standing pads and three multi-tenant retail strips, two of which have second storey office and/or storage space. The property is anchored by a new, 18,656 sq.ft. Shoppers Drug Mart Store. Other major tenants include a branch of a Canadian chartered bank (3,639 sq.ft.), Western Foods, a Vancouver Island based grocer (14,271 sq.ft.), A&W (1,889 sq.ft.) and the BC Liquor Commission (44,300 sq.ft.). At March 27, 2013 the property was 90.3% leased.

The average term to maturity of existing leases is approximately five years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	3,467	3.8%
2014	6,189	6.8%
2015	9,408	10.4%
2016	5,621	6.2%
2017	1,348	1.5%

The REIT has entered into a property management agreement with Gulf to provide property management and leasing services for Evergreen Shopping Centre. Such services are provided for a management fee of 2% of gross revenues, and leasing fees ranging from 1.5% to 5% on net rent payable. The property management agreement is for a term of two years, automatically renewable for successive one year periods unless terminated in accordance with the provisions of the agreement and can be terminated by either party on 30 days' notice. LAC provides the REIT with property accounting services for a fee of 1% of gross revenues.

*137th Avenue — Edmonton, Alberta*

137<sup>th</sup> Avenue is a 3.76 acre property with two free standing single tenant buildings. The two tenants are Shoppers Drug Mart and Part Source.

Shoppers Drug Mart occupies 15,922 sq. ft. and their lease expires in November 2013, with six five-year renewal options. Part Source has a 40 year land lease for 0.93 acres that expires in 2043.

*Plaza Des Seigneurs—Terrebonne, Québec*

Plaza Des Seigneurs is a three tenant retail strip centre with a total of 20,810 sq.ft. The three tenants are the SAQ, who occupies 7,910 sq.ft., a branch of a Canadian chartered bank (6,700 sq.ft.) and Uniprix (6,200 sq.ft.).

The SAQ lease expires in 2014 and the bank lease in 2015. Uniprix recently renewed until 2019, and they have, at their discretion to renew, a two fixed rate option that would extend the lease term to 2029.

Crofton and LAC provide property management services for Plaza Des Seigneurs under terms similar to those for Méga Centre.

*King George Square — Brantford, Ontario*

King George Square is a 66,983 sq.ft. retail plaza located in Brantford, Ontario. The plaza has one freestanding pad and two single storey multi-tenant retail buildings. Major tenants include Shoppers Drug Mart (20,800 sq.ft.) and Dollarama (10,423 sq.ft.), and the plaza's tenants also include several national tenants including The Bulk Barn (4,982 sq. ft.), The Source (2,170 sq. ft.) and Pita Pit (1,333 sq. ft.). Management is exploring the financial and leasing feasibility of converting the former Casey's unit into a two or three unit in-line food court due to the expansion growth of fast food versus casual dining and the interest we are receiving from franchisors. Harry's (1,293 sq.ft.) vacated their premises upon expiry on November 30, 2012. Easy Financial was secured for the Harry's location with a commencement date of April 1, 2013. The plaza has three vacant units to fill: 4,906 sq.ft., 4,962 sq.ft., and 1,304 sq.ft.

At March 27, 2013 the property was 81.5% leased. The average term to maturity of existing leases is approximately seven years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	-	-
2014	-	-
2015	5,319	7.9%
2016	1,245	1.9%
2017	3,788	5.7%

Triovest and LAC provide property management services for King George Square under terms similar to those for Place Val Est.

*Thunder Centre —Thunder Bay, Ontario*

Thunder Centre is a 168,059 sq.ft. power centre located in the heart of Thunder Bay's primary retail node. The existing tenant profile at the centre is very strong, with national and regional chains representing 94.7% of the income in place. Major tenants include Home Outfitters (31,568 sq.ft.), Michaels (21,885 sq.ft.), Old Navy (14,913 sq.ft.) and Marks Work Wearhouse (Canadian Tire Corp. – 14,626 sq.ft.). The centre has shadow anchors in the form of the neighbouring Home Depot and Canadian Tire stores. At March 27, 2013 the property was 96.3% leased.

The average term to maturity of existing leases is approximately five years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	1,007	0.6%
2014	16,382	9.7%
2015	22,149	13.2%
2016	37,061	22.1%
2017	2,460	1.5%

Triovest and LAC provide property management services for Thunder Centre under terms similar to those for Place Val Est.

*St. Clair Beach Town Centre —Tecumseh, Ontario*

St. Clair Beach Town Centre is a 40,088 sq.ft. plaza anchored by Shoppers Drug Mart (20,029 sq.ft.) located on Lake St. Clair, just east of Windsor. National tenants provide 85.5% of the in place income. Swiss Chalet (5,735 sq.ft.) provides another strong draw to the centre, and St. Clair Health (6,892 sq.ft.) provides built in clientele for Shoppers Drug Mart. There are currently two vacant units totaling 4,162 sq.ft. (10.38%). Two small leases expire in 2014; the Shoppers Drug Mart lease runs into 2025 and the Swiss Chalet and St. Clair Health leases both expire in 2019. At March 27, 2013 the property was 89.6% leased.

The average term to maturity of existing leases is approximately nine years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	-	-
2014	3,266	8.1%
2015	-	-



2016	-	-
2017	-	-

Triovest and LAC provide property management services for St. Clair Beach Towne Centre under similar terms to those for Place Val Est.

*Crossing Bridge Square — Ottawa, Ontario*

Crossing Bridge Square is a 45,913 sq.ft. retail plaza located in the Stittsville neighbourhood of western Ottawa. The plaza is anchored by Farm Boy, an Ottawa based grocery chain which occupies a newly renovated and expanded 14,102 sq.ft. store. Other major tenants include an IDA Pharmacy (6,289 sq.ft.), Pet Valu Canada (2,400 sq.ft.), McDonald's Restaurants of Canada (2,674 sq.ft.), M&M Meats (1,150 sq.ft.), an insurance company (995 sq.ft.), and The Source (2,202 sq.ft.). At March 27, 2013 the property was 83.6% leased.

The plaza has two vacant spaces: a 4,320 sq.ft. free standing pad formerly occupied by the LCBO, and the second a 3,224 sq.ft. space abandoned by Local Heroes at the end of September 2012. With the exception of Farm Boy, whose lease runs until 2021, and Pet Valu, whose lease expires in 2019, most of the leases are relatively short term. The average term to maturity of existing leases is approximately five years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	2,795	6.1%
2014	6,327	13.8%
2015	-	-
2016	10,763	23.4%
2017	-	-

Triovest and LAC provide property management services for Crossing Bridge Square under similar terms to those for Place Val Est.

*Manning Crossing — Edmonton, Alberta*

Manning Crossing is a retail strip with restaurant pad development of 64,528 sq.ft. shadow anchored by a Canada Safeway grocery store, occupying a well-exposed location in Northeast Edmonton. Regional and national chains provide 64.82% of the in place income, with major tenants including a branch of a Canadian chartered bank (6,278 sq.ft.), Tim Horton's (2,280 sq.ft.), and Smitty's (5,029 sq.ft.). As at March 27 2013, the centre was 85.9% leased, having four vacant units to fill: 1,490 sq.ft, 2,993 sq.ft, 1,741 sq. ft. and 2,900 sq. ft.

The average term to maturity of existing leases is approximately four years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
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2013	3,217	5.0%
2014	3,517	5.5%
2015	6,593	10.2%
2016	10,496	16.3%
2017	16,775	26.0%

Gulf and LAC provide property management services for Manning Crossing under similar terms to those for Evergreen Shopping Centre.

*Quinte Cross Roads — Belleville, Ontario*

Quinte Crossroads is a newly developed 88,319 square foot power centre consisting of four recently constructed buildings on 14.26 acres in Belleville, Ontario. The centre is shadow-anchored by The Home Depot.

As at March 27, 2013 the centre was fully leased and occupied. The average term to maturity of existing leases is approximately seven years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	-	-
2014	-	-
2015	3,080	3.5%
2016	29,601	33.5%
2017	-	-

Triovest and LAC provide property management services for Quinte Crossroads under similar terms to those for the Place Val Est property.

*Grand Bend Towne Centre — Grand Bend, Ontario*

Grand Bend Towne Centre is an existing 41,605 square foot shopping centre comprised of a Sobeys grocery store (25,851 sq. ft.) with a lease extending to April 2023 and a Shoppers Drug Mart (10,249 sq. ft.) with a lease extending to September 2017 located on Main Street East in downtown Grand Bend, Ontario.

As at March 27, 2013 the centre is 86.8% leased, having two vacant units; 2,405 sq. ft. and 3,100 sq. ft. The average term to maturity of existing leases is approximately eight years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	-	-

2014	-	-
2015	-	-
2016	-	-
2017	10,249	24.6%

Triovest and LAC provide property management services for Grand Bend Towne Centre under similar terms to those for the Place Val Est property

*Washington Park Shopping Centre – Courtenay, British Columbia*

Washington Park Shopping Centre (“Washington Park”) is a two-building 32,652 square foot open-air shopping centre located in Courtenay, British Columbia on the east coast of Vancouver Island approximately 220 kilometres north of Victoria. Washington Park is anchored by a Tim Hortons (2,387 sq. ft.) and a Canadian chartered bank (5,683 sq. ft.). As at March 27, 2013, Washington Park is 92.9% occupied, having one vacant unit of 2,317 square feet, with approximately 45% of rental income derived from national and regional tenants.

The average term to maturity of existing leases is approximately two years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	14,974	45.9%
2014	3,531	10.8%
2015	8,084	24.8%
2016	-	-
2017	3,151	9.7%

Gulf and LAC provide property management services for Washington Park under similar terms to those for Evergreen Shopping Centre.

*Timmins West Power Centre – Timmins, Ontario*

Timmins West Power Centre is a 43,774 square foot retail centre in Timmins, Ontario. The Timmins West Power Centre is an open-air centre that benefits from the close proximity to the centre of a Canadian Tire store and Home Depot outlet. The property includes three separate buildings individually occupied by Michaels (17,665 sq. ft.), Mark’s Work Wearhouse (16,054 sq. ft.) and Reitmans (10,055 sq. ft.).

As of March 27, 2013, Timmins West Power Centre is a 100% leased. The average term to maturity of existing leases is approximately six years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
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2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017	16,054	36.7%

LAC provides the REIT with property management and property accounting services for Timmins for a fee of 3% of gross revenues.

*Centre Village – Nun’s Island, Québec*

Centre Village is a 98,069 square foot retail property anchored by a Loblaws grocery store (41,649 sq. ft.) and a newly-expanded SAQ liquor store (17,940 sq. ft), as well as a Canadian chartered bank (6,827 sq. ft.) and a new Starbucks coffee shop (ground lease).

As at March 27, 2013, Centre Village is 98.0% occupied. The average term to maturity of existing leases is approximately six years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	7,453	7.6%
2014	5,503	5.6%
2015	855	0.9%
2016	2,540	2.6%
2017	48,662	49.6%

The REIT has entered into a property management agreement with Sandalwood Management Services ULC to provide property management and leasing services for Centre Village. Such services are provided for a management fee of 2.5% of gross revenues, and leasing fees ranging from \$1.25 to \$4.00 per square foot. The property management agreement is for a term of two years, automatically renewable unless terminated in accordance with the provisions of the agreement and can be terminated by either party on 60 days’ notice. LAC provides the REIT with property accounting services for a fee of .5% of gross revenues

*Elgar Place – Nun’s Island, Québec*

Elgar Place is 10,321 square foot retail centre located in Nun’s Island nearby Centre Village and is anchored by a Couche-Tard convenience store (2,160 sq. ft.).

As at March 27, 2013, Elgar Place is 100% occupied. The average term to maturity of existing leases is approximately five years. In the next five years, leases representing the percentage of leased retail square feet will expire as follows:

<b>Year</b>	<b>Leased sq. ft. expiring</b>	<b>% of square feet</b>
2013	-	-
2014	-	-
2015	1,088	10.5%
2016	2,401	23.3%
2017	4,450	43.1%

The REIT has entered into a property management agreement with Sandalwood Management Services ULC to provide property management and leasing services for Place Elgar under similar terms to those of Centre Village

#### *Sorel Shopping Centre*

Sorel Shopping Centre is a newly-constructed, 31,776 square foot open-air property, anchored by an SAQ liquor store (9,652 sq. ft.) and a Tim Hortons coffee shop (2,432 sq. ft.). Sorel is located 45 minutes northeast of downtown Montreal. The property is strongly-positioned and is located adjacent to the busy Highway 30.

As at March 27, 2013, Sorel is 63.1% occupied. The average term to maturity of existing leases is approximately twelve years. There are no lease expiries until 2021.

The REIT has entered into a property management agreement with Sandalwood Management Services ULC to provide property management and leasing services for Sorel under similar terms to those of Centre Village.

#### *Saint Remi Shopping Centre*

Saint Remi Shopping Centre is a newly-constructed, 61,704 square foot open-air retail property, anchored by an IGA grocery store (42,325 sq. ft.), a Uniprix (8,930 sq. ft.), an SAQ liquor store (2,949 sq. ft.) and a Tim Hortons coffee shop (2,500 sq. ft.). The centre is well-situated in a primarily residential neighbourhood in a prime retail node of St. Remi, Québec, located 30 minutes south of downtown Montreal. The Saint Remi Shopping Centre property includes a second phase of 25,000 square feet which will be constructed over the next 24 months and which will include an 8,200 square foot Dollarama store.

As at March 27, 2013, the Saint Remi Shopping Centre is 92% occupied. The average term to maturity of existing leases is approximately fifteen years. There are no lease expiries until 2021.

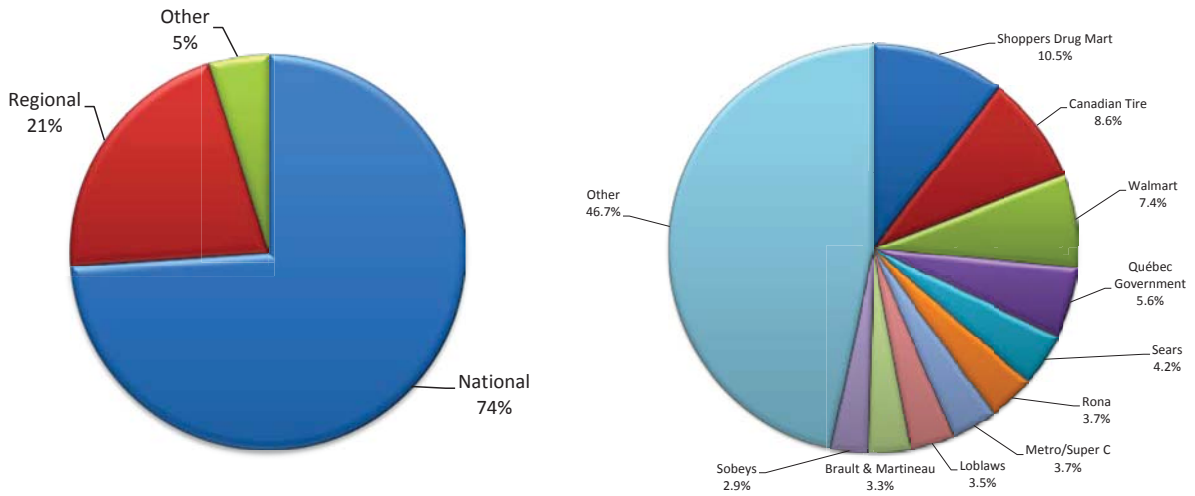
The REIT has entered into a property management agreement with Sandalwood Management Services ULC to provide property management and leasing services for St. Remil under similar terms to those of Centre Village.

## Tenant Mix

The following charts show the ten largest tenants of the Properties at March 27, 2013 as well as the tenant mix of the Properties, based on leased GLA (excluding storage):

Tenant	Property	Occupied GLA	% of Total Retail GLA	Lease Expiry Date
Shoppers Drug Mart	Shoppers Drug Mart Properties / Cornwall Square / Châteauguay / Centuria / Evergreen / Place Desormeaux / 137 <sup>th</sup> Ave / St. Clair / King George / Grand Bend / Centre Village	244,826	10.50%	May, 2013 – May, 2026
Canadian Tire	Canadian Tire Properties / Quinte Crossroads	199,296	8.60%	September, 2016 - September, 2023
Walmart	Méga Centre / Place Desormeaux	173,078	7.40%	May, 2021 - March, 2028
Québec Government	Châteauguay / Place Desormeaux / Méga Centre / Plaza des Seigneurs / Centre Village / Sorel / Saint Remi	130,129	5.60%	January, 2014 - November, 2026
Sears	Cornwall Square	96,909	4.20%	October, 2014
RONA	RONA Properties	86,802	3.70%	March, 2015
Metro/Super C	Place Desormeaux / Place Val Est	84,316	3.60%	October, 2014 – April, 2018
Loblaws (No Frills)	Cornwall Square / Centre Village	82,707	3.50%	May, 2016 - March, 2017
Brault & Martineau	Méga Centre	77,318	3.30%	May, 2016
Sobeys	Grand Bend / Saint Remi	68,176	2.90%	May, 2023 - November, 2030
<b>Total</b>		<b>1,243,557</b>	<b>53.30%</b>	

The REIT believes it has a strong mix of national and regional tenants. The tenant mix for the properties at March 27, 2013 is as follows:



Note: Based on total leased square feet excluding storage.

### Lease Maturities

The weighted average term to maturity of existing leases is approximately six and a half years. The table below shows the lease expiration schedule of the properties as a percentage of leased square feet for 2013 and beyond:

	(sq.ft.)	(%)
2013	176,198	7.3%
2014	296,892	12.2%
2015	249,852	10.3%
2016	242,020	10.0%
2017	153,825	6.3%
Thereafter	1,211,184	50.0%
Vacant	97,349	4.0%
<b>Total</b>	<b>2,427,320</b>	<b>100%</b>

The weighted average contractual net rent per square foot expiring in the REIT's portfolio is outlined in the following table:

Year	Retail
2013	\$ 15.03
2014	10.96
2015	11.69
2016	12.31
2017	14.95
Thereafter	12.58
Average	\$ 14.31
Weighted average remaining lease term (years)	6.52

### Leasing Activity and Occupancy

Lease expiries for 2013, new leasing and renewals completed by the date of this Annual Information Form are as follows:

Three months ended	31-Mar-13	30-Jun-13	30-Sep-13	31-Dec-13	Total 2013	Total 2012
Lease expiries	23,006	38,541	21,382	42,577	125,506	222,645
Base rent per square foot <sup>(1)</sup>	\$ 12.57	\$ 17.84	\$ 20.61	\$ 18.29	\$ 17.50	\$ 11.17
Lease renewals	15,176	-	-	-	15,176	103,072
Base rent per square foot <sup>(1)</sup>	\$ 8.18	\$ -	\$ -	\$ -	\$ -	\$ -
New leasing	-	-	-	-	-	107,887
Base rent per square foot <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.91

(1) weighted average

In the regular course of operations, the REIT occasionally encounters tenants who vacate their space before the lease is scheduled to expire due to financial difficulties or corporate restructuring. The REIT monitors tenants closely to avoid these situations, but when an unexpected vacancy occurs and a suitable long-term tenant is not readily available, the REIT endeavors to occupy the space with short-term tenants in order to minimize lost revenues. When short-term tenants are signed to short-term leases or, in some cases, month-to-month leases, the REIT does not include them as an expiry, renewal or new lease in the above chart.

GLA and occupancy of the Properties on a quarter by quarter basis over the last two years is as follows:

Quarter Ended	Gross Leasable Area (sq. ft.)	Occupied (sq.ft.)	Occupancy (%)
December 31, 2012	2,341,176	2,264,428	96.7%
September 30, 2012	2,178,826	2,100,704	96.4%
June 30, 2012	2,175,809	2,046,798	94.1%
March 31, 2012	2,097,616	2,012,318	95.9%
December 31, 2011	1,602,888	1,571,497	98.0%
September 30, 2011	1,586,967	1,558,673	98.2%
June 30, 2011	1,255,395	1,233,479	98.3%
March 31, 2011	1,222,490	1,193,188	97.6%
Average	1,807,646	1,747,636	96.9%

Management remains committed to actively pursuing new leases and lease renewals with the objective of increasing occupancy and weighted average rental income per square foot of gross leasable area. One of the REIT's goals is to generate organic growth through redevelopment and lease renewal activities at its



existing centres. As at the date of this Annual Information Form, the REIT had lease renewals of commencing in 2013 of 15,176 square feet. The REIT expects the portfolio's occupancy rate to improve in 2013 from property acquisitions and new/renewed leases.

On October 9, 2012, the REIT entered into a fifteen-year lease agreement with Wal-Mart Canada Corp. for approximately 90,000 square feet (plus basement storage space) at the REIT's Méga Centre retail property located at the intersection of Cote-Vertu Boulevard and Rue Begin in St. Laurent, (Montréal) Québec. It is anticipated the new Wal-Mart store will open by the second quarter of 2013.

### **Competitive Conditions**

The real estate business in which the REIT operates is competitive. Numerous other developers, managers and owners of properties compete with the REIT both in respect of seeking tenants and acquisitions. See "Risk Factors – Risks Relating to the REIT – Competition".

### **Employees**

Pursuant to the Management Agreement, it is the Manager's responsibility to provide the REIT with a management team. As a result, the REIT has no employees. See "Management of the REIT – Management Agreement".

## **MANAGEMENT OF THE REIT**

### **History of the Manager**

The Manager is a wholly-owned subsidiary of IGW Public. An affiliate of LAC, IGW Public is a significant Unitholder of the REIT. Founded in 2005, LAC is a Victoria-based real estate investment manager established to provide investors with access to real estate investments. LAC provides the management team to the Manager.

LAC has provided management services to IGW REIT, a private real estate investment trust, since its inception in 2005.

Under the provisions of the Management Agreement, the Manager is required to manage the affairs of, and provide strategic direction to, the REIT, subject to the overriding supervision of the Trustees. The Manager is responsible for all aspects of the asset management of the REIT. The Manager provides the REIT with a management team that has experience in all aspects of real property asset management, including leasing and tenant relations, property acquisitions and dispositions, real estate and corporate financing and development, redevelopment and construction.

### **Management Team of the REIT**

The management services are currently provided by Adam Gant, Patrick Miniutti, Heather Routly, Peter Morris, Edward Boomer, James Wallace, Daniel Goyetche, Jay Lin, Jason Ho and Greg Placidi. Adam Gant, Patrick Miniutti, Peter Morris, James Wallace, Daniel Goyetche, Jay Lin, Jason Ho and Greg Placidi divide their time between the REIT and IGW Real Estate Investment Trust, a private real estate investment trust, and beneficial owner of IGW Public. Heather Routly devotes substantially all of her time to the REIT. As the REIT grows, the Manager expects that it will provide additional executives and managers to the REIT in order to fulfil its obligations under the Management Agreement.

On October 18, 2012, the REIT announced that Peter D. Morris had been appointed as the REIT's Chief Operating Officer, with Patrick Miniutti remaining as the Trust's President. On February 13, 2013, the REIT announced the resignation of Tony Quo Vadis as Chief Financial Officer of the REIT and the appointment, on an interim basis, of Heather Routly as Chief Financial Officer of the REIT.

The following are biographies of the management team of the REIT:

**Adam Gant** — Adam Gant is the Chief Executive Officer of the REIT. See biography under “Trustees and Officers” below.

**Patrick Miniutti** — Patrick Miniutti is a Trustee of the REIT, the President, and Corporate Secretary of the REIT. See biography under “Trustees and Officers” below.

**Heather Roulty** — Heather Roulty is the REIT’s Chief Financial Officer. See biography under “Trustees and Officers” below.

**Peter D. Morris** — Peter D. Morris is the Chief Operating Officer of the REIT. See biography under “Trustees and Officers” below.

**Edward W. Boomer** — Edward W. Boomer is the Chief Investment Officer of the REIT. See biography under “Trustees and Officers” below.

**James Wallace** — James Wallace oversees Portfolio Operations of the REIT. His role is to ensure operational effectiveness by implementing strategies, policies and practices to maximize return on investment. In addition, he ensures that the REIT’s existing properties, acquisitions, and investments continue to meet its rigorous standards. Mr. Wallace is an experienced and skilled manager who began his career in construction in the 1970s, working on numerous projects that required innovative teamwork and management to finish on time and on budget.

**Daniel Goyetche** — Daniel Goyetche oversees the property accounting for all of the REIT properties, except the Cornwall Square Property. Mr. Goyetche has over 25 years in property accounting experience, including serving as RIOCAN’s Director of Property Accounting for Western Canada from 2001 to 2009.

**Jay Lin** — Jay Lin provides acquisition and development services to the REIT. Mr. Lin is a seasoned real estate executive with experience in development and construction management, real estate acquisition, financing and leasing. Mr. Lin has a Bachelor of Arts from the University of Waterloo and an Urban Land Economics Diploma from the University of British Columbia.

**Jason Ho** — Jason Ho provides leasing and tenant relationship management services to the REIT. Mr. Ho is a senior real estate and business professional with 18 years of experience in management, analysis, leasing, and tenant representation. Mr. Ho is fully licensed as a real estate broker, property manager and additionally holds a real estate agency license.

**Greg Placidi** — Greg Placidi oversees Investor Relations for the REIT. Mr. Placidi is an accomplished professional with over 25 years of global financial services experience, including evaluating financial services companies and markets around the world while working as an equity portfolio manager, strategist, regulator, and company executive in North America, Europe and Asia. Mr. Placidi has been a Chartered Financial Analyst since 1989.

### **Management Agreement**

The REIT is managed by the Manager pursuant to the Management Agreement. The term of the Management Agreement is for a three year period, expiring on March 15, 2015. Upon expiry of the initial term, the Management Agreement will renew automatically for successive three year terms, unless terminated in accordance with its terms. Services provided to the REIT under the Management Agreement include:

- (a) managing the day-to-day operations of the REIT;
- (b) preparing or overseeing the preparation of annual budgets and business plans for presentation to the Trustees;

- (c) advising the Trustees on strategic matters relating to properties, potential acquisitions, dispositions and development, and Unit value maximization;
- (d) searching for, identifying, introducing, evaluating and screening property acquisition opportunities;
- (e) conducting and/or managing due diligence with respect to potential acquisitions;
- (f) structuring, sourcing, negotiating and organizing the financing of acquisitions;
- (g) organizing and coordinating the completion of investments, including structuring and negotiating the business terms on which acquisitions are made;
- (h) monitoring and maintaining the REIT's properties (including retaining property management and leasing agents) and advising the REIT with respect to all Capital Projects that are required or recommended to be implemented with respect to any of the REIT's properties;
- (i) in respect of each Capital Project:
  - (i) determining the quality and completeness of the design and construction documents;
  - (ii) confirming the reasonableness of the project schedule;
  - (iii) verifying the completeness and adequacy of the construction budget;
  - (iv) confirming the existence and appropriateness of project control procedures;
  - (v) reviewing and commenting on all engineering test data, soils reports, zoning approvals;
  - (vi) advising the REIT of any recommended changes to the construction documents; and
  - (vii) making available individuals to serve as officers of the client as requested by the REIT from time to time;
- (j) overseeing the lease negotiations and providing leasing guidelines with respect to the leasing of the REIT's properties;
- (k) redeveloping or reselling the REIT's properties;
- (l) providing investor relations services to the REIT;
- (m) providing advice and assistance in connection with the REIT's borrowings, raising of capital and issuance of securities, including representing the REIT in its dealings with banks and other lenders, investment dealers, institutions and investors;
- (n) conducting day-to-day relations on behalf of the REIT with third parties, including property managers, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers;
- (o) managing and providing direction to the REIT's property manager(s) and negotiating arrangements for the engagement of any new property manager(s) or the renewal of the arrangements with existing property manager(s); and

- (p) such further duties as may be reasonably required by the REIT or its Subsidiaries, provided that, if any strategic advisory or asset management services provided by the Manager to the REIT and its Subsidiaries may increase the risk that the REIT will be a SIFT Trust, the Manager is obliged to notify the Trustees of such risk.

The Manager also provides administrative services to the REIT, including:

- (a) accounting, reporting and financial preparation relating to the REIT and its Subsidiaries, including record-keeping, preparation of financial statements and filing tax returns;
- (b) activities related to the REIT's public company and reporting issuer status, assistance in determining and making distributions payable to Unitholders and advice with respect to the REIT's obligations as a reporting issuer (including its continuous disclosure obligations);
- (c) administrative services, including administrative support with respect to the holding of Trustees' and Unitholders' meetings, provision of office space, provision of any necessary equipment and personnel, and provision of all corporate accounting, clerical, secretarial, corporate and administrative services as may be reasonably necessary; and
- (d) such further duties as may be reasonably required by the REIT and its Subsidiaries.

All costs associated with the executives and any additional executives shall be borne by the Manager. In accordance with the terms of the Management Agreement, the Manager is required to consult with the Board's compensation committee or the Independent Trustees, as applicable, with regard to compensation decisions for executives who devote substantially all of their time to the business of the REIT. In the event that any executive providing services to the REIT ceases to do so for any reason, the Manager will replace such individual with another employee with similar qualifications and experience.

Notwithstanding the above, the following expenses of the REIT and its Subsidiaries are paid by the REIT and are not paid by the Manager:

- (a) interest and other costs of money borrowed by the REIT;
- (b) fees and expenses of lawyers, accountants, auditors, appraisers and other agents or consultants employed by or on behalf of the REIT and its Subsidiaries;
- (c) fees and expenses of the Trustees;
- (d) fees and expenses of the property manager(s) of the Properties that are payable by the REIT under the applicable property management agreement, provided that if LAC or the Manager, or any affiliate thereof, is the property manager, the fees and expenses shall be on market terms and shall have been approved by the Independent Trustees;
- (e) fees and expenses connected with the acquisition, disposition and ownership of real property interests, mortgage loans or other property held by or entered into by the REIT;
- (f) insurance as considered necessary to protect the Trustees, including Trustees' and officers' liability insurance;
- (g) expenses in connection with payments or distributions on Units;
- (h) expenses in connection with the communications to holders of Units, including annual reports, and the other bookkeeping and clerical work necessary in maintaining relations with holders of Units;

- (i) expenses in connection with any employees or independent contractors employed directly or retained directly by the REIT or its Subsidiaries, including all compensation costs, benefits and severance costs, so long as such employees or independent contractors are not providing services required to be provided by the Manager pursuant to the terms of the Management Agreement;
- (j) expenses of reorganizing, terminating or winding up the REIT or any of its Subsidiaries;
- (k) fees and charges of transfer agents, registrars, indenture Trustees and other Trustees and custodians;
- (l) all fees, expenses, taxes and other costs incurred in connection with the issuance, distribution, transfer and qualification for distribution to the public of securities of the REIT or its Subsidiaries and other required government filings; and
- (m) all costs and expenses in connection with the incorporation, organization and maintenance of any corporation formed to hold real property or other property of the REIT.

#### *Internalization Decision*

It is the intention of the REIT and the Manager to terminate the Management Agreement when the Independent Trustees, acting reasonably, determine that (i) the Management Fees, Acquisition Fees and other amounts paid to the Manager to carry out its duties hereunder are in excess of those expenses the Independent Trustees believe would be incurred by the REIT on an annual basis if management of the REIT was performed by individuals employed directly by the REIT rather than by the Manager under the Management Agreement and (ii) otherwise it is in the best interests of the REIT to have the management of the REIT performed on a full time basis by individuals employed directly by the REIT.

#### *Nomination Rights*

Prior to each annual meeting of holders of Units and any special meeting of holders of Units at which Trustees are to be elected and so long as the number of Trustees to be elected is at least five, the Manager is entitled to designate two individuals pursuant to the Declaration of Trust (which may include the reappointment of an incumbent Trustee) to stand for election as a Trustee at such meeting.

#### *Fees*

Pursuant to the terms of the Management Agreement, the REIT pays the Manager the following fees:

- (a) the Management Fee;
- (b) the Acquisition Fee;
- (c) the Property Management Fees;
- (d) the Project Management Fee; and
- (e) the Incentive Fee.

If, during the term of this Agreement, the Manager wishes to provide any Property Management Services to the REIT or its Subsidiaries or their properties it may do so by assuming all or some of those services under an existing agreement for the balance of the term of that agreement with a third party property manager, provided that the aggregate fees payable by the REIT to the Manager and to the third party property manager with respect to such property under such agreement, including any penalties or other amounts payable to the third party property manager on account of it thereby not performing such services, and including any costs to be borne by the REIT as a result of such management change, is less than or equal to the fees payable under

the third party property management agreement. At the end of any agreement with a third party property manager, the Manager may enter into a property management agreement with the REIT to replace such third party manager, provided that the fees payable by the REIT to the Manager is not greater than the fair market value for property services in the market in which the property is located. Any such new property management agreement will be set out in a separate agreement negotiated between the Manager and the REIT. If the Manager is a party to any property management agreement, the renewal of that agreement, and the terms of renewal must be approved by the Independent Trustees.

In the event a party unrelated to, and not affiliated with, the REIT, the Manager, LAC, IGW REIT LP, IGW Public, or League Assets LP acquires, directly or indirectly, in one transaction or a series of connected transactions, (A) the beneficial ownership of, or control or direction over, 100% of the Units or (B) all or substantially all of the Properties, then in either case there shall be deemed to be a Disposition of all Properties held by the REIT immediately prior to such change in ownership, control or direction over the Units, or sale of the Properties, as the case may be, and the Manager shall be entitled to the Incentive Fee. In such event, the Realized Gains on Dispositions for such deemed Dispositions shall be equal to the cumulative fair value gains or losses on each income producing Property as shown on the most recent income statement and calculated in accordance with IFRS from December 31, 2011 if the Property was owned by the REIT on the date of the Management Agreement, or from the date of acquisition of the Property, if after December 31, 2011.

The Manager may elect to take all or any percentage of all fees payable to it under the Management Agreement and under any property management agreement in the form of Units and not cash. If in the opinion of counsel for the REIT, the Manager is possessed at the time of election of material undisclosed information or is otherwise prohibited from trading in the securities of the REIT at such time, the Manager will not make such election until such time as it is permitted to do so under applicable securities laws and in the meantime all fees will be paid in cash unless such the Manager has already elected to receive shares in payment of such fees. Any such Units issued will be issued at a price per Unit equal to the greater of:

- (a) 95% of the weighted closing price of the Units for the five previous days on the exchange on which the Units are the most actively traded during that period; and
- (b) such price stipulated by such stock exchange, to a maximum of the weighted closing price of the Units for the five previous days on the exchange on which the Units are the most actively traded during that period. Prior to the issuance of Units in lieu of fees, the Manager will enter into an escrow agreement satisfactory to the Independent Trustees that prohibits the trading of such Units for a period of four years from the date of issuance of the Units, other than:
  - (i) to affiliates of the Manager who agree to the same escrow terms in writing,
  - (ii) following the termination of this agreement by the REIT or by the Manager in accordance with its terms, or upon the mutual agreement of the parties hereto,
  - (iii) to allow the Manager to tender such Units into a formal or exempt take-over bid made for all the Units of the REIT where the Independent Trustees have publicly recommended that unit holders of the REIT accept such offer, or
  - (iv) in circumstances where the Independent Trustees have agreed that the escrowed Units may be traded.

Pursuant to the Management Agreement and the Prior Management Agreement, the REIT incurred management fees of \$880,354 and acquisition fees of \$1,037,466, and property management and accounting fees of \$451,764 for the year ended December 31, 2012.

*Term and Termination*

The initial term of the Management Agreement is for a three-year period, expiring on March 15, 2015. Upon expiry of the initial term, the Management Agreement will renew automatically for successive three-year terms, unless terminated in accordance with its terms.

The Management Agreement provides for termination of the Management Agreement by:

- (a) the REIT:
  - (i) on an expiry of any term of the agreement upon 180 days' notice,
  - (ii) upon the Independent Trustees making an Internalization Decision upon 180 days' notice,
  - (iii) where IGW REIT LP, IGW Public, League Assets LP, or LAC no longer control the Manager, or
  - (iv) in the event of a material breach by the Manager of its obligations under the Management Agreement that is not cured within a stipulated time, the commission by the Manager or any of its agents or employees of any act constituting fraud, misconduct, breach of fiduciary duty, negligence or a wilful breach of applicable laws, or a breach by the Manager or League Asset LP of their obligations under the Non-Competition Agreement with the REIT; and
- (b) the Manager:
  - (i) on an expiry of any term of the agreement upon 180 days' notice;
  - (ii) following a change of control of the REIT (except where the change of control occurred due to IGW REIT LP, IGW Public, League Assets LP, LAC or any of their respective affiliates acquiring additional Units or control or direction over additional Units); or
  - (iii) in the event of a material breach by the REIT of its obligations under the Management Agreement that is not cured within a stipulated time.

In addition, either party may terminate the Management Agreement in the event that (i) the other party or its Unitholders or securityholders (as applicable) passes a resolution or otherwise authorizes or proceeds with a termination, winding up, dissolution or a sale of all or substantially all of its assets to a person or persons that are not parties to this Agreement other than pursuant to an internal reorganization; (ii) the other party institutes proceedings for it to be adjudicated a voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, files a petition or answer or consent seeking reorganization, readjustment, arrangement, composition or similar relief under any bankruptcy law, consents to the appointment of a receiver, liquidator, manager or assignee in bankruptcy; or makes an assignment for the benefit of its creditors generally; (iii) a court having jurisdiction enters a decree or order adjudging the other party a bankrupt or insolvent or for the appointment of a receiver, manager or assignee in bankruptcy; or (iv) any proceeding with respect to the other party is commenced under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors' Arrangement Act* (Canada) or similar legislation relating to a compromise or arrangement with creditors or claimants (each an "Insolvency or Wind-up Event").

Except where the REIT has terminated the Management Agreement in the circumstances set out in clause (iv) of those events set out above entitling the REIT to terminate the Management Agreement or as a result of a Insolvency or Wind-up Event affecting the Manager (which such termination events require no payment by the REIT to the Manager) upon termination of the Management Agreement in accordance with its terms by

the REIT, the REIT and/or its Subsidiaries must pay, within 90 days of such termination, the following amounts (the "Termination Payments") to the Manager:

- (a) an amount equal to two times the annual Management Fee paid in respect of the last full calendar year of the Management Agreement completed prior to termination provided that the Manager pays:
  - (i) all costs associated with terminating the employment or services of any named executive officers (and all other employees); and
  - (ii) all other costs and expenses incurred or required to be incurred by the Manager in terminating contracts the Manager (or entities providing services to the Manager) entered into in respect of the performance by the Manager of its obligations under the Management Agreement; and
- (b) all other amounts owed to it under the Management Agreement.

Except where the Manager has terminated the Management Agreement in the circumstances set out in clause (i) of those events set out above entitling the Manager to terminate the Management Agreement, or in the circumstances set out in clauses (ii), (iii) or (iv) of the definition of Insolvency or Wind-up Event as it relates to the REIT (which such termination events require no payment by the REIT to the Manager), upon termination of the Management Agreement in accordance with its terms by the Manager, the REIT and/or its Subsidiaries must pay the Termination Payments to the Manager within 90 days of such termination.

A "change of control" is defined in the Management Agreement and means (i) in the case of a public entity, the direct or indirect acquisition of beneficial ownership of, or control or direction over, voting securities of such entity representing 20% or more of the outstanding voting securities of such entity or any successor to such entity by any person or combination of persons acting "jointly or in concert" (as such term is used in Part XX of the *Securities Act* (Ontario)), and (ii) in the case of a privately held entity, the direct or indirect acquisition of beneficial ownership of, or control or direction over, voting securities of such entity representing 50% or more of the outstanding voting securities of such entity by any person or combination of persons acting "jointly or in concert" (as such term is used in Part XX of the *Securities Act* (Ontario)).

### **Non-Competition Agreement**

In connection with entering into the Management Agreement, the Manager, IGW Public, and League Assets LP (collectively, for the purposes of this section, the "Restricted Parties"), entered into a Non-Competition Agreement with the REIT effective June 4, 2010.

Pursuant to the Non-Competition Agreement, each of the Restricted Parties agreed that it will not, and will cause its affiliates not to, directly or indirectly, by way of an investment in shares or other ownership interests in any Person, and either individually or in partnership or jointly or in concert with any other Person:

- (a) create, manage or provide strategic, advisory and asset management services as so described in the Management Agreement to another Person (including a real estate investment trust) which is not a Restricted Party or an affiliate of a Restricted Party and which carries on the primary business of the acquisition, development and/or management of any property located in Canada that derives substantially all of its revenues from rents paid by tenants whose principal business is the sale of consumer goods and/or services directly to consumers through retail stores ("Retail Property") or any mixed-use property located in Canada that derives 40% or more of the revenues (calculated based on the most recently prepared financial statements or similar information for the property) from tenants that would normally be found in a Retail Property. For greater certainty, without limitation, a Retail Property shall include restaurants, entertainment facilities (such as movie theatres) or other facilities which are normally found in shopping centres, but shall not include self-storage



facilities, nursing home or health care facilities, hotels or sports facilities (the Retail Property and mixed-use property together are referred to as "Restricted Real Estate Assets");

- (b) purchase any Restricted Real Estate Asset or develop any property that, on completion of development, will be a Restricted Real Estate Asset, other than as permitted under the Non-Competition Agreement; or
- (c) provide strategic, advisory and asset management services for any Restricted Real Estate Asset the equity interests in which are not all held by a Restricted Party or an affiliate of a Restricted Party.

The Non-Competition Agreement contains exceptions from the foregoing covenants as follows:

- (d) interests arising as a security holder of the REIT;
- (e) properties acquired for development pursuant to the terms of any development or joint venture agreement entered into between the Restricted Party and the REIT or any of the REIT's subsidiaries;
- (f) properties or investments that have been first offered to the REIT pursuant to the terms of the Non-Competition Agreement and which the REIT notified or was deemed to have notified the Restricted Party pursuant to the terms of the Non-Competition Agreement that it was not interested in pursuing such property;
- (g) any loan or mortgage and, in the event of a foreclosure under a loan or mortgage, an ownership interest in any Restricted Real Estate Asset resulting from such foreclosure provided that the loan or mortgage was not made or granted with the intention of using such loan or mortgage as part of a method for subsequently acquiring an interest in a Restricted Real Estate Asset;
- (h) an investment in publicly traded securities, provided that such investment represents less than 10% of the voting interest of the issuer of such publicly traded securities at the time of the investment; or
- (i) any activities that have been specifically approved by the Independent Trustees.

The covenants contained in the Non-Competition Agreement will remain in effect until the earlier of:

- (a) the date that is six months after the date of termination of the Management Agreement if the Management Agreement is terminated by the REIT in accordance with the provisions of section 11.6(a) where the Manager has breached the Management Agreement in certain circumstances or in circumstances where the Management Agreement has been terminated and the REIT is obligated to pay a fee to the Manager; or
- (b) the date of termination of the Management Agreement if the Management Agreement is terminated by the Manager in the event of a material breach by the REIT of its obligations under the Management Agreement or in circumstances where the Management Agreement has been terminated and the REIT is not obligated to pay a fee to the Manager.

## **INVESTMENT GUIDELINES AND OPERATING POLICIES**

### **Investment Guidelines**

The Declaration of Trust provides for certain restrictions on investments which may be made directly or indirectly by the REIT. The assets of the REIT may be invested directly or indirectly only in accordance with the following investment guidelines:

- (a) subject to the other investment guidelines of the REIT set out below, the REIT may only invest, directly or indirectly, in:
  - (i) interests (including fee ownership and leasehold interest) in income-producing real property;
  - (ii) corporations, trusts, partnerships or other persons which principally have interests (including the ownership of leasehold interests) in income-producing real property (or activities relating or ancillary thereto); and
  - (iii) such other activities, properties or assets as are consistent with the other investment guidelines of the REIT or as may be approved by Unitholders in accordance with the terms of the Declaration of Trust;
- (b) notwithstanding anything in the investment guidelines or operating policies of the REIT, the REIT shall not make any investment, take any action or omit to take any action that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act;
- (c) the REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT; provided that such joint venture arrangement contains terms and conditions which, in the opinion of the Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on transfer and the acquisition and sale of the REIT's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT, such as buy-sell mechanisms and provisions that limit the liability of the REIT to third parties. For purposes of this provision, a joint venture arrangement is an arrangement between the REIT and one or more other persons ("joint venturers") pursuant to which the REIT, directly or indirectly, conducts an undertaking for one or more of the purposes set out above and in respect of which the REIT may hold its interest jointly or in common or in another manner with others either directly or through the ownership of securities of a corporation or other entity (a "joint venture entity"), including without limitation a general partnership, limited partnership or limited liability company;
- (d) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of Canada or of a province of Canada, short-term government debt securities, or receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule I Canadian bank maturing within one year from the date of issue or except as permitted pursuant to paragraphs (a), (c), (f), (h) and (i) of these investment guidelines, the REIT may not hold securities other than:
  - (i) securities of any issuer referred to in paragraph (a) above;
  - (ii) securities of a joint venture entity;
  - (iii) securities of an entity wholly-owned by the REIT, which has been formed and operated solely for the purpose of holding a particular real property or real properties; and
  - (iv) securities of persons described in paragraph (f) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, the REIT may acquire securities of other real estate investment trusts;
- (e) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;

- (f) notwithstanding the provisions of paragraph (d) above or any other provision of the Declaration of Trust, the REIT may invest in operating businesses which are ancillary to the REIT's ownership of real property or acquire interests in limited partnerships or corporations which may operate businesses related to the REIT's real estate investments, provided that such investments would not result in the REIT failing or ceasing to qualify as a "mutual fund trust" within the meaning of the Tax Act and provided that the REIT shall use its reasonable best efforts not to be a SIFT trust;
- (g) the REIT shall not invest directly in raw land for development and ownership or for other development projects, except:
  - (i) for the purpose of renovating or expanding existing properties or facilities on adjacent properties; or
  - (ii) for the purpose of developing new properties which will be or are expected to be, upon completion, income producing, provided that the aggregate value of investments in raw land for such purpose will not, after giving effect to the proposed investment, exceed 10% of the Adjusted Unitholders' Equity;
- (h) the REIT shall invest in a mortgage or a mortgage bond (including a participating or convertible mortgage) only where:
  - (i) the real property which is security therefor is income-producing real property which otherwise meets the general investment guidelines of the REIT contained in these investment guidelines; and
  - (ii) the aggregate value of the investments of the REIT in mortgages and mortgage bonds, after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity;
- (i) notwithstanding any of the provisions of paragraph (h) above, the REIT may invest in any mortgage which is not a first ranking mortgage, including mezzanine financings, for purposes of providing, directly or indirectly, financing in connection with a transaction in which the REIT is the vendor or with the intention of using such mortgage as part of a method for subsequently acquiring an interest in or control of a property or a portfolio of properties that would otherwise meet the investment guidelines of the REIT; provided that the aggregate value of the investments of the REIT in these mortgages, after giving effect to the proposed investments, will not exceed 20% of the Gross Book Value; and
- (j) the REIT may invest, from time to time, an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by the REIT and secured by a mortgage on such property) up to 15% of the Adjusted Unitholders' Equity of the REIT in investments which do not comply with one or more of paragraphs (d) or (g) above.

### **Operating Policies**

The Declaration of Trust provides that the operations and affairs of the REIT shall be conducted in accordance with the following operating policies:

- (a) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof; the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 adopted by the Canadian Securities Administrators, as amended from time to time;

- (b) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage, and (ii) to the extent management of the REIT determines to be practicable, any written instrument which is, in the judgment of management of the REIT, a material obligation, shall contain a provision or be subject to an acknowledgement in the form provided by the Declaration of Trust;
- (c) the REIT may engage (i) in construction or development of real property in order to maintain its real properties in good repair and/or to enhance the income-producing potential of properties in which the REIT has an interest; and (ii) in the development of raw land and/or other development projects; provided that investments by the REIT in such developments are within the investment guidelines;
- (d) title to each real property shall be held by and registered in the name of the REIT, the Trustees or in the name of a corporation or other entity owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers or a corporation which is a nominee of the REIT which holds registered title to such real property pursuant to a nominee agreement with the REIT;
- (e) the REIT may directly or indirectly guarantee indebtedness or liabilities of a third party, provided that such guarantee is related to the direct or indirect ownership or acquisition by the REIT of real property that would otherwise comply with the REIT's investment guidelines and operating policies;
- (f) the REIT will obtain an independent appraisal of each property that it intends to acquire;
- (g) the REIT shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties and the cost of such coverage; and
- (h) the REIT shall obtain or review a Phase I environmental audit of each real property to be acquired by it, dated within twelve months of the proposed date of acquisition, and, if the Phase I environmental audit report recommends or recommended a Phase II environmental audit be obtained, the REIT shall obtain or review a Phase II environmental audit, in each case prepared by an independent environmental consultant.

For the purposes of the foregoing investment guidelines and operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate, consolidated basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture entity.

#### **Amendments to Investment Guidelines and Operating Policies**

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading "Investment Guidelines" and the operating policies contained in subparagraph (b) under the heading "Operating Policies" may be amended only with the approval of at least two-thirds of the votes cast by Voting Unitholders of the REIT at a meeting of Voting Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by holders of Voting Units at a meeting of Voting Unitholders called for such purpose.

## RISK FACTORS

*The risks described below are not the only ones facing the REIT and Unitholders. Additional risks not currently known to the REIT or that the REIT currently deems immaterial may also impair business operations. The business, financial condition, revenues or profitability of the REIT could be materially adversely affected by any of these risks. The trading price of the Units could decline due to any of these risks. This Annual Information Form contains forward-looking statements that involve risks and uncertainties. The REIT's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the REIT described below and elsewhere in this Annual Information Form. See "Caution Regarding Forward-Looking Statements".*

### Risks Relating to the REIT

#### ***Investment Concentration***

As at March 27, 2013, Place Desormeaux, Méga Centre, Châteauguay, Plaza des Seigneurs, Elgar Place, Centre Village, Sorel and Saint Remi account for approximately 24.80% of the REIT's base rental revenues on an annualized basis. As a result, the REIT is particularly susceptible to adverse market conditions in the areas of greater Montréal, Québec, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Any adverse economic or real estate developments in the area of greater Montréal, Québec, or in the future in any of the other markets in which the REIT operates, or any decrease in demand for commercial retail real estate space resulting from the local economic or business climate could adversely affect the REIT's rental revenues, which could impair its ability to satisfy its debt service obligations and generate stable positive cash flow from its operations. In addition, because the REIT's investments will consist mainly of commercial retail real estate interests, it will be subject to risks inherent in investments in a single industry and will not benefit from diversification by property type. Demand for commercial retail real estate space could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing properties in an area and the excess amount of commercial retail real estate space in a particular market. In addition, under certain circumstances, some tenants are permitted under the terms of their leases to cease business operations at the premises leased to them provided that they continue to pay the same rent for such premises. While such clauses are not uncommon in leases with key tenants of commercial retail properties, if any key tenant were to cease business operations at the premises leased to them, it could have a material adverse effect on the relevant property. To the extent that any of these conditions occur, they are likely to affect market rents for space, which could cause a decrease in the REIT's rental revenue from any of its properties at the expiry of the initial terms of any leases. Any such decrease could impair the REIT's ability to satisfy any debt service obligations and generate stable positive cash flow from its operations.

#### ***Acquisition Strategy***

The REIT's business strategy involves expansion of its rental property asset base through acquisitions and, potentially in the future, development of projects for rental purposes. These activities require the REIT to identify acquisition or development candidates or investment opportunities that meet its criteria and are compatible with its growth strategy. The REIT may not be successful in identifying commercial retail real estate facilities that meet its acquisition or development criteria or in completing acquisitions, developments or investments on satisfactory terms. The REIT may also not be able to raise the funds necessary to complete an acquisition, development or investment. Failure to identify or complete acquisitions or developments will slow the REIT's growth. The REIT could also face significant competition for acquisitions and development opportunities. Some of the REIT's competitors have greater financial resources than the REIT and, accordingly, have a greater ability to borrow or raise funds to acquire properties. These competitors may also be willing and/or able to accept more risk than the REIT can prudently manage, including risks with respect to the geographic concentration of investments and the payment of higher prices to acquire properties. This competition for investments may reduce the number of suitable investment opportunities available to the REIT, may increase acquisition costs and may reduce demand for commercial retail real estate space in certain areas where the REIT's real estate properties are located and, as a result, may adversely affect the REIT's operating results. In addition, even if the REIT were successful in identifying suitable acquisitions or

development projects, newly acquired real estate properties may fail to perform as expected and management of the REIT may underestimate the costs associated with the integration of the acquired facilities. In addition, any property expansions the REIT undertakes in the future are subject to a number of risks, including, but not limited to, construction delays or cost overruns that may increase project costs, financing risks, the failure to meet anticipated occupancy or rent levels, failure to receive required zoning, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. If any of these problems occur, expansion costs for a project will increase, and there may be significant costs incurred for projects that are not completed. In deciding whether to acquire or expand a particular property, the REIT will make certain assumptions regarding the expected future performance of that property. If the REIT's acquisition or expansion facilities fail to perform as expected or incur significant increases in projected costs, the REIT's rental revenues could be lower, and its operating expenses higher, than expected.

### ***Integration of Additional Properties***

The REIT intends to acquire additional properties in the future. The REIT cannot assure securityholders that it will be able to successfully integrate these additional properties into its existing portfolio without operating disruptions or unanticipated costs. As the REIT acquires or develops additional properties, the REIT will be subject to risks associated with managing new properties, including tenant retention and mortgage default. In addition, acquisitions or developments may cause disruptions in the REIT's operations and divert management's attention away from day-to-day operations. Furthermore, the REIT's profitability may suffer because of acquisition related costs or amortization costs for acquired intangible assets. The REIT's failure to successfully integrate any future properties into its portfolio could have an adverse effect on the REIT's operating costs and its ability to generate stable positive cash flow from its operations.

### ***Occupancy and Rental Rates***

Delays in lease renewals of properties and/or units of properties as vacancies arise would reduce the REIT's revenues and could adversely affect its operating performance. In addition, lower than expected rental rates could adversely affect the REIT's rental revenues and impede its growth. At March 27, 2013, the REIT has vacancies of 97,349 square feet. As well, the REIT has 125,506 square feet of lease expiries in 2013.

### ***Dependence on and Relationship with the Manager***

The Manager provides management and administrative services to the REIT pursuant to the Management Agreement and the REIT depends on the Manager for all aspects of the day-to-day management of its business and the execution of its business plan. We cannot assure you that if the Manager stopped providing these services, a suitable replacement would be found in a timely manner or at all. The Manager is not required to provide services exclusively to the REIT and may in some circumstances, subject to the Non-Competition Agreement, manage real estate properties for others.

### ***Potential Undisclosed Liabilities Associated with Acquisitions***

The REIT expects to acquire properties that are subject to existing liabilities, some of which may be unknown at the time of the acquisition or which the REIT may fail to uncover in its due diligence. Unknown liabilities might include liabilities for clean-up or remediation of undisclosed environmental conditions, claims by tenants, vendors or other persons dealing with the vendor or predecessor entities (that have not been asserted or threatened to date), tax liabilities, and accrued but unpaid liabilities incurred in the ordinary course of business. While in some instances the REIT may have the right to seek reimbursement against an insurer or another third party for certain of these liabilities, the REIT may not have recourse to the vendor of the properties for any of these liabilities.

### ***Restrictive Covenants***

Mortgage indebtedness and/or other credit facilities obtained by the REIT will contain covenants, including limitations on the REIT's ability to incur secured and unsecured indebtedness, sell all or substantially all of its assets and engage in mergers and consolidations and various acquisitions. In addition, mortgage

indebtedness and other credit facilities will contain limitations on the REIT's ability to transfer or encumber the mortgaged properties without lender consent. These provisions may restrict the REIT's ability to pursue business initiatives or acquisition transactions that may be in its best interest. They also may prevent the REIT from selling properties at times when, due to market conditions, it may be advantageous to do so. In addition, failure to meet any of the covenants could cause an event of default under and/or acceleration of some or all of the REIT's indebtedness, which would have a material adverse effect on the REIT.

### ***Debt Financing***

The REIT has incurred both unsecured debt and mortgage debt by obtaining loans secured by some or all of the Properties. In addition, the REIT may borrow funds if necessary to make distributions to Unitholders. Future debt may harm its business and operating results by:

- (a) requiring the REIT to use a substantial portion of its cash flow from operations to pay principal and interest, which will reduce the amount available for distributions;
- (b) making the REIT more vulnerable to economic and industry downturns and reducing its flexibility in responding to changing business and economic conditions; and
- (c) limiting the REIT's ability to borrow more money for operating or capital needs or to finance acquisitions in the future.

In addition to the risks discussed above and those normally associated with debt financing, including the risk that the REIT's cash flow will be insufficient to meet required payments of principal and interest, the REIT will also be subject to the risk that it will not be able to refinance the existing indebtedness on its facilities (including the Acquisition Facility) and that the terms of any refinancing it could obtain would not be as favourable as the terms of its existing indebtedness. If the REIT is not successful in refinancing debt when it becomes due, it may be forced to dispose of facilities or assets on disadvantageous terms, which might adversely affect its ability to service other debt and to meet its other obligations.

### ***Potential Conflicts of Interest***

The REIT is subject to various potential conflicts of interest because of the fact that its officers and trustees are engaged in a wide range of business activities. See "Trustees and Officers – Potential Conflicts of Interest".

### ***Competition***

The REIT competes with numerous developers, owners and operators in the commercial retail real estate industry, some of which own or may in the future own facilities that compete directly with the REIT's properties, and some of which may have greater capital resources. If the REIT's competitors build new facilities that compete with the REIT's properties or offer space at rental rates below current market rates or below the rental rates the REIT charges its tenants, the REIT may lose existing and potential tenants and it may be pressured to discount its rental rates below those it would otherwise charge in order to retain tenants. As a result, the REIT's rental revenues may decrease, which could impair the REIT's ability to satisfy its debt service obligations and to pay distributions to Unitholders. In addition, increased competition for tenants may require the REIT to make capital improvements to facilities that it would not have otherwise made. Any unbudgeted capital improvement the REIT undertakes may reduce cash available for distributions to Unitholders.

### ***Losses of Key Personnel May Affect Our Ability to Operate Effectively***

Our operations are dependent upon the participation of our key executives. While we believe that we could find replacements for these key executives, the loss of their services and the REIT's or the Manager's inability to attract and retain qualified and experienced personnel may materially affect our ability to operate and expand.

### ***Litigation***

The REIT may become subject to disputes with tenants or other commercial parties with whom it maintains relationships or other parties with whom it does business. Any such dispute could result in litigation between the REIT and the other parties. Whether or not any dispute actually proceeds to litigation, the REIT may be required to devote significant resources, including management time and attention, to its successful resolution (through litigation, settlement or otherwise), which would detract from management's ability to focus on the REIT's business. Any such resolution could involve the payment of damages or expenses by the REIT, which may be significant. In addition, any such resolution could involve the REIT's agreement to certain settlement terms that restrict the operation of its business.

### ***Risks Relating to Current Economic Conditions***

Canadian real estate investment trusts are subject to risks generally incident to the Canadian real estate, credit, capital and financial markets. The global recessionary economic conditions and the global financial liquidity crisis that existed in 2008 to 2013 have resulted in persistent interruptions in the credit and capital markets, devaluations of assets directly or indirectly linked to the Canadian real estate finance markets and the concurrent elimination of long and short-term liquidity from the capital markets. These conditions have had, and the REIT expects will continue to have, an adverse effect on the REIT as well as the assets the REIT has invested in.

Sensitivity to the global economic conditions, and their impact in Canada, may negatively affect the income received from the REIT's real property assets. Inherent illiquidity may limit the REIT's ability to vary its portfolio in response to changes in the global, national and/or local economic conditions and may ultimately prevent the REIT from implementing its acquisition and investment strategies. Increased vacancy rates and difficulties re-leasing properties, commonly associated with recessionary economic conditions, may occur and may adversely affect the income received from the REIT's real property assets. All of these conditions could have an adverse effect on the REIT including causing an event of default under any of the REIT's mortgage indebtedness and/or credit facilities. Finally, the extent to which the REIT relies on debt or equity financing and the difficulty associated with obtaining such financing increases the likelihood the REIT will be unable to raise equity capital for its ongoing operations or its acquisition and investment strategies, refinance existing indebtedness or result in the REIT receiving less favourable terms than that of existing financing arrangements.

### ***Joint Venture Investments***

Although the REIT does not presently have any joint venture investments, it may in the future co-invest with third parties through joint ventures, including with the Manager and certain affiliates of the Manager if permitted or required by the terms of the Non-Competition Agreement. In any such joint venture, the REIT may not be in a position to exercise sole decision making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the REIT's business interests or goals and may be in a position to take actions contrary to the REIT's policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, because neither the REIT nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the REIT and its joint venture partners could result in litigation or arbitration that could increase the REIT's expenses and distract its officers and/or trustees from focusing their time and effort on the REIT's business. In addition, the REIT might in certain circumstances be liable for the actions of its joint venture partners.

### ***Tax Risks Related to Qualification as a "Real Estate Investment Trust"***

Unless the REIT Exception applies to the REIT in each taxation year, the SIFT Rules may have an adverse impact on the taxation of the REIT and on the taxation of distributions to Unitholders. The ability of the REIT to satisfy the REIT Exception in 2012 and in 2013 relies upon the REIT Proposals being enacted. If the REIT



Proposals are not enacted in their current form, the SIFT Rules are expected to apply to the REIT for its 2012 and 2013 taxation years. In the event the SIFT Rules apply to the REIT, the impact to Unitholders will depend on the status of the Unitholder, and in part, on the amount of income distributed which would not be deductible by the REIT in computing its income in a particular year and what portions of the distributions constitute "non-portfolio earnings", other income and returns of capital. Furthermore, the likely effect of the SIFT Rules on the market for the Units, and on the REIT's ability to finance acquisitions through the issue of Units, debentures or other securities, is unclear. In the event that the SIFT Rules apply to the REIT, they may adversely affect the marketability to Unitholders of the Units, the amount of cash available for distributions to Unitholders and the portion of distributions to Unitholders that is treated as a non-taxable return of capital. However, since the REIT should have no taxable income in 2013 and had no taxable income in 2012 taking into consideration available tax deductions (and before any deduction for distributions), management of the REIT believes that the application of the SIFT Rules during 2012 and 2013 would have no impact on the REIT, on Debenture holders, on Unitholders, or on the quantum of distributions (including those characterized as returns of capital), and that no financial statement liability for taxes would be required. There is no assurance that the REIT Proposals will be enacted in their current form or at all, that the Trust will be able to qualify for the REIT Exception throughout 2012, 2013 or in future years, or that adverse consequences to the REIT and/or Unitholders will not arise as a consequence of the application of the SIFT Rules to the REIT.

We cannot assure you that the REIT will be able to qualify for the REIT Exception throughout 2013 or in future years, nor that adverse consequences to the REIT and/or Unitholders will not arise as a consequence of the application of the SIFT Rules to the REIT.

#### ***Tax Risks Related to Qualification as a "Mutual Fund Trust"; Financing; Expenses***

Management of the REIT believes that the REIT currently qualifies as a "mutual fund trust" for purposes of the Tax Act and will continuously so qualify at all material times. If the REIT were not to so qualify, the income tax consequences to the REIT and its Unitholders could be materially and adversely different than if the REIT so qualifies.

Interest on the debt of subsidiaries owing to the REIT accrues at the REIT level for Canadian federal income tax purposes, whether or not actually paid such that the REIT could realize income not supported by cash distributions. The Declaration of Trust generally provides that a sufficient amount of the REIT's net income and net realizable capital gains will be distributed each year to Unitholders in cash or otherwise to eliminate the REIT's liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will generally be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units (excluding an amount corresponding to the non-taxable portion of any net realized capital gains) in their taxable income. In such circumstances, a Unitholder may realize income without a corresponding cash distribution.

Real estate investment trust structures often involve significant amounts of debt. The structure of the REIT and its subsidiaries may involve significant amounts of such debt. We cannot assure you that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed, it could adversely affect the amount of cash available to the REIT for distribution to Unitholders. On October 31, 2003 the Department of Finance (Canada) announced certain Tax Proposals relating to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004 (the "October 31 Proposals"). Under the October 31 Proposals, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. Management of the REIT believes that the October 31 Proposals would not have a material effect on its tax position in this regard. On February 23, 2005, the Minister of Finance announced that an alternative proposal to replace the October 31 Proposals would be released for comment. This alternative proposal has not been

released as of the date hereof. There can be no assurance that any alternative proposal to the October 31 Proposals will not adversely affect the REIT or Unitholders.

Although management is of the view that all expenses to be claimed by the REIT will be reasonable and that the cost amount and capital cost allowance claims of the REIT and the price at which non-arm's length transfers of property have taken or will take place have been or will be correctly determined, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the CRA will agree. If the CRA successfully challenges the deductibility of such expenses or the proceeds realized on a non-arm's length transfer of property, the taxable income of the REIT (or its subsidiaries) and indirectly the Unitholders may increase or change. The extent to which distributions will be non-taxable in the future will depend in part on the extent to which the REIT is able to deduct capital cost allowance relating to its properties.

We cannot assure you that the Department of Finance (Canada) or other governmental authority will not undertake initiatives which have an adverse effect on the REIT or its Unitholders or Debenture holders.

## **Risks Related to the Structure of the REIT**

### ***Reliance on External Sources of Capital***

Because the REIT expects to make regular cash distributions, it may not be able to fund all of its future capital needs, including capital for acquisitions and property development, with income from operations. The REIT therefore will have to rely on third-party sources of capital, which may or may not be available on favourable terms, if at all. The REIT's access to third-party sources of capital depends on a number of things, including the current state of capital markets, the market's perception of the REIT's growth potential and its current and potential future earnings. If the REIT is unable to obtain third-party sources of capital, it may not be able to acquire or develop assets when strategic opportunities exist, satisfy its debt obligations or make regular distributions to Unitholders.

### ***Interest Rate Risk and Financing Risk***

The REIT attempts to stagger the maturities of its debt portfolio evenly over a ten year time horizon in order to effectively manage both interest rate and liquidity risks. The REIT has an on-going obligation to access debt markets to refinance maturing debt as it becomes due. There is a risk that lenders will not refinance such maturing debt on terms and conditions that are acceptable to the REIT or on any terms at all. The REIT's strategy of staggering the maturities of its debt portfolio attempts to limit the exposure to excessive amounts of debt maturing in any one year.

There is interest rate risk associated with the REIT's Acquisition Facility since the interest rate is impacted by changes in the bank rate. There is also interest rate risk associated with the REIT's fixed interest rate and term mortgages and unsecured debentures due to the expected requirement to refinance such debts in the year of maturity.

The REIT's strategy to mitigate interest rate price risk for its fixed rate mortgages is to enter into interest rate swap arrangements when deemed necessary. As at March 27, 2013, the REIT has not entered into any swap arrangements. The REIT does not use swaps for speculative purposes.

If the debt of the REIT cannot be extended, renewed or refinanced on favourable terms as it becomes due, this would have a material adverse effect on the REIT.

### ***Cash Distributions Are Not Guaranteed and May Fluctuate with the REIT's Performance***

Although the REIT currently intends, to the extent possible, to make equal monthly cash distributions of income to the Unitholders, such cash distributions are not guaranteed and may fluctuate with its performance. The REIT will depend on revenue generated from its properties to make such distributions. There can be no assurance regarding the amount of revenue that will be generated by its properties. The amount of distributions may exceed actual cash available to the REIT from time to time and will depend upon numerous

factors, including the profitability of its properties, funds used to fund the REIT's growth initiatives, fluctuations in working capital, interest rates, capital expenditures, principal repayments, redemption of Units, if any, and other factors which may be beyond the control of the REIT. The REIT may be required to borrow funds in order to accommodate any such items, including distributions. If the Trustees determine that it would be in the best interests of the REIT, they may reduce for any period the distributions to be made to the Unitholders.

### ***Structural Subordination of Units***

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the REIT and those subsidiaries before any assets are made available for distribution to the Unitholders. The Units will be effectively subordinated to most of the indebtedness and other liabilities of the REIT and its subsidiaries. Neither the REIT nor any of its subsidiaries will be limited in its ability to incur additional secured or unsecured indebtedness.

### ***Unitholder Liability***

The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with a holding of Units. However, in certain jurisdictions, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Declaration of Trust to the contrary, for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. The affairs of the REIT are conducted to minimize such risk wherever possible, but we cannot assure you that Unitholders may not be liable.

### ***Nature of Investment***

A Unit is not a share of a body corporate. Holders of Units do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of holders of Units will be based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the OBCA or the *Canada Business Corporations Act* which sets out the rights and entitlements of shareholders of corporations in various circumstances. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act*, nor are they insured under the provisions of that Act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

### ***Dilution***

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time, and the interests of the holders of Units may be diluted thereby.

### ***Potential Volatility of Unit Price***

The market price of the Units may be volatile and could be subject to wide fluctuations due to a number of factors, including but not limited to: actual or anticipated fluctuations in the REIT's results of operations; changes in estimates of the REIT's future results of operations by management or securities analysts; and general industry changes. In addition, the financial markets have in the past experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many Exchange and real estate issuers and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the real estate industry specifically, may adversely affect the market price of the Units.

### ***Limited Prior Public Market***

The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market will be maintained or, if maintained, that such a market will be sustained. A publicly traded REIT will not necessarily trade at values determined solely by reference to the underlying value of its assets.

### ***Restriction on Ownership of Units/Debentures***

Pursuant to the terms of the Declaration of Trust, the REIT must not be established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. As a result, the Indenture contains provisions limiting the ownership of Units and Debentures by Non-Residents. These restrictions may limit or remove the rights of certain Unitholders and Debentureholders, including Non-Residents. As a result, these restrictions may limit the demand for Units and Debentures from certain holders and thereby adversely affect the liquidity and market value of the Units and/or Debentures. [Note – confirm that DOT includes constraints on NR ownership of Debentures as well as Units – the Debenture risk may be fully covered by the reference to the Indenture (below)]

### ***Restriction on Ownership of Debentures***

Pursuant to the terms of the Declaration of Trust, the REIT must not be established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. As a result, the Indenture contains provisions limiting the ownership of Debentures by Non-Residents. These restrictions may limit or remove the rights of certain Debentureholders, including Non-Residents. As a result, these restrictions may limit the demand for Debentures from certain Debentureholders and thereby adversely affect the liquidity and market value of the Debentures.

### ***Restrictions on Redemptions***

It is anticipated that the redemption right will not be the primary mechanism for holders of Units to liquidate their investments. Redemption Notes (as defined in the Declaration of Trust) which may be distributed in specie to holders of Units in connection with a redemption will not be listed on any stock exchange and no established market is expected to develop for such securities, and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Redemption Notes so distributed may not be qualified investments for Plans, depending upon the circumstances at the time. Regulatory approvals will be required in connection with the distribution of Redemption Notes in specie to holders of Units in connection with a redemption. See “Declaration of Trust and Description of Units — Redemption Right”.

The entitlement of Unitholders to receive cash upon the redemption of their Units will not be applicable to Units tendered for redemption if: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units are not listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date or for more than five trading days during the 10 day trading period prior to the redemption date; and (iv) the redemption of Units would result in the delisting of the Units on the principal stock exchange on which the Units are listed.

## **Risks Relating to Real Property Ownership**

### ***General***

The REIT is subject to risks generally incident to the ownership of real property. The underlying value of its properties and the REIT’s income and ability to make distributions to Unitholders will depend on the ability of the REIT to maintain or increase revenues from its properties and to generate income in excess of operating expenses. Income from the REIT’s properties may be adversely affected by changes in national or local

economic conditions, changes in interest rates and in the availability, cost and terms of mortgage financing, the impact of present or future environmental legislation and compliance with environmental laws, the ongoing need for capital improvements, particularly in older structures, changes in real estate assessed values and taxes payable on such values (including as a result of possible increased assessments caused by the acquisition of properties by the REIT) and other operating expenses, changes in governmental laws, regulations, rules and fiscal policies, changes in zoning laws, civil unrest, acts of God, including earthquakes and other natural disasters and acts of terrorism or war (which may result in uninsured losses). Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing income. In addition, almost all of the Méga Centre leases require payment by the tenant of operating costs at a fixed rate with annual adjustments for changes in the Consumer Price Index. Actual increases or decreases in operating costs may vary significantly from the amounts recoverable in respect thereof.

When interest rates increase, the cost of acquiring, developing, expanding or renovating real property increases and real property values may decrease as the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult to both acquire and to sell real property. Finally, governments can expropriate or take real property for less compensation than an owner believes a property is worth. Almost all of these factors are beyond the REIT's control.

### ***Government Regulation and Environmental Matters***

The REIT is subject to federal, provincial and local environmental regulations that apply generally to the ownership of real property. If it fails to comply with those laws, the REIT could be subject to significant fines or other governmental sanctions. Under various federal, provincial and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with contamination. Such liability may be imposed whether or not the owner or operator knew of, or was responsible for, the presence of these hazardous or toxic substances. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In addition, in connection with the ownership, operation and management of real properties, the REIT could potentially be liable for property damage or injuries to persons and property.

In order to assess the potential for liabilities arising from the environmental condition at its properties, the REIT is required to obtain or examine environmental assessments prepared by environmental consulting firms. The environmental assessments received in respect of the Properties did not reveal, nor is the REIT aware of, any environmental liability that the REIT believes will have a material adverse effect on it. However, the REIT cannot assure Unitholders that any environmental assessments performed have identified or will identify all material environmental conditions, that any prior owner of any property did not create a material environmental condition not known to the REIT or that a material environmental condition does not or will not otherwise exist with respect to its Properties.

### ***Illiquidity***

Real estate investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to need to sell a property, the proceeds to the REIT might be significantly less than the aggregate carrying value of such property.

### ***Uninsured Losses***

The Declaration of Trust requires that the REIT obtain and maintain at all times insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars, acts of terrorism or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, the affected property, but the REIT would continue to be obliged to repay any recourse mortgage indebtedness on such property. There can be no assurance that a claim in excess of the insurance coverage or claims not covered by insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the insurance coverage could have a material adverse effect on the REIT's business, financial condition or results of operations and distributions.

## **Risks Related to the Debentures**

### ***The REIT may not be Able to Satisfy Payments of Interest and Principal on the Debentures***

There is no guarantee that the REIT will have sufficient cash available to make interest and principal payments on the Debentures on a timely basis or at all. The likelihood that purchasers will receive the payments owing to them in connection with the Debentures will be dependent upon the financial health and creditworthiness of the REIT and the ability of the REIT to earn revenues.

### ***Market for the Debentures***

There can be no assurance that a secondary market for trading in the Debentures will develop or that any secondary market which does develop will continue. Also, there can be no assurance that any such secondary market will be active. To the extent that an active trading market for the Debentures does not develop, the liquidity and the trading prices for the Debentures may be adversely affected.

### ***Absence of Covenant Protection***

The Indenture will not restrict the REIT or any of its subsidiaries from incurring additional indebtedness for borrowed money or otherwise from mortgaging, pledging or charging their real or personal property or properties to secure any indebtedness or other financing. The Indenture will not contain any provisions specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the REIT or any of its subsidiaries.

### ***Redemption Prior to Maturity***

The Debentures may be redeemed at the REIT's option, subject to certain conditions prior to the respective maturity date of each Debenture in whole or in part, at a redemption price equal to the principal amount thereof, together with any accrued and unpaid interest. Holders of Debentures should assume that this redemption option will be exercised if the REIT is able to refinance at a lower interest rate or it is otherwise in the interest of the REIT to redeem the Debentures.

### ***Conversion Following Certain Transactions***

In the event of certain transactions, pursuant to the terms of the Indenture, each Debenture will become convertible into securities, cash or property receivable by a Unitholder in such transactions. This change could substantially reduce or eliminate any potential future value of the conversion privilege associated with the Debentures.

### ***Subordination of Debentures***

The Debentures are unsecured obligations of the REIT and are subordinate in right of payment to all of the REIT's existing and future Senior Indebtedness. The Debentures will also be effectively subordinate to claims of the creditors of the REIT's subsidiaries relating to all indebtedness, liabilities and obligations of the REIT or its subsidiaries for the payment of which the REIT is responsible or liable, whether absolutely or contingently. This subordination may significantly reduce the possibilities for purchasers of obtaining payment of the amounts owed under the Debentures. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the REIT, the assets of the REIT would be made available to satisfy the obligations of the creditors of such Senior Indebtedness, whether those obligations are secured or unsecured, before being available to pay the REIT's obligations to holders of Debentures. Accordingly, all or a substantial portion of the REIT's assets could be unavailable to satisfy the claims of the Debentures.

### ***Credit Rating***

The REIT does not have a credit rating and has no current plans to apply for a credit rating.

### ***Dilution upon Redemption of Debentures***

The REIT may determine to redeem any outstanding Debentures for Units or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Units. The issuance of additional Units may have a dilutive effect on the REIT's Unitholders and an adverse impact on the price of Units.

### ***Limitation in the REITs Ability to Finance Purchase of Debentures***

The REIT is required to make an offer to holders of the Debentures to purchase all or a portion of their Debentures for cash in the event of certain Changes of Control. The REIT cannot assure holders of Debentures that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. The REIT's ability to purchase the Debentures in such an event may be limited by law, by the Indenture governing the Debentures, by the terms of other present or future agreements relating to the REIT's credit facilities and other indebtedness and agreements that the REIT may enter into in the future which may replace, supplement or amend the REIT's future debt. The REIT's future credit agreements or other agreements may contain provisions that could prohibit the purchase by the REIT of the Debentures without the consent of the lenders or other parties thereunder. If the REIT's obligation to offer to purchase the Debentures arises at a time when the REIT is prohibited from purchasing or redeeming the Debentures, the REIT could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the REIT does not obtain consent or refinance these borrowings, the REIT could remain prohibited from purchasing the Debentures under its offer.

The REIT's failure to purchase the Debentures would constitute an event of default under the Indenture, which might constitute a default under the terms of the REIT's other indebtedness at that time.

### ***Market Price of the Debentures***

The market price of the Debentures will be based on a number of factors, including: (a) the prevailing interest rates being paid by borrowers similar to the REIT; (b) the overall condition of the financial and credit markets; (c) prevailing interest rates and interest rate volatility; (d) the markets for similar securities; (e) the financial condition, results of operation and prospects of the REIT; (f) the publication of earnings estimates or other research reports and speculation in the press or investment community; (g) the market price and volatility of the Units; (h) changes in the industry and competition affecting the Trust; and (i) general market and economic conditions.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

### **Volatility of Market Price of Units and Debentures**

The market price of the Units and Debentures may be volatile. The volatility may affect the ability of holders of Debentures to sell the Debentures at a favourable price. Additionally, volatility in the market price of Units may result in greater volatility in the market price of the Debentures than would be expected for nonconvertible debt securities. Market price fluctuations in the Units and Debentures may be due to the REIT's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the REIT or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Caution Regarding Forward-Looking Statements*". In addition, the market price for securities in the stock markets, including the TSX, recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Debentures and the Units.

### **Restriction on Ownership of Debentures**

Pursuant to the terms of the Declaration of Trust, the REIT must not be established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. As a result, the Indenture contains provisions limiting the ownership of Debentures by non-residents. These restrictions may limit or remove the rights of certain-holders of Debentures, including non-residents. As a result, these restrictions may limit the demand for Debentures and thereby adversely affect the liquidity and market value of the Debentures.

## **DISTRIBUTIONS**

### **Distribution Policy**

The amount of the REIT's cash distributions is determined by, or in accordance with, guidelines established from time to time by the Trustees. It is the intention of the Trustees that the aggregate amount of cash distributions made in respect of a calendar year not be less than the amount necessary to ensure that the REIT will not be liable to pay income tax under Part I of the Tax Act for such year. The Trustees of the REIT have discretion in declaring distributions and review these distributions on a regular basis. Distributions are paid monthly in the month following declaration.

### **Distributions**

For the financial year ended December 31, 2012, the REIT declared distributions to Unitholders totalling \$0.64 per Unit. For 2012, all of the distributions made will not be included in the income of a Unitholder for tax purposes but will reduce the adjusted cost base of that Unitholder's Units. The monthly distributions declared by the REIT in each month during the fiscal years 2010, 2011 and 2012 are shown below on a post-consolidation basis. Also shown are the distributions declared in 2013 as of the date of this Annual Information Form.

<b>Month</b>	<b>2010 (\$/unit)</b>	<b>2011 (\$/unit)</b>	<b>2012 (\$/unit)</b>	<b>2013 (\$/unit)</b>
January	\$0.05333	\$0.05333	\$0.05333	\$0.05333
February	\$0.05333	\$0.05333	\$0.05333	\$0.05333
March	\$0.05333	\$0.05333	\$0.05333	\$0.05333
April	\$0.05333	\$0.05333	\$0.05333	
May	\$0.05333	\$0.05333	\$0.05333	



<b>Month</b>	<b>2010 (\$/unit)</b>	<b>2011 (\$/unit)</b>	<b>2012 (\$/unit)</b>	<b>2013 (\$/unit)</b>
June	\$0.05333	\$0.05333	\$0.05333	
July	\$0.05333	\$0.05333	\$0.05333	
August	\$0.05333	\$0.05333	\$0.05333	
September	\$0.05333	\$0.05333	\$0.05333	
October	\$0.05333	\$0.05333	\$0.05333	
November	\$0.05333	\$0.05333	\$0.05333	
December	\$0.05333	\$0.05333	\$0.05333	
<b>TOTAL:</b>	<b>\$0.64000</b>	<b>\$0.64000</b>	<b>\$0.64000</b>	<b>\$0.16000</b>

### **Distribution Reinvestment and Optional Unit Purchase Plan**

On January 11, 2008, the REIT adopted the DRIP to permit eligible Unitholders to reinvest monthly distributions (each a "Distribution") in additional Units. To the extent permitted by applicable law and regulatory rulings, a participating Unitholder (a "Plan Participant") also has the option to purchase Units with additional cash payments (each an "Optional Cash Payment"), provided that Optional Cash Payments by any Plan Participant shall not be less than \$1,000 per Distribution Payment Date and not more than \$12,000 per calendar year. Plan Units will be issued directly from the treasury of the REIT at a price based on the volume-weighted average of the closing price for the 20 trading days immediately preceding the relevant distribution date. Plan Participants will receive "bonus units" in an amount equal in value to 5% of each cash distribution.

To enrol in the DRIP, beneficial Unitholders must contact their broker who is a CDS participant and who holds the Unitholder's uncertificated Units. Registered Unitholders must contact Computershare Trust Company of Canada. Once enrolled, participation in the DRIP will continue automatically unless terminated. At this time Non-Residents are not eligible. Subject to any relevant agreement governing the account in which Units are held, participation in the DRIP may be terminated at any time prior to the CDS cut-off date in respect of a Distribution.

The REIT may issue up to 500,000 Units under the DRIP. As at March 27, 2013, the REIT has issued approximately 488,680 Units under the DRIP. The REIT may increase the number of Units available to be issued under the DRIP at any time subject to the approval of the stock exchange upon which the Units trade.

As of the date of this Annual Information Form, holders of approximately 6.1% of the issued and outstanding Units have enrolled in the DRIP.

### **DESCRIPTION OF CAPITAL STRUCTURE**

The REIT's capital structure is comprised of Units, Special Voting Units and the Debentures, each of which is described below.

### **DECLARATION OF TRUST AND DESCRIPTION OF UNITS**

The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Declaration of Trust, which summary does not purport to be complete. Reference is made to the Declaration of Trust for a complete description of the Units and the full text of its provisions.

The Declaration of Trust was amended effective December 15, 2011 by special resolution of the Unitholders in connection with Unitholder approval of the NorRock Acquisition and the Consolidation. On March 29, 2012 the Declaration of Trust was further amended to require TSX approval of transfer restrictions for exchangeable securities, as required by the TSX. On May 11, 2013, the Declaration of Trust was further amended to give Trustees more flexibility in declaring distributions on a more frequent basis, to clarify voting rights of the Independent Trustees, to include language that allows the REIT to send notices to Unitholders through a recognized wire service or any other electronic means and to clarify permitted exceptions to the tax status of the REIT.

As of March 27, 2013, there were 25,704,077 issued and outstanding Units and no issued and outstanding Special Voting Units.

### ***Rights of Unitholders***

The rights of the Unitholders are established by the Declaration of Trust. Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies an investor would have as a shareholder of a corporation governed by the OBCA, significant differences exist, some of which are described below. Many OBCA requirements relating to the governance and management of a corporation have been incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of an OBCA corporation and to elect the Trustees and appoint the auditors of the REIT. The Declaration of Trust also includes provisions comparable to those of the OBCA dealing with the calling and holding of meetings of Voting Unitholders and Trustees, and procedures at such meetings and the right of Voting Unitholders to participate in the decision-making process when certain fundamental actions are proposed. The matters in respect of which Voting Unitholder approval is required under the Declaration of Trust are generally less extensive than the rights conferred on shareholders of an OBCA corporation. Such Voting Unitholder approval rights are supplemented by securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are “reporting issuers” or the equivalent or listed on the Exchange.

The Declaration of Trust contains “conflicts of interest” provisions similar to those contained in the OBCA that serve to protect Unitholders without creating undue limitations on the REIT. See “Trustees and Officers — Board of Trustees — Conflict of Interest Restrictions and Provisions”. Unitholders do not have recourse to dissent rights under which shareholders of an OBCA corporation are entitled to receive the fair value of their shares if certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the REIT are entitled to receive, subject to certain conditions and limitations, their pro rata share of the REIT’s net assets through the exercise of the redemption rights provided by the Declaration of Trust as described under “Redemption Right” below. Unitholders similarly do not have recourse to the statutory oppression remedy available to shareholders of an OBCA corporation where a corporation’s actions are oppressive, unfairly prejudicial or disregard the interests of securityholders and certain other parties. Shareholders of an OBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in such circumstances, whereas Unitholders may rely only on the general provisions of the Declaration of Trust, which permit the dissolution of the REIT pursuant to a special resolution. Shareholders of an OBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of a corporation and its affiliates is carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not allow Unitholders to pass resolutions appointing an inspector to investigate the Trustees’ performance of their responsibilities and duties. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the REIT.

### ***Units and Special Voting Units***

The beneficial interests in the REIT are divided into interests of two classes, described and designated as “Units” and “Special Voting Units”, respectively. An unlimited number of Units and Special Voting Units are issuable pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in the REIT, in any distributions from the REIT whether of net income, net realized capital gains or other amounts and in the net assets of the REIT in the event of a termination or winding-up of the REIT. Units are not subject to future calls or assessments and entitle a holder thereof to one vote for each whole Unit held at all meetings of Voting Unitholders or in respect of any written resolution of Voting Unitholders. Except as set out under “Redemption Right” below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Special Voting Units may only be issued in connection with or in relation to securities exchangeable, directly or indirectly, for Units (“Exchangeable Securities”), in each case for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Currently, there are no Special Voting Units outstanding. However, if the Trustees so determine, Special Voting Units may be issued in the future in conjunction with, and will be attached to Exchangeable Securities to which they relate, and will be evidenced only by the certificates representing such Exchangeable Securities. Special Voting Units will not be transferable separately from the Exchangeable Securities to which they are attached. Each Special Voting Unit will entitle the holder thereof to that number of votes at any meeting of Voting Unitholders that is equal to the number of Units that may be obtained upon the exchange (direct or indirect) of the Exchangeable Security to which it is attached. Upon the exchange, redemption or conversion of an Exchangeable Security for Units, the Special Voting Unit that is attached to such Exchangeable Security will immediately be cancelled without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto. Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees without the approval of Voting Unitholders. Any exchange agreement entered into in respect of Special Voting Units will be subject to the requirements of the TSX.

Fractions of Units may be issued, including pursuant to distributions of additional Units to all Unitholders. No certificates will be issued for fractional Units. Fractional Units shall not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holder thereof to notice of, or to attend or to vote at meetings of Unitholders. Subject to the foregoing, fractions of Units will carry the rights and be subject to the provisions hereof applicable to whole Units in the proportion that they bear to one Unit. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

### **Trustees**

The Declaration of Trust provides that the REIT shall have a minimum of three and no more than 11 Trustees, a majority of whom must be Independent Trustees and must be “resident in Canada” for purposes of the Tax Act. So long as the Management Agreement is in effect, prior to each annual meeting of Voting Unitholders and any special meeting of Voting Unitholders at which Trustees are to be elected, and so long as the number of Trustees to be elected is five, the Manager shall be entitled to designate two individuals (the “Proposed Manager Trustees”) (which may include the reappointment of incumbent Trustees) to stand for election as Trustees at such meeting. The designation of the Proposed Manager Trustees shall be made by written notice (the “Proposed Manager Trustee Notice”) signed by an authorized signatory of the Manager to the Chair of the Trustees. The Manager shall ensure prior to the designation of a Proposed Manager Trustee that such individual is qualified to act as a Trustee pursuant to the requirements of the Declaration of Trust, and that the Proposed Manager Trustees, individually and collectively, meet all applicable legal and other requirements respecting the qualifications of individuals acting as Trustees, including, without limitation, with respect to residency, financial literacy and independence. Upon notification by the REIT that any Proposed Manager Trustee is not qualified to act as a Trustee, the Manager shall forthwith designate a substitute Trustee who is qualified to act as a Trustee. Notwithstanding anything else contained herein, if the Manager fails to provide the Proposed Manager Trustee Notice to the Chair within five Business Days after the record date of the meeting at which the Trustees will stand for election, the existing Trustees shall designate the Proposed Manager Trustees (which may include the reappointment of incumbent Trustees).

Trustees will be elected at each annual meeting of Voting Unitholders to hold office for a term expiring at the close of the next annual meeting of Voting Unitholders following such election. A quorum of Trustees may designate an individual to fill a vacancy in the Trustees, except a vacancy resulting from an increase in the number of Trustees (other than as noted below) or from a failure of the Voting Unitholders to elect the required number of Trustees at a meeting of Voting Unitholders called for such purpose. If the vacancy has arisen from a failure of the Voting Unitholders to elect the required number of Trustees at a meeting of Voting Unitholders called for such purpose, the Trustees will promptly call a special meeting of Voting Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there are not Trustees then in office, any Voting Unitholder may call the meeting. The Trustees may, between annual meetings of Voting Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Voting Unitholders, but the number of additional Trustees so appointed may not at any time exceed one-third of the number of Trustees who held office at the expiration of the immediately preceding annual meeting of Voting Unitholders.

A Trustee may resign upon written notice to the REIT and/or may be removed by a resolution passed by a majority of the Voting Unitholders. A vacancy created by the removal or resignation of a Trustee may be filled at the same meeting of Voting Unitholders, failing which it may be filled by the remaining Trustees. The Declaration of Trust provides that, subject to its terms and conditions, the Board of Trustees shall have full, absolute and exclusive power, control and authority over the assets of the REIT and over the affairs of the REIT to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the assets of the REIT in their own right, and may, in respect of the assets of the REIT, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof. Subject to such terms and conditions and the terms and conditions contained in the Management Agreement, the Trustees are responsible for, among other things:

- (a) supervising the activities and managing the investments and the affairs of the REIT;
- (b) maintaining records and providing reports to Voting Unitholders;
- (c) effecting payments of distributions from the REIT to Unitholders;
- (d) lending and borrowing money or other property on behalf of the REIT; and
- (e) appointing the officers of the REIT.

The Declaration of Trust provides that the Trustees, in exercising the powers and authority conferred upon them, must act honestly and in good faith with a view to the best interests of the REIT and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee, as well as former Trustees, and their respective heirs and legal representatives, or any other person acting in a similar capacity, will be entitled to indemnification from the REIT in respect of the exercise of that person's powers, and the discharge of that person's duties, provided that the person acted honestly and in good faith with a view to the best interests of the REIT and the Unitholders and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the person had reasonable grounds for believing that his or her conduct was lawful.

### ***Meetings of Voting Unitholders***

The Declaration of Trust provides that meetings of Voting Unitholders will be required to be called and held annually on a day on or before June 30 in each year, at a time and at a place in Canada set by the Trustees, for the purpose of (a) presenting the audited financial statements of the REIT for the immediately preceding fiscal year; (b) appointing Trustees; (c) appointing auditors of the REIT; and (d) transacting such other business as the Trustees may determine or as may be properly brought before the meeting.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the Voting Unitholders representing not less than 10% of the votes attached to all outstanding Voting Units. A requisition must state

in reasonable detail the business proposed to be transacted at the meeting. Voting Unitholders may attend and vote at all meetings of the Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attached to all outstanding Voting Units shall constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Voting Unitholders, shall be terminated (and not adjourned), but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and time as may be appointed by the Chair of the meeting, and if at such adjourned meeting a quorum is not present, the Voting Unitholders present either in person or by proxy shall be deemed to form a quorum.

The Declaration of Trust provides that without approval by special resolution at a meeting of Voting Unitholders called for such purpose, the Trustees shall not, among other things, authorize:

- (a) any combination, merger, amalgamation or arrangement of the REIT or any of the REIT's subsidiaries, as the case may be, any sale of all or substantially all of the assets of the REIT or any of the REIT's subsidiaries, as the case may be, or the liquidation or dissolution of the REIT or any of the REIT's subsidiaries, as the case may be, (other than in each case as part of an internal reorganization of the assets of the REIT and/or any of the REIT's subsidiaries, as the case may be, as approved by the Trustees);
- (b) any amendment to the investment guidelines or any amendment contained in paragraph (b) of the REIT's operating policies, provided that the other operating policies may be amended by ordinary resolution;
- (c) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units;
- (d) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units;
- (e) the termination of the REIT; or
- (f) the constraint on the issue, transfer or ownership of Units or Special Voting Units or the change or removal of such constraint.

### ***Purchases of Units***

The REIT may from time to time purchase Units (or other securities of the REIT which may be issued and outstanding from time to time) for cancellation in accordance with the requirements of applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies.

### ***Redemption Right***

Units are redeemable at any time on demand by the Unitholders thereof upon delivery to the REIT of a duly completed and properly executed notice requesting redemption in a form approved by the Trustees specifying the number of Units to be redeemed. For Units issued in book-entry form, a Unitholder who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer, who will be required to deliver the completed redemption notice form to the REIT at its head office and to CDS. As of the close of business on the date the Units are surrendered for redemption, all rights to and under the Units tendered for redemption shall (subject to the following) be surrendered and the Unitholder thereof shall be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

- (a) 90% of the Market Price (defined below) of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) during the 10 trading day period

ending immediately prior to the date on which the Units were surrendered to the REIT for redemption; and

- (b) the Closing Market Price (defined below) of the Units on the date on which the Units were surrendered to the REIT for redemption on the principal stock exchange on which Units are listed (or, if Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading).

For the purposes of determining the Redemption Price, "Market Price" will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade during the specified trading day period; provided that if there was trading on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, "Market Price" will be the average of the following prices established for each of the trading days during the specified trading day period: the average of the last bid and ask prices for each trading day on which there was no trading and the weighted average trading prices of the Units for each trading day on which there was trading. For the purposes of determining the Redemption Price, "Closing Market Price" will be: (i) an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable market or exchange provides a closing price; (ii) an amount equal to the average of the highest and lowest prices of Units on the applicable market or exchange if there was trading on the specified date and the applicable market or exchange provides only the highest and lowest trading prices of Units traded on a particular day; or (iii) the average of the last bid and ask prices on the applicable market or exchange if there was no trading on the specified date.

The aggregate Redemption Price payable by the REIT in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by the REIT no later than the last day of the calendar month following the calendar month in which the Units were tendered for redemption, provided that the entitlement of the Unitholders to receive cash upon the redemption of their Units will not be applicable to Units tendered for redemption by a Unitholder, if:

- (a) the total amount payable in cash by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000 (the "Monthly Limit"), provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month;
- (b) on the date the Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on any stock exchange or market that the Trustees consider, in their sole discretion, to provide a representative fair market value price for the Units;
- (c) on the date the Units are tendered for redemption or if, for more than five trading days during the 10 trading day period immediately prior to the date on which such Units were tendered for redemption, the normal trading of the outstanding Units is suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading; or
- (d) the redemption of the Units will result in the delisting of the Units on the principal stock exchange on which the Units are listed.

If a Unitholder is not entitled to receive cash upon the redemption of the Units as a result of the Monthly Limit, then such holder of Units shall, instead of the Redemption Price per Unit otherwise payable in respect of such Units, be entitled to receive a price per Unit (the "In specie Redemption Price") equal to the fair market value of a Unit as determined by the Trustees, and the In specie Redemption Price shall, subject to all necessary regulatory approvals, be paid and satisfied by the REIT issuing redemption notes ("Redemption Notes") having an aggregate principal amount equal to the aggregate In specie Redemption Price of the Units tendered for redemption. In the event of distributions of Redemption Notes, each Redemption Note so distributed to the redeeming holder of Units shall be in the principal amount of \$100 or such other amount as may be determined by the Trustees. The term of such Redemption Notes would be no later than five years

and would bear an interest equal to the market rate of interest as determined at the time of issuance by the Trustees. No fractional Redemption Notes shall be distributed and where the number of Redemption Notes to be received upon redemption by a holder of Units would otherwise include a fraction, that number shall be rounded down to the next lowest whole number.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. The Redemption Notes that may be distributed in specie to Unitholders in connection with a redemption will not be listed on any stock exchange, no market is expected to develop in Redemption Notes and such Redemption Notes may be subject to an indefinite "hold period" or other resale restrictions under applicable securities laws.

### ***Issuance of Units***

Subject to the investment guidelines and operating policies of the REIT, the REIT may issue new Units and other securities of the REIT (including Special Voting Units issued in conjunction with the issuance of Exchangeable Securities) from time to time, in such manner, for such consideration and to such person, persons or class of persons as the Trustees shall determine. Unitholders do not have any pre-emptive rights whereby securities proposed to be issued are first offered to existing Unitholders.

Any income of the REIT that is unavailable for cash distribution will, to the extent necessary to ensure that the REIT does not have any income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder's share of the distribution as described below). In this case, the number of Units held by a Unitholder prior to the non-cash distribution will be deemed to represent the same number of Units held by the Unitholder after the non-cash distribution and the consolidation. Where amounts so distributed represent income, Non-Resident Unitholders will be subject to withholding tax and the consolidation will not result in such Non-Resident Unitholders holding the same number of Units.

### ***Limitation on Ownership***

The REIT will not be considered a "mutual fund trust" under the Tax Act if, among other things, it is established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act unless all or substantially all of its property is property other than "taxable Canadian property" as defined in the Tax Act. Accordingly, the Declaration of Trust and the Indenture provide that the Trustees may require declarations as to the jurisdictions in which beneficial owners of Units and Debentures are resident. The Trustees may require the REIT to refuse to accept a subscription for securities of the REIT (including Units and Debentures) from, or issue or register a transfer of securities of the REIT to, a person (including a partnership or trust) unless the person provides a declaration that the securities of the REIT to be issued or transferred to such person will not when issued or transferred be beneficially owned by a Non-Resident. The Trustees may send a notice to Non-Resident holders of Debentures or Units, chosen in inverse order to the order of acquisition or registration of the Debentures or Units, as the case may be, or in such manner as the Trustees may consider equitable and practicable, requiring them to sell such Debentures or Units or a specified portion thereof within a specified period of not less than 60 days or such shorter period as may be required to preserve the status of the REIT as a mutual fund trust under the Tax Act. If the Debenture holders or Unitholders receiving such notice have not sold the specified number of Debentures or Units, as the case may be, or provided the Trustees with satisfactory evidence that the Debentures or Units are not beneficially owned by Non-Residents within such period, the Trustees may, on behalf of such registered Debentureholder or Unitholder, as the case may be, sell such Debentures or Units and, in the interim and to the extent applicable, suspend the rights attached to such Debentures or Units.

The Trustees may take such actions as the Trustees determine, in their sole discretion, are appropriate in the circumstances that will reduce or limit the number of securities of the REIT held by Non-Residents. These restrictions may limit or remove the rights of certain Debentureholders and Unitholders, including Non-Residents. As a result, these restrictions may limit the demand for Debentures and Units from certain holders and thereby adversely affect the liquidity and market value of the Debentures and Units.

### ***Information and Reports***

The REIT will furnish to Voting Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Voting Unitholders' tax returns under the Tax Act and equivalent provincial legislation. Prior to each annual or special meeting of Voting Unitholders, the Trustees will provide the Voting Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the OBCA. In preparing its management's discussion and analysis of financial results, the REIT will provide, to the extent possible, comparative financial information.

### ***Amendments to Declaration of Trust***

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by special resolution at a meeting of the Voting Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast in respect of the amendment at a meeting of the Voting Unitholders called for such purpose. The Trustees may, without the approval of the Voting Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) the Trustees or the REIT, (ii) the status of the REIT as a "mutual fund trust" under the Tax Act, or (iii) the distribution of Voting Units, and to the extent reasonably practicable, ensuring the REIT will not be a SIFT Trust for the purposes of the SIFT Rules or any final legislation implementing the SIFT Rules;
- (b) which, in the opinion of the Trustees, provide additional protection or added benefits for the Voting Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in the Information Circular and the Declaration of Trust;
- (e) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;
- (f) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to issue Units for which the purchase price is payable on an instalment basis; or
- (g) for any purpose (except one in respect of which a vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Voting Unitholders and is necessary or desirable.

### ***Book-Based System***



Although the REIT may issue Units directly to Unitholders in registered certificate form, the Units held by most Unitholders will be represented in the form of one or more fully registered global unit certificates (the "Global Unit Certificates") held by, or on behalf of, CDS, as depository for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of such Units will be effected only through the book-based system administered by CDS. No holder of a beneficial interest in a Unit (a "Beneficial Owner") represented by a Global Unit Certificate will be entitled to a certificate or other instrument from the REIT or CDS evidencing that holder's ownership thereof, and no Beneficial Owner will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of the Beneficial Owners. CDS will be responsible for establishing and maintaining book-entry accounts for its participants having interests in the Global Unit Certificates. Sales of interests in the Global Unit Certificates can only be completed through participants in the depository services of CDS.

The REIT has the option to terminate registration of the Units through the CDS book-based system, in which case certificates for the Units in fully registered form would be issued to beneficial owners of those Units or their nominees.

### ***Term of the REIT***

The REIT has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on March 27<sup>th</sup>, 2007. On a date selected by the Trustees that is not more than two years prior to the expiry of the term of the REIT, the Trustees are obligated to commence to wind-up the affairs of the REIT so that it will terminate on the expiration of the term. In addition, at any time prior to the expiry of the term of the REIT, the Voting Unitholders may, by special resolution, require the Trustees to commence the termination, liquidation or wind-up of the affairs of the REIT.

The Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the REIT, the Trustees will give notice thereof to the Voting Unitholders, which notice shall designate the time or times at which the Voting Unitholders shall surrender their Units and Special Voting Units for cancellation and the date at which the register of Units and Special Voting Units will be closed. After the date the register is closed, the Trustees will proceed to wind up the affairs of the REIT as soon as may be reasonably practicable and for such purpose will, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Voting Unitholders, cause the REIT to fulfill or discharge the contracts of the REIT, perform or cause the auditor of the REIT to perform any final audit of the REIT's assets, cause the REIT to collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of its remaining assets, to one or more persons in one transaction or a series of transactions at public or private sale for consideration that may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and do all other acts appropriate to liquidate the REIT. After paying, retiring, discharging or making provision for payment, retirement or discharge of all known liabilities and obligations of the REIT and to provide for indemnity against any other outstanding liabilities and obligations, the Trustees will distribute the remaining part of the proceeds of the sale of the Units, the Redemption Notes and other assets comprising the REIT together with any cash forming part of the assets of the REIT among the Unitholders in accordance with their pro rata interests. If the REIT is unable to sell all or any of the Units, the Redemption Notes or other assets which comprise part of the REIT by the date set for termination, the Trustees may distribute the remaining Units, Redemption Notes or other assets in specie directly to the Unitholders in accordance with their pro rata interests subject to obtaining all required regulatory approvals.

### ***Transfer and Exchange of Units***

Transfers of beneficial ownership of Units represented by Global Unit Certificates will be effected through records maintained by the depository for such Global Unit Certificates or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver definitive Unit certificates, Beneficial Owners who are not participants in the depository's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Unit Certificates, may do so only through participants in the depository's system.

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

## **DESCRIPTION OF DEBENTURES AND INDENTURE**

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to the Indenture.

### **Debentures**

#### ***General***

The Debentures were issued under and pursuant to the provisions of the Indenture. The REIT may, from time to time, without the consent of the holders of the outstanding debentures of the REIT, issue additional debentures.

The Debentures are available for delivery in book-entry form only through the facilities of CDS. Holders of beneficial interests in the Debentures will not have the right to receive physical certificates evidencing their ownership of Debentures except under certain circumstances described under "Book-Entry System for Debentures". No fractional Debentures will be issued.

The principal amount of the Debentures is payable in lawful money of Canada or, at the option of the REIT and subject to applicable regulatory approval, by the issuance of Units as further described under "— Payment upon Redemption or Maturity". The interest on the Debentures is payable in lawful money of Canada including, at the option of the REIT and subject to applicable regulatory approval, in accordance with the Unit Interest Payment Election as described under "— Interest Payment Option". The interest on the Debentures is paid on a semi-annual basis in March and September of each year.

The Debentures are direct obligations of the REIT and are not secured by any mortgage, pledge, hypothec or other charge and are subordinated to other liabilities of the REIT as described under "— Subordination". The Indenture does not restrict the REIT from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness.

#### ***Conversion Privilege***

At a specified conversion price per Unit, the Debentures are convertible at the holder's option into fully paid and non-assessable Units at any time prior to the close of business on the earlier of the day the Debentures mature and the business day immediately preceding the date specified by the REIT for redemption of the Debentures, subject to adjustment upon the occurrence of certain events in accordance with the provisions of the Indenture. For the 2011 Debentures, holders converting their Debentures will receive accrued and unpaid interest from the last Interest Payment Date to, but not including, the date of conversion. For the 2012 Debentures and the 2013 Debentures, holders converting their Debentures will receive accrued and unpaid interest from the last Interest Payment Date to and including: (a) if the REIT is making monthly distributions to holders of the Units, the last record date set by the REIT prior to the date of conversion for determining the Unitholders entitled to receive a monthly distribution on the Units; and (b) if the REIT is not making monthly distribution to Unitholders, the date of conversion.

Subject to the provisions thereof, the Indenture provides for the adjustment of the conversion price in certain events including: (a) the subdivision or consolidation of the outstanding Units; (b) the distribution of Units or securities exchangeable or convertible into Units to holders of all or substantially all of the outstanding Units by way of distribution or otherwise; (c) the issuance of options, rights or warrants to all or substantially all holders of Units entitling them to acquire Units or other securities convertible into Units at less than 95% of the then Current Market Price of the Units; and (d) the distribution to all holders of Units of any securities or assets. There is no adjustment of the conversion price in respect of certain events described in (b), (c) or (d) above if the holders of the Debentures are allowed to participate as though they had converted their

Debentures prior to the applicable record date or effective date, as the case may be. The REIT is not required to make adjustments in the conversion price unless the cumulative effect of such adjustments would change the conversion price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Units or in the case of any consolidation, amalgamation, merger, arrangement, acquisition or business combination of the REIT with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the REIT as, or substantially as, an entirety to any other entity, or a liquidation or termination of the REIT, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture will, after such reclassification, capital reorganization, consolidation, merger, arrangement, business combination, acquisition, sale or conveyance or liquidation or termination, be entitled to receive the number of Units or other securities or property on the exercise of the conversion right such holder would be entitled to receive if on the effective date thereof, it had been the registered holder of the number of Units into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, merger, arrangement, business combination, acquisition, sale or conveyance or liquidation or termination.

No fractional Units will be issued on any conversion but in lieu thereof the REIT will satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

### ***Redemption and Purchase***

The Debentures are redeemable at the option of the REIT in certain circumstances. See " — Terms of Outstanding Debentures".

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable.

Provided that the REIT is not in default under the Indenture, the REIT will have the right to purchase Debentures in the market, by tender or by private contract.

### ***Payment upon Redemption or Maturity***

On the date of redemption or maturity, the REIT will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, together with accrued and unpaid interest thereon. The REIT may, at its option, on not more than 60 and not less than 40 days prior notice, subject to applicable regulatory approval and provided no Event of Default has occurred and is continuing, elect to satisfy its obligation to pay the principal amount of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on maturity, as the case may be, by issuing freely tradeable Units to the holders of the Debentures. The number of Units to be issued will be determined by dividing the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured by 95% of the Current Market Price of the Units on the date of redemption or maturity, as the case may be.

No fractional Units will be issued on redemption or maturity but in lieu thereof the REIT shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

### ***Cancellation***

All Debentures converted, redeemed or purchased will be cancelled and may not be reissued or resold.

### ***Subordination***

The payment of the principal of, and interest on, the Debentures is subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness. Subject to statutory or preferred exceptions or as may be specified by the terms of any particular securities, each debenture issued under the Indenture ranks *pari passu* with each other debenture except for sinking fund provisions (if any) applicable to different series of debentures.

The Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the REIT, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the REIT, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the REIT, then those holders of Senior Indebtedness will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture also provides that the REIT will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without any limitation by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures, (b) at any time when a default, an event of default or an acceleration has occurred under any credit facility of the REIT, as amended, restated or replaced from time to time, or (c) at any time when a default with respect to any Senior Indebtedness permitting the holders thereof to accelerate the maturity thereof has occurred under the Senior Indebtedness and is continuing and the notice of the event of default has been given by or on behalf of the holders of Senior Indebtedness to the REIT, unless the Senior Indebtedness has been repaid in full.

The Debentures are also effectively subordinate to claims of creditors of the REIT and the REIT's subsidiaries relating to all indebtedness, liabilities and obligations of the REIT or its subsidiaries for the payment of which the REIT is responsible or liable, whether absolutely or contingently. Specifically, the Debentures are subordinated and postponed in right of payment to the prior payment in full of all indebtedness under any credit facility of the REIT.

### ***Change of Control of the REIT***

Within 30 days following the occurrence of a Change of Control, the REIT will be required to make an offer in writing to purchase all of the Debentures then outstanding (the "Debenture Offer"), at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon (the "Debenture Offer Price"). A "Change of Control" is defined in the Indenture as the acquisition by any Person, or group of Persons acting jointly or in concert, of voting control or direction over an aggregate of 66-2/3% or more of the outstanding Units of the REIT or securities convertible into or carrying the right to acquire Units of the REIT.

The Indenture contains notification and repurchase provisions requiring the REIT to give written notice to the Debenture Trustee of the occurrence of a Change of Control within 30 days of such event together with the Debenture Offer. The Debenture Trustee will thereafter promptly mail to each holder of Debentures a notice of the Change of Control together with a copy of the Debenture Offer to repurchase all the outstanding Debentures.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the REIT pursuant to the Debenture Offer, the REIT will have the right to redeem all the remaining Debentures at the Debenture Offer Price. Notice of such redemption must be given by the REIT to the Debenture Trustee within ten days following the expiry of the Debenture Offer, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Debenture Offer.

### ***Interest Payment Option***

Unless an Event of Default has occurred and is continuing, the REIT may elect, from time to time, subject to applicable regulatory approval, to satisfy its obligation to pay interest on the Debentures (the "Interest

Obligation”), on an Interest Payment Date, (i) in cash; (ii) by delivering sufficient freely tradeable Units to the Debenture Trustee, for sale, to satisfy the Interest Obligation on the Interest Payment Date, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Units (the “Unit Interest Payment Election”); or (iii) any combination of (i) and (ii) above.

The Indenture provides that, upon the REIT making a Unit Interest Payment Election, the Debenture Trustee shall (i) accept delivery from the REIT of Units; (ii) accept bids with respect to, and consummate sales of, such Units, each as the REIT shall direct in its absolute discretion through the investment banks, brokers or dealers identified by the REIT; (iii) invest the proceeds of such sales in securities issued or guaranteed by the Government of Canada which mature prior to the applicable Interest Payment Date, and use the proceeds received from investment in such permitted government securities, together with any additional cash provided by the REIT, to satisfy the Interest Obligation; and (iv) perform any other action necessarily incidental thereto.

The Indenture sets forth the procedures to be followed by the REIT and the Debenture Trustee in order to effect the Unit Interest Payment Election. If a Unit Interest Payment Election is made, the sole right of a holder of Debentures in respect of interest will be to receive a cash payment equal to the interest owed on their Debentures from the Debenture Trustee out of the proceeds of the sale of Units (plus any amount received by the Debenture Trustee from the REIT) in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the REIT in respect of the Interest Obligation.

Neither the REIT’s making of the Unit Interest Payment Election nor the consummation of sales of Units will (a) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date; or (b) entitle such holders to receive any Units in satisfaction of the Interest Obligation.

#### ***Events of Default***

The Indenture provides that an event of default (“Event of Default”) in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (a) failure for 15 days to pay interest on the Debentures when due, (b) failure to pay principal or premium, if any, on the Debentures when due whether at maturity, upon redemption, by declaration or otherwise (whether such payment is due in cash, Units or other securities or property or a combination thereof), (c) if a decree or order of a court having jurisdiction is entered adjudging the REIT a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the REIT, or appointing a receiver of, or of any substantial part of, the property of the REIT or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days, (d) if the REIT institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the REIT or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due, (e) if a resolution is passed for the winding-up or liquidation of the REIT, except in the course of carrying out or pursuant to a transaction in respect of which certain conditions are duly observed and performed, (f) if, after the date of the Indenture, any proceedings with respect to the REIT are taken with respect to a compromise or arrangement with respect to creditors of the REIT generally, under the applicable legislation of any jurisdiction, (g) default in the delivery, when due, of all cash and any Units or other consideration payable on conversion with respect to the Debentures, which default continues for 15 days, (h) the REIT fails to comply with the restrictions on amalgamation, merger and sale of certain assets pursuant to Article 12 of the Indenture, or (i) default in the observance or performance of a material covenant contained in certain sections of the Indenture regarding covenants of the REIT by the REIT for a period of 30 days after notice in writing has been given by the Debenture Trustee to the REIT specifying such default and requiring the REIT to remedy such default. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon request of holders of not less than 25% in principal amount of the debentures issued under the Indenture, declare the principal of and interest on all outstanding

debentures issued under the Indenture to be immediately due and payable. In certain cases, the holders of debentures representing more than 50% of the outstanding principal amount of the debentures issued under the Indenture may, on behalf of the holders of all the debentures issued under the Indenture, waive any Event of Default and/or cancel any such declaration upon such terms as such holders shall prescribe.

### ***Offers for Debentures***

The Indenture contains provisions to the effect that if an offer is made for Debentures which would be a take-over bid for Debentures within the meaning of MI 62-104 if Debentures were considered equity securities and not less than 90% of the debentures issued under the Indenture (other than debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the debentures issued under the Indenture held by the holders of debentures issued under the Indenture who did not accept the offer on the terms offered by the offeror.

### ***Modification***

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture contains certain provisions which will make binding on all Debentureholders resolutions passed at meetings of the holders of debentures by votes cast thereat by holders of debentures representing not less than 66 2/3% of the principal amount of the debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of debentures of each affected series.

### ***Book-Entry System for Debentures***

Except as described below, the Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS (a "Participant"). The Debenture Trustee caused the Debentures to be delivered to CDS and registered in the name of its nominee.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Debentures (a "Beneficial Debenture Owner") will not be entitled to receive a certificate for Debentures, or, unless requested, for the Units issuable on the conversion of the Debentures. Purchasers of Debentures will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Debentures will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Debentures are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Debentures will be made only through the depository service of CDS.

Investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Debenture Owners thereof in fully registered and certificate form (the "Debenture Certificates") only if: (a) required to do so by applicable Law; (b) the book-entry only system ceases to exist; (c) CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the REIT is unable to locate a qualified successor; (d) the REIT, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default, Participants acting on behalf of Beneficial Debenture Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no

longer in their best interest provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Debenture Owners, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the global certificates representing the Debentures, and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the REIT will recognize the holders of such Debenture Certificates as Debentureholders under the Indenture.

Interest on the Debentures will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the REIT and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Units if applicable, and the interest due, at maturity or on a redemption date, will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Units if applicable, and interest due, at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Indenture.

The REIT will not assume any liability for: (a) any aspect of the records relating to the Beneficial Debenture Owners or the Debentures held by CDS or any payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Debenture Owners must look solely to Participants for any payments relating to the Debentures, paid by or on behalf of the REIT to CDS.

### ***Reports to Holders of Debentures***

The REIT shall file with the Debenture Trustee, within 15 days after the filing thereof with the securities commission or securities regulatory authority in the provinces and territories in which the REIT is a reporting issuer (the "Securities Commissions"), copies of the REIT's information, documents and other reports that the REIT is required to file with the Securities Commissions and deliver to Unitholders. Notwithstanding that the REIT may not be required to remain subject to the reporting requirements of the Securities Commissions, the REIT shall provide to the Debenture Trustee (a) within 90 days after the end of each fiscal year (or such later date as may be permitted by the principal Canadian securities regulator for the REIT), the annual financial statements of the REIT, and (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year (or such later date as may be permitted by such regulator), interim financial statements of the REIT which shall, at a minimum, contain such information as is required to be provided in annual filings and quarterly reports under the laws of Canada or any province thereof to security holders of a reporting issuer with securities listed on the Exchange, whether or not the REIT has any of its securities so listed. Each of such reports will be prepared in accordance with Canadian disclosure requirements for Canadian reporting issuers. The REIT will provide copies of such information, documents and reports to holders of Debentures upon request.

### ***Governing Law***

Each of the Indenture and the Debentures are governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein applicable to contracts executed and to be performed entirely in such Province.

### ***Terms of Outstanding Debentures***

Series	Principal Amount	Date Issued	Maturity Date	Interest Rate	Conversion Price	Redemption
2011 Debentures	\$28,750,000	March 8, 2011	March 31, 2016	8.0%	\$8.80	On or after March 31, 2014 and prior to March 31, 2015, in whole or in part at the option of the REIT, at a price equal to their principal amount plus accrued unpaid interest, provided that the volume weighted average of the Units on the TSX during the 20 consecutive trading days ending on the fifth day prior to the date of the notice of redemption is at least 125% of conversion price. Redeemable in whole or in part from time to time on and after March 31, 2015 and prior to maturity at a price equal to their principal amount plus accrued and unpaid interest.
2012 Debentures	\$34,500,000	September 5, 2012	September 30, 2017	6.0%	\$10.35	On or after September 30, 2015 and prior to September 30, 2016, in whole or in part at the option of the REIT, at a price equal to their principal amount plus accrued unpaid interest, provided that the volume weighted average of the Units on the TSX during the 20 consecutive trading days ending on the fifth day prior to the date of the notice of redemption is at least 125% of conversion price. Redeemable in whole or in part from time to time on and after September 30, 2016 and prior to maturity at a price equal to their principal amount plus accrued and unpaid interest.
2013 Debentures	\$23,000,000	March 12, 2013	March 31, 2018	5.5%	\$10.25	On or after March 31, 2016 and prior to March 31, 2017, in whole or in part at the option of the REIT, at a price equal to their principal amount plus accrued unpaid interest, provided that the volume weighted average of the Units on the TSX during the 20 consecutive trading days ending on the fifth day prior to the date of the notice of redemption is at least 125% of conversion price. Redeemable in whole or in part from time to time on and after March 31, 2017 and prior to maturity at a price equal to their principal amount plus accrued and unpaid interest.



### MARKET FOR SECURITIES

The Units are listed and posted for trading on the TSX under the symbol “PAR.UN”. Prior to April 3, 2012, the Units were listed and posted for trading on the TSXV. The following table sets forth, for the periods indicated, the reported high and low closing trading prices and aggregate volume of trading of the Units on the TSX and the TSXV, as applicable, adjusted in each case for the Consolidation.

<b>Period</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume (#)</b>
<b>2012</b>			
January .....	7.96	7.28	360,217
February .....	7.36	7.04	1,318,606
March .....	7.39	7.26	1,221,621
April .....	7.48	7.15	801,923
May .....	7.69	7.35	1,743,675
June .....	7.40	7.28	1,145,545
July .....	7.85	7.38	1,033,546
August .....	8.37	7.58	1,050,555
September .....	8.60	8.11	1,075,182
October .....	8.56	8.03	1,292,075
November .....	8.15	7.40	1,286,746
December .....	8.15	7.72	877,943
<b>2013</b>			
January .....	8.17	7.70	1,677,143
February .....	8.07	7.65	952,753
March 1- 27 .....	8.05	7.53	865,636

The 2011 Debentures are listed and posted for trading on the TSX under the symbol “PAR.DB”. Prior to April 3, 2012, the 2011 Debentures were listed and posted for trading on the TSXV. The following table sets forth, for the periods indicated, the reported high and low closing trading prices and aggregate volume of trading of the 2011 Debentures on the TSX and the TSXV, as applicable.

<b>Period</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume (\$)</b>
<b>2012</b>			
January .....	103.00	101.00	346,000
February .....	103.05	102.50	104,000
March .....	103.50	102.50	126,000
April .....	103.50	102.55	1,030,000
May .....	106.10	103.00	248,000
June .....	106.00	102.60	327,000
July .....	108.00	102.99	297,000
August .....	109.90	106.50	679,000
September .....	109.75	107.50	664,000
October .....	109.74	108.00	1,184,000
November .....	108.68	106.00	1,269,000

<b>Period</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume (\$)</b>
December .....	107.00	105.50	258,500
<b>2013</b>			
January .....	109.00	106.10	234,000
February .....	107.50	106.15	176,000
March 1 - 27 .....	107.50	105.03	460,000

On September 5, 2012, the 2012 Debentures were listed and posted for trading on the TSX under the symbol "PAR.DB.A". The following table sets forth, for the periods indicated, the reported high and low closing trading prices and aggregate volume of trading of the 2012 Debentures on the TSX.

<b>Period</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume (\$)</b>
<b>2012</b>			
September 5 - 30 .....	103.00	101.60	6,217,000
October .....	105.99	103.00	767,000
November .....	103.25	101.00	681,000
December .....	103.00	101.85	632,000
<b>2013</b>			
January .....	105.50	101.75	409,000
February .....	104.00	102.00	284,000
March 1- 27 .....	102.50	101.57	508,000

On March 12, 2013, the 2013 Debentures were listed and posted for trading on the TSX under the symbol "PAR.DB.B". The following table sets forth, for the periods indicated, the reported high and low closing trading prices and aggregate volume of trading of the 2013 Debentures on the TSX.

<b>Period</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume (\$)</b>
<b>2013</b>			
March 1- 27 .....	100.65	99.50	2,536,000

## PRIOR SALES

### Exchangeable Limited Partnership Units

In connection with the acquisition of 137th Avenue in December of 2011, the REIT issued 287,500 exchangeable limited partnership units, with a value of \$2.07 million or \$7.20 per Unit. Each exchangeable limited partnership unit is exchangeable on a one-for-one basis into Units, at, among other circumstances, the option of the non-controlling partner.

## TRUSTEES AND OFFICERS

### Board of Trustees

#### *General*

The investment guidelines and operating policies of the REIT are subject to the control and direction of the Board of Trustees, a majority of whom must be resident Canadians and a majority of whom must be Independent Trustees. The Manager provides the officers, advisory, asset management and administrative services to the REIT, pursuant to the Management Agreement.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on directors of a corporation governed by the OBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the REIT and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

#### *Conflict of Interest Restrictions and Provisions*

The Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the OBCA, that require each Trustee to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to (i) his or her remuneration as a Trustee, director or officer of the REIT or a subsidiary thereof, or (ii) insurance or indemnity.

#### *Mandate of the Board of Trustees*

The role of the REIT’s Board of Trustees is one of stewardship and oversight of the REIT and its business. The Board of Trustees is responsible for overseeing management and approving major decisions. In fulfilling its mandate, the Board of Trustees is responsible, among other things, for: (i) participating in the development of and approving the strategy of the REIT; (ii) identifying and managing risk exposure; (iii) ensuring the integrity and adequacy of the REIT’s internal controls and management information systems; (iv) defining the roles and responsibilities of management (including the Manager); (v) reviewing and approving the business and investment objectives to be met by management of the REIT; (vi) assessing the performance of management; (vii) reviewing the REIT’s debt management strategy; (viii) succession planning; (ix) ensuring effective and adequate communication with the Unitholders and other stakeholders as well as the public at large; and (x) establishing committees of the Board of Trustees, where required or prudent, and defining their mandate.

#### *Relationship of the Board of Trustees and Management*

The REIT’s Board of Trustees has in place appropriate structures to ensure that it can function independently of management, including the requirement that all committees, with the exception of the audit committee, be comprised of a majority of Independent Trustees. The audit committee will be comprised entirely of Independent Trustees.

The responsibilities of the Chair of the Board of Trustees, Louis Maroun, include overseeing the Board of Trustee’s discharge of its responsibilities. The Chair’s role and responsibility is to manage the affairs of the Board of Trustees and monitor its effectiveness.

Management's responsibilities are determined by the REIT's Board of Trustees. All major policy decisions relating to the business of the REIT are made by the Board of Trustees or a committee thereof.

### ***Corporate Governance of the REIT***

The REIT's governance committee is comprised of two Independent Trustees. The governance committee consists of Saul Shulman and Tim O'Neill, with Saul Shulman serving as Chair. The governance committee is responsible for assessing the effectiveness of the Board of Trustees, each of its committees and individual Trustees, assessing the performance of management and overseeing the recruitment and selection of candidates as Trustees.

### ***Audit Committee***

Form 52-110F1 – *Audit Committee Information Required in an AIF* is attached to this Annual Information Form as "Schedule A".

The REIT's audit committee is comprised of the five Independent Trustees. The audit committee consists of Paul Dykeman, John van Haastrecht, Louis Maroun, Tim O'Neill and Saul Shulman, with Mr. Dykeman serving as Chair. All members of the audit committee are financially literate. The audit committee assists the Trustees in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of the REIT, the adequacy of internal accounting controls and procedures, and the quality and integrity of financial statements of the REIT. In addition, the audit committee is responsible for directing the auditors' examination of specific areas and for the selection of independent auditors to be appointed by the holders of Voting Units.

### ***Remuneration of Trustees***

Each of the Trustees who are not officers of the REIT, and is a Chair of a committee, receive from the REIT an annual retainer initially in the amount of \$25,000 per year plus a fee of \$1,000 for each meeting of the Trustees attended; otherwise, the annual retainer is \$20,000 per year plus a fee of \$1,000 for each meeting of the Trustees attended. The Chair of the Board of Trustees also receives an annual honorarium of \$25,000. Trustees are also reimbursed for reasonable travel and other expenses incurred by them in attending meetings of the Trustees or any committee meeting thereof or in connection with their services as Trustees. The Trustees may also be granted Unit Options from time to time.

### ***Trustees and Officers***

The following table sets forth the name of each Trustee and executive officer of the REIT, their province or state and country of residence, their position(s) with the REIT, their principal occupation during the preceding five years, the date they first became a Trustee, and the number of Securities held, directly or indirectly, by such Trustee or officer of the REIT.

<b>Name and Residence</b>	<b>Position(s) with the REIT</b>	<b>Principal Occupation During Past Five Years</b>	<b>Trustee/ Officer Since<sup>(1)</sup></b>	<b>Number of Securities Owned/ Controlled</b>
Louis Maroun <sup>(2)(4)</sup> Devonshire, Bermuda	Chair and Trustee	Executive Chairman of Sigma Real Estate Advisors LLP/ Sigma Capital Corporation since 2009. From 2006 to 2009 Mr. Maroun was the Executive Chairman and Real Estate Advisor and Asset Manager of ING Real Estate Canada. Prior to that, Mr. Maroun served as Chief Executive Officer to Summit Real Estate Investment Trust (2002 to 2006).	June 2010	84,600 <sup>(9)(13)</sup>
Patrick Miniutti Victoria, British Columbia	Trustee and President of the REIT	Since September 2009, Mr. Miniutti has been the Chief Financial Officer of League Assets Corp. From 2001 to August 2009, Mr. Miniutti served as Managing Director of Sunset Realty Services, a financial and management advisory services firm.	Trustee since June 2010; Chief Operating Officer since September 2010	10,026 <sup>(9)</sup> 153,750 <sup>(10)</sup> 795,741 <sup>(12)</sup>
Heather Routly Victoria, British Columbia	Chief Financial Officer of the REIT	Prior to her appointment as interim CFO, Ms. Routly was the Chief Accounting Officer for the REIT. Prior to this, Ms. Routly held positions as Manager of Accounting at CellFor Inc., Manager of Financial Reporting at Aspreva Pharmaceuticals Corp., and Manager, Assurance at KPMG LLP.	February 2013	Nil
Edward W. Boomer Toronto, Ontario	Chief Investment Officer of the REIT	Edward W. Boomer previously held positions with Kimco Realty Corp as Managing Director of Canadian Operations and GE Real Estate as Vice-President and Operations Manager. Mr. Boomer currently sits on the Board of Directors for Timbercreek Mortgage Investment Corporation.	March 2013	45,000 <sup>(10)</sup>

<b>Name and Residence</b>	<b>Position(s) with the REIT</b>	<b>Principal Occupation During Past Five Years</b>	<b>Trustee/ Officer Since<sup>(1)</sup></b>	<b>Number of Securities Owned/ Controlled</b>
Peter D. Morris Victoria, British Columbia	Chief Operating Officer	Prior to his joining the REIT Mr. Morris was Founding Principal and Lead Consultant of Greenstead Group LLC, an international real estate asset management and development consulting firm. Prior to this, Mr. Morris was Senior Vice President, Management Services for Colliers International from 1997 to 2009, and held senior management positions with Brookfield Properties, Marathon Realty and the Cadillac Fairview Corporation.	October 2012	Nil
Adam Gant Victoria, British Columbia	Chief Executive Officer of the REIT	Mr. Gant is Founding Partner of League Assets Corp., which was started in 2005, and was instrumental in the founding of IGW REIT and IGW REIT LP in 2007.	Trustee since August 2010; Chief Executive Officer since September 2010	3,196,965 <sup>(8)</sup> 9,650 <sup>(9)</sup> 163,750 <sup>(10)</sup> 795,741 <sup>(12)</sup>
John van Haastreht <sup>(2)(5)</sup> Toronto, Ontario	Trustee	Mr. van Haastreht is currently the President of Vanreal Ltd., an operator and developer of commercial retail shopping centres that was founded by Mr. van Haastreht in 2001.	March 2007	25,110 <sup>(9)</sup> 100 <sup>(11)</sup>
Saul Shulman <sup>(2)(6)</sup> Toronto, Ontario	Trustee	Since January 1, 2005, Mr. Shulman has been the Chief Executive Officer of MLG Management Inc.	March 2009	18,301 <sup>(9)</sup> 100 <sup>(11)</sup>
Paul Dykeman <sup>(2)(3)</sup> Dartmouth, Nova Scotia	Trustee	Mr. Dykeman is the Chief Executive Officer of Summit Industrial Income REIT and Sigma Real Estate Advisors LLP. From 2006 to 2009, Mr. Dykeman was Chief Executive Officer of ING Real Estate Canada. Prior to that Mr. Dykeman served as Chief Financial Officer to Summit Real Estate Investment Trust.	September 2010	57,381 <sup>(9)</sup> 100 <sup>(11)</sup>

Name and Residence	Position(s) with the REIT	Principal Occupation During Past Five Years	Trustee/ Officer Since <sup>(1)</sup>	Number of Securities Owned/ Controlled
Dr. Tim O'Neill <sup>(2)(7)</sup> Sydney, Nova Scotia	Trustee	Dr. O'Neill is founder and president of O'Neill Strategic Economics and recently served as Visiting Professor in The Fuqua Business School at Duke University. He was also appointed the first H. Ian MacDonald Visiting Economist in the Ontario Ministry of Finance in June, 2005 and served in that role until May, 2007. Dr. O'Neill served as Executive Vice President & Chief Economist of the Bank of Montréal from 1994 to 2005. He joined the Bank of Montréal in 1993 as Senior Vice President and Deputy Chief Economist.	July 2012	Nil

Notes:

- (1) Under the Declaration of Trust, each Trustee holds office until the next annual meeting of Unitholders.
- (2) Member of the Board of Trustees' Audit Committee.
- (3) Chair of the Board of Trustees' Audit Committee.
- (4) Chair of the Board of Trustees.
- (5) Chair of the Board of Trustees' Investment Committee.
- (6) Chair of the Board of Trustees' Governance Committee.
- (7) Member of the Board of Trustees' Governance Committee.
- (8) 3,196,965 Units are held by IGW Public, an entity controlled by Mr. Gant.
- (9) Number of Units owned or controlled.
- (10) Number of Unit Options owned or controlled presented as the number of underlying Units.
- (11) Number of \$1,000 face value Debentures owned or controlled.
- (12) Mr. Miniutti and Mr. Gant are beneficiaries of a discretionary trust that owns 50% of the shares of Green Tree Capital Management Corp, which in turn indirectly owns 795,741 Units.
- (13) 27,500 Units of the 84,600 Units are registered in the name of Mr. Maroun's spouse.

As of March 27, 2013, the Trustees and officers of the REIT as a group, directly or indirectly, beneficially own or exercise voting control over 4,197,774 Units, representing approximately 16.3% of the issued and outstanding Units.

The following are biographies of the Trustees and officers of the REIT:

**Louis Maroun** — Louis Maroun is the Chair of the Board of Trustees. Mr. Maroun became a Trustee of the REIT in June 2010, and was appointed Chair of the Board of Trustees on September 13, 2010. Mr. Maroun began his real estate career in 1982 following seven years with the Nova Scotia Department of the Attorney General. In 1996 he launched Summit Real Estate Investment Trust, and under his tenure as Chief Executive Officer, Summit grew to become one of Canada's largest REIT's and the country's largest publicly-traded owner and manager of industrial real estate with approximately \$3.5 billion in assets. Following Summit's successful privatization by ING Real Estate in 2006, he became Executive Chairman of ING Real Estate Canada until 2009. Mr. Maroun is currently Executive Chairman of Sigma Real Estate Advisors LLP, an investment advisory firm specializing in the Canadian, United States and Bermuda real estate markets. He is also a Board member and Lead Director of Acadian Timber Income Fund, and an advisor to and board member of two emerging Canadian technology companies.

**Patrick Miniutti** — Patrick Miniutti is a Trustee and President of the REIT. Mr. Miniutti became a Trustee of the REIT on June 4, 2010 and was appointed Chief Operating Officer on September 10, 2010. Patrick Miniutti is an accomplished executive with a broad range of proven skills and talents. From his early days in public accounting at KPMG to his more recent executive-level operating and finance role as LAC's Chief Financial Officer and Chief Operating Officer, Mr. Miniutti has distinguished himself by directing a ground-breaking IPO and consistently delivering higher-than-expected returns for shareholders.

Most recently, Mr. Miniutti served as Managing Director with Sunset Realty Services, a financial and management advisory services firm, which assisted in the acquisition and asset management of community and outlet centres and the development and management of low income and multi-family housing. Prior to this, he served concurrently as Executive Vice President, Chief Financial Officer and Chief Operating Officer and also on the Board of Directors for Konover Property Trust, a public company which owned, developed and managed grocery-anchored centres and outlet centres. Mr. Miniutti has also served as: Executive Vice President, Chief Financial Officer and as a Director on the Board for Crown American Realty Trust, a public company and an operator of regional malls; Chief Financial Officer at New Market Companies, one of the first developers of power centres; Executive Vice President, Chief Operating Officer and Chief Financial Officer of Western Development Corporation (predecessor to The Mills Corporation, owner and developer of Mills Malls); and, Vice President-Financial Services and Chief Accounting Officer for Cadillac Fairview Corporation's Urban Business Unit, a public company and a developer and owner of office and mixed-used properties. He began his career in accounting with KPMG and then moved to Kenneth Leventhal & Company, where he continued to specialize in commercial and residential real estate.

Mr. Miniutti has a Bachelor of Science degree in Accounting from the University of Bridgeport and substantially completed his MBA studies at Michigan State University. He is a Certified Public Accountant and was a member of the AICPA's Real Estate Accounting Committee.

**Heather Routly** — Heather Routly is the Chief Financial Officer of the REIT. Ms. Routly has fifteen years of experience in accounting and finance, serving as Manager of Accounting at CellFor Inc., Manager of Financial Reporting at Aspreva Pharmaceuticals Corp., and Manager, Assurance at KPMG LLP. Prior to her appointment as interim CFO she was the Chief Accounting Officer for the REIT. She has a Bachelor of Business Administration degree from Simon Fraser University, a Masters of Professional Accounting degree from the University of Saskatchewan, and received her Chartered Accountant designation in 2006.

**Edward W. Boomer** — Edward W. Boomer is the Chief Investment Officer of the REIT. Mr. Boomer has over 20 years of experience in commercial real estate including as the Founder and President of Reference Realty Inc. which has closed over \$200 million in commercial real estate transaction in the last 18 months. Prior to establishing Reference Realty Inc., Ed held leadership positions including as Managing Director, Canadian Operations for Kimco Realty Corp. and Vice-President & Operations Manager for GE Real Estate and



currently sits on the Board of Directors of Timbercreek Mortgage Investment Corporation. Ed holds a LLB from Queen's University and a Bachelor of Arts (Economics) from Glendon College. Ed has been a Member of The Law Society of Upper Canada since 1991.

**Peter D. Morris** — Peter D. Morris is the Chief Operating Officer of the REIT. Prior to his joining the REIT he was Founding Principal and Lead Consultant of Greenstead Group LLC, an international real estate asset management and development consulting firm. Prior to this, Mr. Morris was Senior Vice President, Management Services for Colliers International from 1997 to 2009, and held senior management positions with Brookfield Properties, Marathon Realty and the Cadillac Fairview Corporation.

**Adam Gant** — Adam Gant is the Chief Executive Officer of the REIT. Mr. Gant became a Trustee of the REIT on August 12, 2010, and was appointed as Chief Executive Officer on September 10, 2010. Mr. Gant co-founded LAC in 2005 and serves as LAC's Chief Executive Officer. He also serves as Chief Executive Officer of the Manager and has worked primarily for the League group of companies for the last five years. Mr. Gant is a real estate entrepreneur with a special interest in the financial aspects and mathematical analysis of real estate economics and valuation.

Mr. Gant has been a board member and part owner of a number of corporations offering a range of products and services in the real estate sector, and as a licensed broker, where he used his experience gained while a licensed commercial real estate agent in British Columbia (2004-2007). Among these are a property management company, a financing company, a real estate investment company, and a residential construction company.

Mr. Gant was instrumental in the founding of IGW REIT and IGW REIT LP in 2007. Since January 2004, he has engaged in organizing over 30 other limited partnerships and has overseen the acquisition or sale of properties in Canada having an aggregate market value of \$1.5 billion consisting of light industrial properties, multi-unit residential properties, commercial premises and shopping mall properties.

**John van Haastrecht** — John van Haastrecht is a Trustee. Mr. van Haastrecht is a Chartered Director and is currently the President of Vanreal Ltd., an operator and developer of commercial retail shopping centres that was founded by Mr. van Haastrecht in 2001. Prior to that, Mr. van Haastrecht was a trustee and the President and Chief Executive Officer of Morguard Real Estate Investment Trust, a publicly traded real estate investment trust. In addition to his business activities, Mr. van Haastrecht was also past President of the Board of the Royal Military College Foundation. Mr. van Haastrecht graduated from the Royal Military College with an Applied Science Degree.

**Saul Shulman** — Saul Shulman is a Trustee. Since January 1, 2005, Mr. Shulman has been the Chief Executive Officer of MLG Management Inc. Prior to this, he was a partner at Goodman and Carr LLP for 39 years. He is a former Trustee and member of the Audit Committee of Brookfield Renewable Power Trust, a renewable power company, a former director of the Advisory Board of Brookfield Renewable Power Inc.; former director and member of the Audit Committee, as well as lead director, of Brookfield Asset Management; a director of Tricon Capital Group Inc., a leading provider of equity and mezzanine loans to North America's real estate development industry and a director of 1281216 Ontario Inc. (Castlemore Golf & Country Club/Intracorp Developments Ltd.), a residential developer. He also serves as a chairman for a number of private companies. Mr. Shulman is a former trustee of Summit Real Estate Investment Trust (now ING Real Estate Investment Trust), a public real estate investment trust and has previously held directorship positions with: Brookfield Asset Management, a public real estate, hydro and asset management company; Brookfield Power Inc., a power operation; and JDS Investment Limited, a public real estate company. In 1983, Mr. Shulman was appointed as Special Counsel to the Board of Directors of Mascan Corp. (the Board was appointed by the Supreme Court of Ontario), a publicly traded property developer. Mr. Shulman earned a law degree from Osgoode Hall in 1963 and was appointed Queen's Counsel in 1984. He also earned a Bachelor of Commerce degree from the University of Windsor in 1960.

**Paul Dykeman** — Paul Dykeman is a Trustee and Chairman of the Audit Committee of the REIT. Mr. Dykeman became a Trustee of the REIT on September 20, 2010. Mr. Dykeman began his real estate career in 1990 as Controller of Roycom, a pension and mutual fund real estate advisor. Prior to this he spent six

years in a variety of increasingly senior roles with an international audit and accounting firm. In 1996, he, along with Mr. Maroun, launched Summit REIT and was appointed the REIT's Chief Financial Officer in 1998. With Summit's acquisition by ING Real Estate in 2006, Mr. Dykeman was appointed Chief Executive Officer of ING Real Estate Canada, responsible for all aspects of the Company's operations, including real estate transactions, investment and property management, finance and the Company's strategic direction. Currently, Mr. Dykeman is the Chief Executive Officer of Summit Industrial Income REIT, an open ended trust in the business of acquiring and developing industrial real estate properties for leasing purposes, and the Chief Executive Officer of Sigma Real Estate Advisors LLP, an investment advisory firm specializing in the Canadian, United States and Bermuda real estate markets. Mr. Dykeman is a member of the Real Property Association of Canada (RealPAC) and the Institute of Chartered Accountants of Nova Scotia.

**Dr. Tim O'Neill** – Dr. Tim O'Neill is a Trustee. He is the founder and president of O'Neill Strategic Economics and recently served as Visiting Professor in The Fuqua Business School at Duke University. He was also appointed the first H. Ian MacDonald Visiting Economist in the Ontario Ministry of Finance in June, 2005 and served in that role until May, 2007. Dr. O'Neill served as Executive Vice President & Chief Economist of the Bank of Montréal from 1994 to 2005. He joined the Bank of Montréal in 1993 as Senior Vice President and Deputy Chief Economist. Prior to joining the bank, Dr. O'Neill held the position of President of the Atlantic Provinces Economic Council from 1988 to 1993.

For 12 years before that, he taught in the Department of Economics at St. Mary's University in Halifax. He has served as a consultant to several provincial governments, as well as to the Canadian federal government. Dr. O'Neill received his B.A. degree (with Honours) at St. Francis Xavier University, his M.A. at the University of British Columbia, and his Ph.D. at Duke University. In his teaching, research and consulting activities, Dr. O'Neill has focused extensively on the structure and performance of the North American economy. Areas covered in his publications and public presentations have ranged from macroeconomic forecasts and assessment of key sectors of the economy, to examination of broader themes such as the economic impact of low literacy skills and the political economy of globalization. Dr. O'Neill is a Director and the Chair of the Independent Electricity System Operator (Ontario) and a Director of the Canadian Employment Insurance Financing Board. He serves on the board of the United Church of Canada Foundation. He was a member of the Economic Advisory Panel for the Province of Nova Scotia in 2009. Dr. O'Neill was the first Canadian economist to be elected to the Board of Governors of the Washington-based National Association for Business Economics (NABE) and served as Vice President in 2001-02. In October 2002, Dr. O'Neill was elected President and completed his term in September 2003.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as follows, no Trustee or executive officer of the REIT is, as at the date hereof, or was within 10 years before the date hereof, a trustee, director, chief executive officer or chief financial officer of any trust or company (including the REIT) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that (a) was in effect for a period of more than 30 consecutive days (a "Cease Trade Order") that was issued while the Trustee or executive officer was acting in the capacity as trustee, director, chief executive officer or chief financial officer of such issuer, or (b) was subject to a Cease Trade Order that was issued after the Trustee or executive officer ceased to be a trustee, director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as trustee, director, chief executive officer or chief financial officer. Mr. Gant is, and was at the time of the orders described below, a director and officer of Colwood City Centre GP Inc., the general partner of Cityzen Properties Limited Partnership ("CPLP") (currently known as Colwood City Centre Limited Partnership and Capital City Centre Limited Partnership); League REIT Investco Inc., the trustee of IGW Real Estate Investment Trust ("IGW REIT"); and IGW Properties GP I Inc., the general partner of IGW Properties Limited Partnership I ("IGW LP"). On December 21, 2007, the BCSC issued Cease Trade Orders against the securities of CPLP, IGW REIT and IGW LP. The Cease Trade Orders were issued on the basis that an offering memorandum of each entity was not prepared in the form required under British Columbia's securities legislation. These orders were revoked by the BCSC after each entity filed an updated offering memorandum and made a rescission offer to investors. An additional Cease Trade Order was subsequently issued against the securities of IGW REIT on the basis that its amended offering memorandum was not prepared in the form required under British

Columbia's securities legislation. The BCSC revoked this order after IGW REIT filed an updated offering memorandum.

No Trustee or executive officer of the REIT nor, to the knowledge of the REIT, any Unitholder holding a sufficient number of securities of the REIT to affect materially the control of the REIT (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a trustee, director or executive officer of any trust or company (including the REIT) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such trustee, director, executive officer or securityholder.

No Trustee or executive officer of the REIT nor, to the knowledge of the REIT, any Unitholder holding a sufficient number of securities of the REIT to affect materially the control of the REIT, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Potential Conflicts of Interest**

The REIT is subject to various potential conflicts of interest because of the fact that its officers and Trustees are engaged in a wide range of business activities. In particular, the REIT's executive officers may devote time to their outside business interests. In some cases, the REIT's executive officers may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the REIT's business and affairs and that could adversely affect the REIT's operations. These business interests could require significant time and attention of the REIT's executive officers. For instance, many of the officers of the REIT are also officers of the Manager. As well, the officers of the REIT are employed by LAC. The Manager will have economic interests that are different from the REIT, which will create conflicts of interest between the REIT and the Manager. The independent Trustees on the Board of Trustees of the REIT will monitor and manage these conflicts of interest.

In addition, the REIT may also become involved in other transactions which conflict with the interests of its trustees and the officers who may from time to time deal with persons, firms, institutions or corporations with which the REIT may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the REIT. From time to time, these persons may be competing with the REIT for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under the Declaration of Trust, which are similar to those set out in the OBCA.

### **Unit Option Plan**

The REIT has adopted the Unit Option Plan that authorizes the REIT to grant Unit Options to any employee, officer, Trustee, director or consultant of the REIT, its subsidiaries and/or the Manager to whom Unit Options can be granted in reliance on a prospectus and registration exemption under applicable securities laws ("Eligible Persons", and each such person holding Unit Options and participating in the Unit Option Plan is hereinafter referred to as an "Optionee"). The number of Unit Options issuable under the Unit Option Plan is subject to the following restrictions:

- (a) No single Optionee may be granted Unit Options to purchase a number of Units equalling more than 5% of the issued Units in any one 12-month period;

- (b) Unit Options shall not be granted if the exercise thereof could result in the issuance of more than 2% of the issued Units in any one 12-month period to any one consultant of the REIT or its subsidiaries;
- (c) Unit Options shall not be granted if the exercise thereof could result in the issuance of more than 2% of the issued Units in any one 12-month period to persons employed to provide "Investor Relations Activities" (as such terms are defined in the policies of the applicable stock exchange) for the REIT. Unit Options granted to consultants performing Investor Relations Activities for the REIT will contain vesting provisions such that vesting occurs over at least 12 months with no more than 25% of the options vesting in any three month period; and
- (d) The number of Units reserved for issuance under the Unit Option Plan to Eligible Persons, at any time, cannot exceed 10% of issued and outstanding securities.

The Unit Option Plan provides that the terms of the Unit Options granted and the Unit Option prices shall be fixed by the Trustees subject to the price and other restrictions imposed by the relevant regulatory authorities, but shall not be less than the market price per Unit at the time of grant less the permissible discount permitted by the rules of any stock exchange or other regulatory body having jurisdiction. Unit Options granted under the Unit Option Plan are not transferable or assignable. Unit Options granted under the Unit Option Plan shall be for a term determined by the Trustees but in any event must be exercisable for a period not in excess of five years. Unit Options granted under the Unit Option Plan shall vest in such a manner as determined by the Trustees and the exercise price must be paid in full upon exercise of the Unit Option. The administration and operation of the Unit Option Plan may be delegated by the Board of Trustees to a committee of the Trustees, any officer of the REIT or to a duly appointed manager of the affairs of the REIT.

If an Optionee ceases to be an Eligible Person for any reason other than death, retirement or permanent disability, the Optionee will have a period not in excess of 90 days from the date the person ceased to be an Eligible Person to exercise Unit Options held to the extent that the Optionee was entitled to exercise the Unit Options at the date of such cessation. In the event of death of the Optionee, Unit Options previously granted are exercisable for a period not in excess of 180 days next succeeding such death to the extent that the Optionee was entitled to exercise the Unit Option at the date of death. In the event of termination of employment by reason of retirement or disability, the Optionee will have a period not in excess of 90 days from the date the person ceased to be an Eligible Person to exercise the Unit Options held to the extent that the Optionee was entitled to exercise the Unit Options at the date of such cessation, provided that if the Optionee dies during such period, then such period shall be extended for 90 days following death. Notwithstanding the foregoing, Unit Options granted to an Optionee engaged or employed by the REIT in investor relations must expire within 30 days after the Optionee ceases to be engaged or employed by the REIT to provide investor relations activities. The Board of Trustees may at any time discontinue the Unit Option Plan and, subject to applicable regulatory approval, may amend the terms of the Unit Option Plan, provided that no amendment may be made without the consent of an Optionee, if in any manner adversely affects an Optionee's rights under any option previously granted to such Optionee under the Unit Option Plan.

In connection with the REIT's graduation to the TSX, the terms of the Unit Option Plan were amended to reflect the requirements of the TSX and such amendments were approved by the Unitholders at the 2012 Meeting.

As at March 27, 2013, the REIT has Unit Options outstanding to purchase 522,000 Units (representing approximately 2.0% of the issued and outstanding Units), leaving unallocated Unit Options with respect to an aggregate of 2,048,408 Units available for future grants (representing approximately 8.0% of the issued and outstanding Units), based on the number of currently outstanding Units.

#### **Alternate Compensation Plan**

At the 2012 Meeting, the Unitholders approved the REIT's proposed alternate compensation plan (the "ACP") which allows Trustees to elect to receive their fees for acting as Trustees in Units or a combination of cash

and Units, at their election. The ACP took effect on April 13, 2012. The Board of Trustees or such other committee designated by the Board of Trustees, administer the ACP.

Under the ACP, Trustees have the option to have fees payable to them in their capacity as Trustees ("Trustees' Fees") by the allotment and issuance from treasury to Trustees of such number of Units as will be equivalent to the cash value of the Trustees' Fees elected by the Trustee to be paid in Units.

The maximum number of Units reserved for issuance under the ACP is 1% of the issued and outstanding Units and the maximum number of Units reserved under the ACP and all equity compensation plans of the REIT shall not exceed 10% of the REIT's issued and outstanding Units at any given time.

The issue price of Units issued under the ACP shall be the closing price of the Units on the market with the largest trading volume of the Units on the last trading date preceding the date of issuance to Trustees. If there is no trading on that date, the issue price shall be the closing price on the next previous day on which trading took place preceding the date of issuance to Trustees or such other amount as shall be determined by the Board of Trustees and permitted by the stock exchange upon which the Units are from time to time listed for trading and any other applicable regulatory authority (collectively, the "Regulatory Authorities").

The Board of Trustees may amend, suspend or terminate the ACP without unitholder approval provided it first obtains any required approval of any Regulatory Authority. The Board of Trustees may not, however, without unitholder approval, make amendments to the ACP that:

- (a) remove or exceed the Insider Participation Limit;
- (b) increase the maximum number of Units that may be issued pursuant to the ACP; and
- (c) amend the amendment provisions of the ACP.

#### **Trustees' and Officers' Liability Insurance and Indemnification**

Under the REIT's trustees', directors' and officers' insurance coverage, the REIT will be reimbursed for payments made under indemnity provisions on behalf of their respective Trustees, directors and officers contained in its and its subsidiaries' respective constating documents, subject to a deductible for each loss. Individual Trustees, directors and officers will also be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the REIT, subject to a deductible that will be paid by the REIT. The Declaration of Trust also provides for the indemnification in certain circumstances of Trustees, directors and officers and persons serving in an equivalent capacity (including the Manager and its directors, officers and employees) from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office. The Trustees and officers have also entered into contractual indemnities with regard to the above indemnification obligations.

#### **PROMOTER**

There were no promoters of the REIT within the two years immediately preceding the date of this Annual Information Form.

#### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The REIT and its subsidiaries may be subject to certain claims and lawsuits from time to time in the course of carrying on business. Management is not aware of any material litigation or regulatory actions outstanding, threatened or pending as of the date of this Annual Information Form by or against the REIT.

#### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as described elsewhere in this Annual Information Form, no Trustee, executive officer or Unitholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued

securities of the REIT, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect the REIT within the three years preceding the date of this Annual Information Form.

### **REGISTRAR AND TRANSFER AGENT**

The transfer agent and registrar for the Units is Computershare at its principal offices located in Toronto, Canada. The transfer agent for the Debentures is Computershare at its principal offices located in Toronto, Canada.

### **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, the only material contracts which the REIT has entered into since the beginning of the most recently completed financial year, or before the most recently completed financial year but still in effect, are as follows:

- (a) the Declaration of Trust (see “Declaration of Trust and Description of Units”);
- (b) the Management Agreement (see “Management of the REIT – Management Agreement”);
- (c) the Non-Competition Agreement (see “Management of the REIT – Non-Competition Agreement”);
- (d) the Acquisition Facility (see “General Development of the Business – Three Year History from 2010 to 2012 – Credit Facilities – Acquisition Facility”);
- (e) the Indenture (see “Description of Debentures and Indenture”); and
- (f) the Revolving Credit Facility (see “General Development of the Business – Three Year History from 2010 to 2012 – Credit Facilities – Revolving Credit Facility”).

Copies of the foregoing may be inspected at the head office of the REIT during normal business hours upon reasonable prior notice.

### **INTEREST OF EXPERTS**

KPMG LLP of Vancouver, British Columbia are the REIT’s auditors. KPMG LLP were appointed as the REIT’s auditors on November 9, 2012. See “General Development of the Business – Three Year History from 2010 to 2012 – General – Change of Auditor”. KPMG LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

### **ADDITIONAL INFORMATION**

Additional information relating to the REIT may be found on the System for Electronic Document Analysis and Retrieval which can be accessed at [www.sedar.com](http://www.sedar.com). Additional information, Trustees’ and officers’ remuneration and indebtedness, principal holders of Units and securities authorized for issuance under equity compensation plans, if applicable, will be contained in the REIT’s information circular for its annual meeting of Unitholders anticipated to be held in May of 2013. Additional financial information is also provided in the REIT’s financial statements and management’s discussion and analysis for the year ended December 31, 2012 and its on-going filing with securities regulators.

**SCHEDULE A – FORM 52-110F1**

**AUDIT COMMITTEE INFORMATION REQUIRED IN AN AIF**

**Audit Committee Charter**

Exhibit “A” sets out the full text of the charter of the Audit Committee.

**Composition and Education**

At the date of this Annual Information Form, the Audit Committee was composed of the persons named in the table below. The education and experience of each Audit Committee member that is relevant to such members’ responsibilities as a member of the Audit Committee are also set out below.

<b>Name</b>	<b>Relevant Education and Experience</b>
LOUIS MAROUN .....	<ul style="list-style-type: none"><li>• Executive Chair of Sigma Real Estate Advisors, an international real estate investment advisory company</li><li>• Former Chief Executive Officer of Summit Real Estate Investment Trust</li><li>• Former Executive Chairman of ING Real Estate Canada, a subsidiary of ING Group/ING REIT, one of the world's largest real estate investment advisory groups</li><li>• Former Chairman of InStorage Real Estate Investment Trust, member of the Audit Committee and Governance Committee</li><li>• Lead Director of Acadian Timber Corp., Chair of the Governance Committee, member of the Audit Committee</li><li>• Director of Brookfield Infrastructure Partners, member of the Audit Committee and the Compensation Committee</li><li>• Director of Brookfield Renewable Energy Partners L.P., member of the Compensation Committee and the Governance and Nominating Committee</li><li>• Bachelor degree from University of New Brunswick, post graduate studies in Mortgage Underwriting and Valuation, Canadian Securities Course, US General Securities Course</li></ul>
PAUL DYKEMAN.....	<ul style="list-style-type: none"><li>• Chief Executive Officer of Summit Industrial Income REIT</li><li>• Chief Executive Officer of Sigma Real Estate Advisors</li><li>• Former Chief Executive Officer of ING Real Estate Canada LP</li><li>• Former Chief Financial Officer of Summit Real Estate Investment Trust</li><li>• Chartered Accountant</li><li>• Bachelor of Commerce degree from the University of Dalhousie</li></ul>
JOHN VAN HAASTRECHT ..	<ul style="list-style-type: none"><li>• President of Vanreal Ltd., a past operator and developer of commercial retail shopping centres</li><li>• Former trustee and President and Chief Executive Officer of Morguard Real Estate Investment Trust, a publicly traded real estate investment trust</li><li>• Applied Science degree from Royal Military College</li></ul>

<b>Name</b>	<b>Relevant Education and Experience</b>
SAUL SHULMAN .....	<ul style="list-style-type: none"><li>• Chief Executive Officer of MLG Management Inc.</li><li>• Former trustee and member of the Audit Committee of Brookfield Renewable Power Trust, a renewable power company</li><li>• Former Chair, trustee and member of the Audit Committee of Summit Real Estate Investment Trust (now ING Real Estate Investment Trust), a public real estate investment trust</li><li>• Former director and member of the Audit Committee of Triumph Energy Inc.</li><li>• Bachelor of Commerce degree from the University of Windsor</li><li>• Bachelor of Laws degree from Osgoode Hall</li></ul>
TIM O'NEILL .....	<ul style="list-style-type: none"><li>• President of O'Neill Strategic Economics</li><li>• Director and Chair of the Independent Electricity System Operator (Ontario)</li><li>• Director of the Canadian Employment Insurance Financing Board</li><li>• Board member of the United Church of Canada Foundation</li><li>• Former Visiting Professor in The Fuqua Business School at Duke University</li><li>• Former H. Ian MacDonald Visiting Economist in the Ontario Ministry of Finance</li><li>• Former Executive Vice President &amp; Chief Economist of the Bank of Montréal</li><li>• Former President of the Atlantic Provinces Economic Council</li><li>• B.A. degree (with honours) from St. Francis Xavier University</li><li>• M.A. from the University of British Columbia</li><li>• Ph.D at Duke University</li></ul>

The Board has determined that each member of the Audit Committee is “independent” and “financially literate” as defined in Multilateral Instrument 52-110 – *Audit Committees*.

#### **Reliance on Certain Exemptions**

At no time since May 10, 2007 (the date of formation of the REIT) has the REIT relied on any exemptions set forth in National Instrument 52-110 — *Audit Committees*.

#### **Pre-approval Policies and Procedures**

The Audit Committee approves, on a case by case basis, all non-audit services provided to the REIT thereof by the REIT's external auditors.

#### **External Auditor Service Fees (By Category)**

The fees paid or payable by the REIT to Deloitte & Touche LLP, the REIT's former external auditors, and to KPMG LLP, the REIT's current external auditors, for the periods noted below for audit and non-audit services were as follows:



	<b>2012</b>	<b>2011</b>
<b>Deloitte &amp; Touche LLP</b>		
Audit Fees <sup>(1)</sup>	\$nil	\$195,000
Audit-Related Fees <sup>(2)</sup>	98,000	98,000
Tax Fees <sup>(3)</sup>	nil	28,000
All Other Fees <sup>(4)</sup>	19,000	19,000
<b>Total</b> .....	<b>\$117,000</b>	<b>\$340,000</b>

	<b>2012</b>	<b>2011</b>
<b>KPMG LLP</b>		
Audit Fees <sup>(1)</sup>	\$110,000	\$nil
Audit-Related Fees <sup>(2)</sup>	nil	nil
Tax Fees <sup>(3)</sup>	25,000	nil
All Other Fees <sup>(4)</sup>	nil	nil
<b>Total</b> .....	<b>\$135,000</b>	<b>\$nil</b>

Notes:

- (1) This category is intended to capture all fees in respect of services performed in order to comply with Canadian generally accepted auditing standards ("GAAS"). In some cases, these may include an appropriate allocation of fees for tax services or accounting consultations, to the extent such services were necessary to comply with GAAS.
- (2) This category generally consists of fees in respect of assurance and related services reasonably related to the performance of the audit or review of the financial statements not reported under "audit fees". Included are such things as employee benefit plan audits, due diligence relating to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation, and consultation concerning financial accounting and reporting standards.
- (3) This category includes all fees in respect of services performed by the auditors' tax professionals, except those services required in order to comply with GAAS which are included under "audit fees".
- (4) This category captures fees in respect of all services not falling under any of the foregoing three categories. Included are amounts incurred with regard to common area maintenance audits for properties owned by the REIT, 2012 stand alone IFRS Statements and for the Canadian Public Accountability Board's assessment fees.

**EXHIBIT "A"**  
**AUDIT COMMITTEE CHARTER**  
**OF**  
**PARTNERS REAL ESTATE INVESTMENT TRUST**

**PURPOSE**

The Audit Committee (the "**Committee**") is appointed by the board of trustees (the "**Board**") of Partners Real Estate Investment Trust (the "**REIT**") to assist in the oversight and evaluation of:

- the quality and integrity of the financial statements of the REIT;
- the internal control and financial reporting systems of the REIT;
- the compliance by the REIT with legal and regulatory requirements in respect of financial disclosure;
- the qualification, independence and performance of the REIT's independent auditors;
- the performance of the REIT's Chief Financial Officer; and
- any additional duties set out in this charter or otherwise delegated to the Committee by the Board.

In addition, the Committee provides an avenue for communication between the independent auditor, financial management, other employees and the Board concerning accounting and auditing matters.

The Committee is directly responsible for the appointment, compensation, retention (and termination) and oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the REIT.

The Committee is not responsible for:

- planning or conducting audits,
- certifying or determining the completeness or accuracy of the REIT's financial statements or that those financial statements are in accordance with generally accepted accounting principles, or
- guaranteeing the report of the REIT's independent auditor.

The fundamental responsibility for the REIT's financial statements and disclosure rests with management. It is not the duty of the Committee to conduct investigations, to itself resolve disagreements (if any) between management and the independent auditor or to ensure compliance with applicable legal and regulatory requirements.

**REPORTS**

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the REIT of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to:

- the quality or integrity of the REIT's financial statements;
- compliance by the REIT with legal or regulatory requirements in respect of financial matters and disclosure;
- the performance and independence of the REIT's independent auditor;
- the effectiveness of systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the REIT; and
- the proper maintenance of accounting and other records.

The Committee shall also prepare, as required by applicable law, any audit committee report required for inclusion in the REIT's publicly filed documents.

## COMPOSITION

The members of the Committee shall be three or more individuals who are appointed by the Board (and may be replaced) by the Board. Each of the members of the Committee shall meet the standards for independence required by applicable regulatory, stock exchange and securities law requirements and, without limitation, shall be financially literate (or acquire that familiarity within a reasonable period after appointment). This shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity that can reasonably be expected to be raised by the REIT's financial statements. No member of the Committee shall accept (directly or indirectly) any consulting, advisory or other compensatory fee from the REIT, LAPP Global Asset Management Inc., and the REIT's subsidiaries or affiliates (collectively, "**The REIT Group**") (other than remuneration for acting in his or her capacity as a Trustee) or be an "affiliated person" of The REIT Group. (For this purpose, an "affiliate" of a person is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person.) Without the approval of the Board, no member of the Committee shall concurrently serve on the audit committee of more than two other public companies or on the audit committee of a competitor or client.

## RESPONSIBILITIES

### Independent Auditors

The Committee shall:

- Recommend to the Board the independent auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the REIT.
- Establish the compensation of the independent auditor.
- Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Committee and the Board.
- Oversee the independent auditor and, in the context thereof, require the independent auditor to report to the Committee (among other things) any disagreement between management and the independent auditor regarding financial reporting and the resolution of each such disagreement.
- Adopt policies and procedures for the pre-approval of the retention of the REIT's independent auditor for all audit and permitted non-audit services (subject to any restrictions

on such services imposed by applicable legislation), including procedures for the delegation of authority to provide such approval to one or more members of the Committee.

- At least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Committee should, among other things, undertake the measures set forth in Exhibit "B".

### **The Audit Process, Financial Statements and Related Disclosure**

The Committee shall, as it determines to be appropriate:

- Review with management and the independent auditor:
  - the planning and staffing of the audit by the independent auditor;
  - before public disclosure, the REIT's annual audited financial statements and quarterly unaudited financial statements, the REIT's accompanying disclosure of Management's Discussion and Analysis ("MD&A") and earnings press releases and make recommendations to the Board as to the approval and dissemination of those statements and disclosure;
  - the adequacy of the procedures for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements, other than the public disclosure referred to in the immediately preceding paragraph;
  - financial information and any earnings guidance provided to analysts and rating agencies, recognizing that this review and discussion may be done generally (consisting of a discussion of the types of information to be disclosed and the types of presentations to be made) and need not take place in advance of the disclosure of each release or provision of guidance;
  - any significant financial reporting issues and judgments made in connection with the preparation of the REIT's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the REIT's financial statements;
  - all critical accounting policies and practices used;
  - all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
  - the use of "pro forma" or "adjusted" non-GAAP information;
  - the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise), on the REIT's financial statements;
  - any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process in documents filed with applicable securities regulators;

- the adequacy of the REIT's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel and any special steps adopted in light of any material control deficiencies; and
- the establishment, and periodic review, of procedures for the review of financial information extracted or derived from the REIT's consolidated financial statements.
- Review with management the REIT's guidelines and policies with respect to risk assessment and the REIT's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Review with the independent auditor:
  - the quality as well as the acceptability of the accounting principles that have been applied;
  - any problems or difficulties the independent auditor may have encountered during the provision of its audit-related services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to management and the REIT's response to that letter or communication; and
  - any changes to the REIT's significant auditing and accounting principles and practices suggested by the independent auditor and members of management.
- Review with management all related party transactions and the development of policies and procedures related to those transactions.
- Oversee appropriate disclosure of the Committee's charter, and other information required to be disclosed by applicable legislation, in the REIT's Annual Information Form and all other applicable disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the REIT's securityholders.

## **Compliance**

The Committee shall, as it determines appropriate:

- Review with the REIT's Chief Financial Officer, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the REIT's financial statements or accounting policies.
- Review with the REIT's Chief Financial Officer legal matters that may have a material impact on the financial statements or accounting policies
- Establish procedures (which are currently set out in the REIT's Whistleblower Policy) for:
  - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by employees of The REIT Group with concerns regarding any accounting or auditing matters.

- Periodically review with management the need for an internal audit function.

### **Delegation**

To avoid any confusion, the Committee responsibilities identified above are the sole responsibility of the Committee and may not be delegated to a different committee.

### **MEETINGS**

The Committee shall meet at least quarterly and more frequently as circumstances require. All members of the Committee should strive to be at all meetings. The Committee shall meet separately, periodically, with management and the independent auditors and may request any officer or employee of The REIT Group or the REIT's outside counsel or independent auditor to attend meetings of the Committee or with any members of, or advisors to, the Committee. The Committee also may meet with the investment bankers, financial analysts and rating agencies that provide services to, or follow, the REIT. The Committee may form and delegate authority to individual members and subcommittees where the Committee determines it is appropriate to do so.

### **INDEPENDENT ADVICE**

In discharging its mandate, the Committee shall have the authority to retain, at the expense of the REIT, special advisors as the Committee determines to be necessary to permit it to carry out its duties.

### **ANNUAL EVALUATION**

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this charter.
- Review and assess the adequacy of its charter (including with respect to the procedures regarding the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements) and recommend to the Board any improvements to this charter that the Committee determines to be appropriate.

## **EXHIBIT "B"**

### **Qualifications, Performance and Independence of Independent Auditor**

- Review the experience and qualifications of the senior members of the independent auditor's team.
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- Review and approve clear policies for the hiring by The REIT Group of employees or partners or former employees or former partners of the current and former independent auditor.
- Review annual reports from the independent auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board take appropriate action to satisfy itself of the independence of the independent auditor.
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.