

*This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment advisor, stockbroker, bank manager, trust company manager, accountant, lawyer or other professional advisor.*

*This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made or directed to, nor will deposits of Units be accepted from or on behalf of, Unitholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Unitholders in any such jurisdiction.*

*This Offer has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of this Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.*

January 31, 2013

## **OFFER TO PURCHASE**

**up to 6,628,940 of the issued and outstanding trust units**

**of**

**KEYreit**

**by**

**Huntingdon Capital Corp.**

**at a price of \$7.00 in cash for each trust unit**

Huntingdon Capital Corp. (the “**Offeror**”) hereby offers (the “**Offer**”) to purchase, on the terms and subject to the conditions of the Offer, up to 6,628,940 of the issued and outstanding trust units of KEYreit (“**KEYreit**”), (the “**Units**”) not already owned by the Offeror for consideration per Unit of \$7.00 in cash. If more than 6,628,940 of the Units are deposited at the Expiry Time, the Units to be purchased under the Offer will be taken up and paid for on a pro-rata basis according to the number of Units deposited by each unitholder of KEYreit (a “**Unitholder**”), disregarding fractions by rounding down to the nearest whole Unit.

The Offeror is a real estate operating company listed on the TSX (Common Shares: HNT; Debentures: HNT.DB; Warrants: HNT.WT). The Offeror owns and manages a portfolio of 36 industrial, office, retail and aviation-related properties throughout Canada that have a total gross leasable area of 2.9 million square feet. In addition, The Offeror owns an approximate 30% interest in FAM Real Estate Investment Trust (“**FAM REIT**”) (TSX: F.UN, F.WT) and manages, on behalf of the FAM REIT, a portfolio of 27 industrial, office, and retail properties throughout Canada that have a gross leasable area of 1.7 million square feet.

**The Offer is open for acceptance until 5:00 p.m. (Toronto time) on March 7, 2013 (the “Expiry Time”), unless the Offer is extended or withdrawn.**

The Units are listed on the Toronto Stock Exchange (the “**TSX**”) under the trading symbol “**KRE.UN**”. **The Offer represents a premium of approximately 13.3% over the volume-weighted average trading price of \$6.18 per Unit over the 20 trading days on the TSX up to and including January 28, 2013, the last trading day prior to the Offeror’s announcement of its intention to make the Offer. The Offer also represents a premium of approximately 13.3% over the closing price of \$6.18 per Unit on the TSX on January 28, 2013.**

The Offer is conditional on, among other things, there having been validly deposited under the Offer and not withdrawn at the Expiry Time such number of Units that constitutes, together with any Units owned directly or indirectly by the Offeror and its affiliates, at least 50% of the Units then outstanding. This and the other conditions of the Offer are described in Section 4 of the Offer, “Conditions of the Offer”.

A Unitholder who wishes to accept the Offer must (i) properly complete and execute the accompanying Letter of Transmittal (printed on YELLOW paper) or a manually executed facsimile thereof and deposit it, at or prior to the Expiry Time, together with certificate(s) representing its Units and all other required documents, with Canadian Stock Transfer Company Inc. (the “**Depository**”) at its office in Toronto, Ontario, specified in the Letter of Transmittal, in accordance with the instructions in the Letter of Transmittal or (ii) follow the procedure for guaranteed delivery set out in Section 3 of the Offer, “Manner of Acceptance — Procedure for Guaranteed Delivery”, using the accompanying Notice of Guaranteed Delivery (printed on BLUE paper), or a manually executed facsimile thereof.

Alternatively, a Unitholder may accept the Offer by following the procedures for book-entry transfer of Units set out in Section 3 of the Offer, “Manner of Acceptance — Acceptance by Book-Entry Transfer”.

Unitholders whose Units are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance in order to take the necessary steps to be able to deposit such Units under the Offer.

All payments under the Offer will be made in Canadian dollars. Unitholders will not be required to pay any fee or commission if they accept the Offer by depositing their Units directly with the Depository or if they make use of the services of a Soliciting Dealer, if any, to accept the Offer.

Questions and requests for assistance may be directed to the Depository, whose contact details are provided below and on the back of this document. Additional copies of this document and the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained without charge on request from the Depository and are accessible on the Canadian Securities Administrators’ website at [www.sedar.com](http://www.sedar.com).

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this document, and, if given or made, such information or representation must not be relied upon as having been authorized by the Offeror, a Soliciting Dealer or the Depository.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made or directed to, nor will deposits of Units be accepted from or on behalf of, Unitholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Unitholders in any such jurisdiction.

*The Depository for the Offer is:*

**Canadian Stock Transfer Company Inc.**



**By Registered Mail, by Hand or by Courier**  
320 Bay Street, Basement Level (B1), Toronto, ON  
M5H 4A6

**By Mail**  
P.O. Box 1036  
Adelaide Street Postal Station, Toronto, ON M5C 2K4

**North American Toll Free Phone: 1-800-387-0825**  
E-mail: [inquiries@canstockta.com](mailto:inquiries@canstockta.com)  
Facsimile: 1-514-985-8853  
Outside North America,  
Banks and Brokers Call Collect: 416-682-3860

## **NOTICE TO UNITHOLDERS IN THE UNITED STATES**

The Offer is being made for the securities of a Canadian entity that does not have securities registered under Section 12 of the United States Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”). Accordingly, the Offer is not subject to Section 14(d) of the U.S. Exchange Act, or Regulation 14D promulgated by the U.S. Securities and Exchange Commission (the “**SEC**”) thereunder. The Offer is made in the United States with respect to securities of a “foreign private issuer”, as such term is defined in Rule 3b-4 under the U.S. Exchange Act, in accordance with Canadian corporate and tender offer rules. Unitholders resident in the United States should be aware that such requirements are different from those of the United States applicable to tender offers under the U.S. Exchange Act and the rules and regulations promulgated thereunder.

Unitholders resident of countries other than Canada, including the United States, should be aware that the disposition of Units by them on the terms described herein may have tax consequences both in their country of residence and in Canada. Such consequences, including the effect of the Offer and the tender of the Units by them, may not be fully described herein and such holders are urged to consult their tax advisors. See Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations”.

It may be difficult for Unitholders who are resident of countries other than Canada, including the United States, to enforce their rights and any claim they may have under Laws other than Canadian Laws, including, without limitation, United States federal securities Laws, given that the Offeror is formed under the Laws of the Province of British Columbia and KEYreit is an unincorporated open-ended real estate investment trust governed by the Laws of the Province of Ontario, that the majority of the officers, directors and trustees of the Offeror and the majority of the trustees of KEYreit reside in Canada, and that all or a substantial portion of the assets of the Offeror and KEYreit and the other above-mentioned persons are located in Canada. Unitholders who are resident of countries other than Canada, including the United States, may not be able to sue the Offeror, KEYreit or their respective officers, directors or trustees in a Canadian court for violation of Laws, including United States federal securities Laws. It may be difficult to compel such parties to subject themselves to the jurisdiction of a court outside of Canada, including a court in the United States, or to enforce judgment obtained from a court located outside of Canada, including a court in the United States.

## **NOTICE TO HOLDERS OF CONVERTIBLE SECURITIES**

The Offer is being made only for Units and is not made for any Convertible Securities. Any holder of Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of the applicable Convertible Security and applicable Laws, convert, exchange or exercise such Convertible Securities in order to deposit the resulting Units in accordance with the terms of the Offer. Any such conversion, exchange or exercise must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will be in a position to deposit such Units at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to under Section 3 of the Offer, “Manner of Acceptance — Procedure for Guaranteed Delivery”. If any holder of Convertible Securities does not convert its Convertible Securities prior to the Expiry Time, such Convertible Securities will remain outstanding following the Expiry Time in accordance with their terms and conditions, subject to their redemption or other treatment, as applicable, in each case in accordance with their terms and as described in Section 14 of the Circular, “Convertible Debentures”.

The tax consequences to holders of Convertible Securities of converting, exchanging or exercising their Convertible Securities are not described in Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations”. Holders of Convertible Securities should consult their tax advisors for advice with respect to potential income tax consequences to them in connection with the decision whether to convert, exchange or exercise their Convertible Securities.

## **CURRENCY**

All dollar references in the Offer and Circular are in Canadian dollars, except where otherwise indicated.

## **FORWARD-LOOKING STATEMENTS**

Certain information contained in the accompanying Circular under Section 4, “Purpose of the Offer and Plans for KEYreit” and Section 6, “Source of Funds”, in addition to certain statements contained elsewhere in this document constitute “forward-looking information” or (“forward-looking statements”) within the meaning of applicable securities Laws. All statements other than statements of historical fact or present fact, constitute forward-looking information and typically include words and phrases about the future such as “may”, “will”, “anticipate”, “estimate”, “anticipate”, “expect”, “plan”, “intend”, “believe”, “predict”, “goal”, “target”, “project”, “potential”, “strategy” and “outlook” and similar expressions that are not based on historical fact or that are predictions of or indicate future events and trends, and the negative of such expressions. Forward-looking statements in this document and in the accompanying Circular include statements about, among other things: the take-up of Units pursuant to the Offer; the timing of the period the Offer is open; the satisfaction of the conditions to the Offer; and the purpose of the Offer and plans for KEYreit.

With respect to the forward-looking statements contained in this document and in the accompanying Circular, the Offeror has made numerous assumptions regarding, among other things: the ability of the Offeror to acquire up to 6,628,940 of the Units through the Offer; the satisfaction of all of the conditions to the Offer; KEYreit’s structure and its tax treatment; that there are no inaccuracies or material omissions in KEYreit’s publicly available information, and that KEYreit has not disclosed events which may have occurred or which may affect the significance or accuracy of such information. While the Offeror considers these assumptions to be reasonable, these assumptions are inherently subject to significant business, economic, competitive, market and social uncertainties and contingencies.

Additionally, there are known and unknown risk factors that could cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements contained herein. Known risk factors include, among others: the Offeror may not take up any of the Units pursuant to the Offer; the conditions to the Offer may not be met; the Offer may not be completed in accordance with the timing and the terms contemplated herein; general economic conditions, market factors, global financial conditions, competition, changes in government regulation, access to capital and changes in prevailing interest rates.

Although the Offeror has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward looking statements are based upon our beliefs, estimates and opinions at the time they are made and the Offeror undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change, except as required by applicable law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

## **INFORMATION CONCERNING KEYREIT**

The information concerning KEYreit contained in this document has been taken from and is based solely upon KEYreit’s public disclosure on file with Canadian securities regulatory authorities. Although neither the Offeror nor any of its affiliates has any knowledge that would indicate that any information or statements contained in this document concerning KEYreit taken from, or based upon, such public disclosure contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, neither the Offeror nor any of its affiliates nor any of their respective affiliates, directors or officers has verified, nor do they assume any responsibility for, the accuracy or completeness of such

information or statements or for any failure by KEYreit to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information or statements, but which are unknown to the Offeror and its affiliates. Except as otherwise indicated, information concerning KEYreit is given based on information in KEYreit's public disclosure available as of September 30, 2012. All references to the number of Units outstanding as at September 30, 2012 in this document are references to estimates of such figures based solely on KEYreit's public disclosure.

<b>NOTICE TO UNITHOLDERS IN THE UNITED STATES .....</b>	<b>1</b>
<b>NOTICE TO HOLDERS OF CONVERTIBLE SECURITIES .....</b>	<b>1</b>
<b>CURRENCY .....</b>	<b>2</b>
<b>FORWARD-LOOKING STATEMENTS .....</b>	<b>2</b>
<b>INFORMATION CONCERNING KEYREIT.....</b>	<b>2</b>
<b>SUMMARY .....</b>	<b>2</b>
<b>GLOSSARY .....</b>	<b>1</b>
<b>THE OFFER .....</b>	<b>6</b>
1. The Offer.....	6
2. Time for Acceptance .....	7
3. Manner of Acceptance .....	7
4. Conditions of the Offer .....	11
5. Extension, Variation or Change in the Offer.....	13
6. Take-Up of and Payment for Deposited Units .....	14
7. Withdrawal of Deposited Units.....	15
8. Return of Deposited Units.....	16
9. Changes in Capitalization; Adjustments; Liens .....	16
10. Notices and Delivery.....	17
11. Mail Service Interruption .....	18
12. Market Purchases and Sales of Units .....	18
13. Other Terms of the Offer .....	18
<b>THE CIRCULAR .....</b>	<b>1</b>
1. The Offeror .....	1
2. KEYreit .....	2
3. Background to the Offer .....	5
4. Purpose of the Offer and Plans for KEYreit .....	5
5. Reasons to Accept the Offer .....	5
6. Source of Funds .....	6
7. Ownership of and Trading in Securities of KEYreit .....	6
8. Commitments to Acquire Securities of KEYreit.....	6
9. Other Material Facts.....	6
10. Agreements, Commitments or Understandings.....	7
11. Regulatory Matters.....	7
12. Convertible Debentures.....	8
13. Certain Canadian Federal Income Tax Considerations .....	8
14. Depositary .....	10
15. Soliciting Dealers .....	10
16. Legal Matters .....	11
17. Statutory Rights .....	11
18. Approval .....	11
 CERTIFICATE OF HUNTINGTON CAPITAL CORP .....	 C-1
CONSENT OF LEGAL ADVISOR.....	C-2

## SUMMARY

*The following is a summary only and is qualified in its entirety by the detailed provisions contained elsewhere in the Offer and Circular. Unitholders are urged to read the Offer and Circular in their entirety. Terms defined in the Glossary and not otherwise defined in this Summary have the respective meanings given to them in the Glossary, unless the context otherwise requires.*

### The Offer

The Offeror hereby offers to purchase, on the terms and subject to the conditions of the Offer, up to 6,628,940 of the Units not already owned by the Offeror for consideration per Unit of \$7.00 in cash. If more than 6,628,940 of the Units are deposited at the Expiry Time, the Units to be purchased under the Offer will be taken up and paid for on a pro-rata basis according to the number of Units deposited by each Unitholder of KEYreit, disregarding fractions by rounding down to the nearest whole Unit. See Section 1 of the Offer, "The Offer".

The Offer is being made only for Units and is not made for any Convertible Securities. Any holder of Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of the Convertible Security and applicable Laws, convert, exchange or exercise such Convertible Securities in order to deposit the resulting Units in accordance with the terms of the Offer. Any such conversion, exchange or exercise must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will be in a position to deposit such Units at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to under Section 3 of the Offer, "Manner of Acceptance".

**The Offer represents a premium of approximately 13.3% over the volume-weighted average trading price of \$6.18 per Unit over the 20 trading days on the TSX up to and including January 28, 2013, the last trading day prior to the Offeror's announcement of its intention to make the Offer. The Offer also represents a premium of approximately 13.3% over the closing price of \$6.18 per Unit on the TSX on January 28, 2013.**

The obligation of the Offeror to take up and pay for Units pursuant to the Offer is subject to certain conditions. See Section 4 of the Offer, "Conditions of the Offer".

### Time for Acceptance

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on March 7, 2013, unless the Offer is extended or withdrawn. See Section 5 of the Offer, "Extension, Variation or Change in the Offer".

### The Offeror

The Offeror is a real estate operating company listed on the TSX (Common Shares: HNT; Debentures: HNT.DB; Warrants: HNT.WT). The Offeror owns and manages a portfolio of 36 industrial, office, retail and aviation-related properties throughout Canada that have a total gross leasable area of 2.9 million square feet. In addition, The Offeror owns an approximate 30% interest in FAM REIT (TSX: F.UN, F.WT) and manages, on behalf of the REIT, a portfolio of 27 industrial, office, and retail properties throughout Canada that have a gross leasable area of 1.7 million square feet.

The Offeror was formed by the amalgamation of HREIT Properties Inc., Huntingdon Capital Corp. ("**Prior Huntingdon**") and International Aviation Terminals Inc. by Certificate of Amalgamation issued pursuant to the provisions of the BCBCA on December 27, 2012.

The Offeror (through the amalgamation of Prior Huntingdon) is the successor to Huntingdon Real Estate Investment Trust ("**HREIT**"). Prior Huntingdon succeeded HREIT following the completion of the conversion of HREIT from an income trust to a corporation by way of a court-approved plan of arrangement under the BCBCA effective December 31, 2011 (the "**Conversion**"). Pursuant to the Conversion, holders of units of HREIT ("**HREIT Units**") received one common share of Prior Huntingdon for each HREIT Unit held on the effective date of the

Conversion. Prior Huntingdon also assumed all of the covenants and obligations of HREIT under its outstanding secured debentures and warrants.

Prior Huntingdon was incorporated as 0918070 B.C. LTD by Certificate of Incorporation issued pursuant to the provisions of the BCBCA on August 16, 2011. On September 8, 2011, 0918070 B.C. LTD was renamed to Huntingdon Capital Corp. Prior Huntingdon did not carry on any active business prior to the Conversion, other than executing the arrangement agreement dated as of August 28, 2011 providing for the Conversion and other related documents.

The registered office of the Offeror is located at Suite 1800 – 355 Burrard Street, Vancouver, British Columbia, V6C 2G8 and the head office of the Offeror is located at 5000 Miller Road, Suite 2000, Richmond, British Columbia, V7B 1K6.

### **KEYreit**

KEYreit (formerly Scott's Real Estate Investment Trust) is an unincorporated open-ended real estate investment trust established under the laws of the Province of Ontario. The head office of the REIT is located at 161 Bay Street, Suite 2300, Toronto, Ontario, M5J 2S1. KEYreit indirectly owns a geographically diversified portfolio of 227 income producing retail properties across Canada with an aggregate of approximately 1,194,600 square feet of gross leasable area.

### **Reasons to Accept the Offer**

Unitholders should consider the following factors in making their decision to accept the Offer:

#### ***Significant Premium***

The Offer represents a premium of approximately 13.3% over the volume-weighted average trading price of \$6.18 per Unit over the 20 trading days on the TSX up to and including January 28, 2013, the last trading day prior to the Offeror's announcement of its intention to make the Offer. The Offer also represents a premium of approximately 13.3% over the closing price of \$6.18 per Unit on the TSX on January 28, 2013.

#### ***KeyREIT is paying out more cash than is generated by its real estate operations***

Despite KEYreit management's claim at KEYreit's 2012 annual meeting that KeyREIT's payout ratio would be less than 80% in 2013, the Offeror believes that KEYreit's payout ratio in 2013 will be well above 100% which will result in the continued erosion of KEYreit's net asset value. The Offeror believes that recent equity raises are being partially used to pay out distributions to pre-existing investors. Distributions received by investors today include a significant return *of* capital and are not purely a return *on* capital.

#### ***Certainty of Value***

The Offer provides cash consideration for Units and provides Unitholders with certainty of value and immediate partial liquidity in the face of volatile markets. Additionally, Unitholders avoid the downside risk associated with continued ownership of KEYreit Units.

#### ***Current KEYreit Board Has Approved Dilutive Transactions***

The current board of KEYreit has diluted Unitholder value as reflected by KEYreit's net asset value while at the same time using increasingly aggressive valuations to support its IFRS based book value. These transactions have served to increase the fees paid to KEYreit's external manager while reducing the intrinsic value of the Units.

### **Purpose of the Offer**

The purpose of the Offer is to enable the Offeror to acquire approximately 45% of the Units issued and outstanding at the Expiry Time.



If successful, the Offeror may take steps to effect one or more changes including but not limited to: the deleveraging of KEYreit's capital structure, changing the composition of the KEYreit board, the potential sale of some or all of the assets of KEYreit, a strategic combination or going private transaction, and the termination of the current Chief Executive Officer. The Offeror reserves the right to take any action it deems necessary to protect the long term value of its investment.

The effect of the Offer is to give Unitholders the opportunity to receive consideration per Unit of \$7.00 in cash. See Section 4 of the Circular, "Purpose of the Offer and Plans for KEYreit".

### **Conditions of the Offer**

Notwithstanding any other provision of the Offer, but subject to applicable Laws, the Offeror will have the right to withdraw the Offer or extend the Offer, and shall not be required to take up and pay for any Unit deposited under the Offer, unless the conditions described in Section 4 of the Offer, "Conditions of the Offer", are satisfied or waived (at the sole discretion of the Offeror) at or prior to the Expiry Time. The Offer is conditional upon, among other things, there having been validly deposited under the Offer and not withdrawn such number of Units that constitutes together with any Units owned directly or indirectly by the Offeror and its affiliates, at least 50% of the outstanding Units at the Expiry Time. See Section 4 of the Offer, "Conditions of the Offer".

### **Manner of Acceptance**

A Unitholder who wishes to accept the Offer must properly complete and execute the accompanying Letter of Transmittal (printed on YELLOW paper) or a manually executed facsimile thereof and deposit it, at or prior to the Expiry Time, together with certificate(s) representing their Units and all other required documents, with the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal in accordance with the instructions in the Letter of Transmittal. See Section 3 of the Offer, "Manner of Acceptance — Letter of Transmittal".

If a Unitholder wishes to accept the Offer and deposit its Units under the Offer and the certificate(s) representing such Unitholder's Units is (are) not immediately available, or if the certificate(s) and all other required documents cannot be provided to the Depositary at or prior to the Expiry Time, such Units nevertheless may be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the accompanying Notice of Guaranteed Delivery (printed on BLUE paper), or a manually executed facsimile thereof, in accordance with the instructions in the Notice of Guaranteed Delivery. See Section 3 of the Offer, "Manner of Acceptance — Procedure for Guaranteed Delivery".

Unitholders may accept the Offer by following the procedures for book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Unitholders accepting the Offer through a book-entry transfer shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and therefore such instructions shall be considered a valid deposit under and in accordance with the Offer.

**Unitholders will not be required to pay any fee or commission if they accept the Offer by depositing their Units directly with the Depositary or if they make use of the services of a Soliciting Dealer, if any, to accept the Offer.**

**Unitholders whose Units are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance in order to take necessary steps to be able to deposit such Units under the Offer.**

Unitholders should contact the Depositary for assistance in accepting the Offer and in depositing their Units with the Depositary.

### **Take-Up and Payment for Deposited Units**

If all of the conditions described in Section 4 of the Offer, “Conditions of the Offer”, have been satisfied or waived by the Offeror (in its sole discretion) at or prior to the Expiry Time, the Offeror will take up and pay for Units validly deposited under the Offer and not properly withdrawn not later than ten days after the Expiry Time. Any Units taken up will be paid for as soon as possible, and in any event not later than three business days after they are taken up. Any Units deposited under the Offer after the date on which Units are first taken up by the Offeror under the Offer but prior to the Expiry Time will be taken up and paid for not later than ten days after such deposit. See Section 6 of the Offer, “Take-Up of and Payment for Deposited Units”.

### **Withdrawal of Deposited Units**

Units deposited under the Offer may be withdrawn by or on behalf of the Depositing Unitholder at any time before the Units have been taken up by the Offeror under the Offer and in the other circumstances described in Section 7 of the Offer, “Withdrawal of Deposited Units”. Except as so indicated or as otherwise required by applicable Laws, deposits of Units are irrevocable.

### **Canadian Federal Income Tax Considerations**

Generally, a Unitholder who is resident in Canada, who deals at arm’s length with and is not affiliated with, KEYreit or the Offeror, who holds Units as capital property and who sells Units to the Offeror under the Offer will realize a capital gain (or capital loss) equal to the amount by which the amount received for the Units (which would be the cash received), net of any reasonable costs of disposition, exceeds (or is less than) the aggregate adjusted cost base to the Unitholder of such Units.

Generally, Unitholders who are non-residents of Canada for the purposes of the Tax Act will not be subject to tax in Canada in respect of any capital gain realized on the sale of Units to the Offeror under the Offer, unless those Units constitute “taxable Canadian property” to such Unitholder within the meaning of the Tax Act and that gain is not otherwise exempt from tax under the Tax Act pursuant to an exemption contained in an applicable income tax treaty.

The foregoing is a very brief summary of certain Canadian federal income tax consequences and is qualified in its entirety by Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations”, which provides a summary of the principal Canadian federal income tax considerations generally applicable to Unitholders. Unitholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Units pursuant to the Offer. The tax consequences to holders of Convertible Securities of converting, exchanging or exercising their Convertible Securities in connection with the Offer are not described in the Circular. Holders of Convertible Securities should consult their own tax advisors having regard to their own personal circumstances.

### **Depository**

The Offeror has engaged Canadian Stock Transfer Company Inc. to act as the Depository to receive deposits of certificates representing Units and accompanying Letters of Transmittal deposited under the Offer at its office in Toronto, Ontario specified in the Letter of Transmittal. In addition, Canadian Stock Transfer Company Inc. will receive Notices of Guaranteed Delivery at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery. Canadian Stock Transfer Company Inc. will also be responsible for giving certain notices, if required, and for making payment for all Units purchased by the Offeror under the Offer. Canadian Stock Transfer Company Inc. will also facilitate book-entry transfers of Units. See Section 3 of the Offer, “Manner of Acceptance”, and Section 14 of the Circular, “Depository”.

Questions and requests for assistance may be directed to the Depository for the Offer, Canadian Stock Transfer Company Inc., at 1-800-387-0825 or by e-mail at [inquiries@canstockta.com](mailto:inquiries@canstockta.com). Full contact details for the Depository are provided on the last page of this document.

### **Soliciting Dealers**

The Offeror reserves the right to engage one or more soliciting dealers comprised of members of the Investment Industry Regulatory Organization of Canada and members of Canadian stock exchanges (each a “**Soliciting Dealer**”) to solicit acceptances of the Offer from persons who are resident in Canada. If the Offeror decides to make use of the services of a Soliciting Dealer, the Offeror may pay such Soliciting Dealer a fee customary for such transaction and each Unit taken up by the Offeror under the Offer (other than Units held by a Soliciting Dealer for its own account). The Offeror may require Soliciting Dealers to furnish evidence of beneficial ownership satisfactory to the Offeror at the time of deposit.

No fee or commission will be payable by any Unitholder who transmits such Unitholder’s Units directly to the Depositary or who makes use of the services of a Soliciting Dealer to accept the Offer.

See Section 15 of the Circular, “Soliciting Dealers”.

## GLOSSARY

This Glossary forms a part of the Offer and Circular. In the Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, unless otherwise specified or the subject matter or context is inconsistent therewith, the following terms shall have the meanings set out below, and grammatical variations thereof shall have the corresponding meanings. Unitholders are urged to read the Offer and Circular in their entirety:

- (a) “**affiliate**” has the meaning given to it in Part XX of the OSA or MI 62-104, as applicable;
- (b) “**allowable capital loss**” has the meaning given to it in Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Sale of Units Pursuant to the Offer”;
- (c) “**associate**” has the meaning given to it in Part XX of the OSA or MI 62-104, as applicable;
- (d) “**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended;
- (e) “**Book-Entry Confirmation**” means confirmation of a book-entry transfer of a Unitholder’s Units into the Depository’s account at CDS;
- (f) “**business day**” means any day other than a Saturday, a Sunday or a statutory holiday in any province or territory in Canada;
- (g) “**Canada-U.S. Tax Treaty**” means the Convention between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended;
- (h) “**CDS**” means CDS Clearing and Depository Services Inc. or its nominee, which at the date hereof is CDS & Co.;
- (i) “**CDSX**” means the CDS on-line tendering system pursuant to which book-entry transfers may be effected;
- (j) “**Circular**” means the circular accompanying and forming part of the Offer;
- (k) “**Commissioner of Competition**” means the Commissioner of Competition appointed under the Competition Act, and any person delegated to perform the Commissioner of Competition’s duties;
- (l) “**Compensation Securities**” means securities issued by KEYreit, which includes Units, restricted or unvested Units, securities that are convertible into Units, or similar securities that are issued under KEYreits securities based compensation arrangements, including the Long Term Incentive Plan;
- (m) “**Competition Act**” means the *Competition Act* (Canada), as amended;
- (n) “**Competition Act Approval**” means either (a) the Commissioner of Competition shall have issued an advance ruling certificate under section 102 of the Competition Act in respect of the acquisition of Units contemplated by the Offer; or (b)(i) the applicable waiting periods under section 123 of the Competition Act shall have expired or the Commissioner of Competition shall have waived the obligation to submit information under section 114 of the Competition Act, and (ii) the Commissioner of Competition shall have issued a “no action letter” under section 123 of the Competition Act satisfactory to the Offeror, acting reasonably, confirming that the Commissioner of Competition does not, at that time, intend to make an application for an order under section 92 of the Competition Act challenging the acquisition of Units contemplated by the Offer;
- (o) “**Convertible Securities**” means, collectively, the KEYreit Debentures, Exchangeable Securities, Compensation Securities, Restricted Units and any other securities of KEYreit or its affiliates, exercisable or exchangeable for or convertible into Units;

- (p) **“CRA”** means the Canada Revenue Agency;
- (q) **“Debenture Indentures”** means, collectively, the trust indentures and any supplemental trust indentures entered into between CIBC Mellon Trust Company and KEYreit providing for the issue of the KEYreit Debentures;
- (r) **“Declaration of Trust”** means the amended and restated declaration of trust dated July 9, 2012 of KEYreit;
- (s) **“Depository”** means Canadian Stock Transfer Company Inc.;
- (t) **“Deposited Units”** means Units deposited, sold, assigned and transferred by Depositing Unitholders, including all right, title and interest in and to the Units;
- (u) **“Depositing Unitholders”** means (a) Unitholders (other than non-registered Unitholders whose Units are deposited on their behalf by CDS) depositing their Units to the Offer, and (b) CDS in respect of Units deposited to the Offer by CDS on behalf of non-registered Unitholders;
- (v) **“Distributions”** has the meaning given to it in Section 9 of the Offer, “Changes in Capitalization; Adjustments; Liens”;
- (w) **“Effective Time”** has the meaning given to it in Section 3 of the Offer, “Manner of Acceptance — Power of Attorney”;
- (x) **“Eligible Institution”** means a Canadian Schedule I chartered bank, or an eligible guarantor institution with membership in an approved Medallion signature guarantee program, including certain trust companies in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Medallion Signature Program (MSP);
- (y) **“Excess Distributions”** has the meaning given to it in Section 9 of the Offer, “Changes in Capitalization; Adjustments; Liens”;
- (z) **“Exchangeable Securities”** means any securities that are exchangeable, directly or indirectly, for Units;
- (aa) **“Expiry Time”** means 5:00 p.m. (Toronto time) on March 7, 2013, or such later time or times and date or dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer, “Extension, Variation or Change in the Offer”;
- (bb) **“Holder”** has the meaning given to it in Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations”;
- (cc) **“IFRS”** means international financial reporting standards;
- (dd) **“insider”** has the meaning given to it in the OSA or MI 62-104, as applicable;
- (ee) **“KEYreit”** means KEYreit (formerly Scott’s Real Estate Investment Trust), a real estate investment trust created by the Declaration of Trust and governed by the Laws of the Province of Ontario, and where the context requires, its subsidiaries;
- (ff) **“KEYreit Board”** means the board of trustees of KEYreit;
- (gg) **“KEYreit Debentures”** means the Series 2009 Debentures, the Series 2011 Debentures and the Series 2012 Debentures;
- (hh) **“Laws”** means any applicable laws, including international, national, provincial, state, municipal and local laws, treaties, statutes, ordinances, judgments, decrees, injunctions, writs, certificates and orders, notices,

by-laws, rules, regulations, ordinances, policies, directives or other requirements of any Regulatory Authority having the force of law and the term “applicable” with respect to such Laws and in a context that refers to one or more persons, means such Laws as are applicable to such person or its business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

- (ii) **“Letter of Transmittal”** means the letter of transmittal in the form accompanying the Offer (printed on YELLOW paper);
- (jj) **“Long Term Incentive Plan”** means KEYreit’s Long Term Incentive Plan, as described under “Long Term Incentive Awards” in the Notice of Annual and Special Meeting of Unitholders and Management Information Circular of KEYreit dated May 9, 2012;
- (kk) **“Material Adverse Effect”** means any condition, event, circumstance, change, effect, or state of facts which, when considered either individually or in the aggregate, (i) is, or could reasonably be expected to be, material and adverse to the condition (financial or otherwise), properties, rights, licenses, status for tax purposes, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses, operations or results of operations of KEYreit, or any of its subsidiaries and material joint ventures, taken in each case as a whole, (ii) could reasonably be expected to reduce the anticipated economic value to the Offeror of the acquisition of the Units or make it inadvisable for, or impair the ability of, the Offeror to proceed with the Offer and/or with taking up and paying for the Units deposited under the Offer or (iii) could, if the Offer was consummated, be material and adverse to the Offeror or any of its affiliates;
- (ll) **“MI 62-104”** means Multilateral Instrument 62-104 — Take-Over Bids and Issuer Bids, as amended;
- (mm) **“Minimum Tender Condition”** has the meaning given to it in Section 4 of the Offer, “Conditions of the Offer”;
- (nn) **“Named Executive Officer”** has the meaning given to it in Section 10 of the Circular, “Agreements, Commitments or Understandings”;
- (oo) **“Non-Resident Holder”** has the meaning given to it in Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations — Holders Not Resident in Canada”;
- (pp) **“Notice of Guaranteed Delivery”** means the notice of guaranteed delivery in the form accompanying the Offer (printed on BLUE paper);
- (qq) **“Notifiable Transaction”** has the meaning given to it in Section 11 of the Circular, “Regulatory Matters — Competition Act”;
- (rr) **“Offer”** means the offer to purchase Units made hereby to the Unitholders pursuant to the terms and subject to the conditions set out herein;
- (ss) **“Offer and Circular”** means the Offer and the Circular, including the Summary, the Glossary and all Schedules to the Offer and Circular;
- (tt) **“Offeror”** means Huntingdon Capital Corp., a company incorporated pursuant to the BCBCA;
- (uu) **“OSA”** means the *Securities Act* (Ontario), as amended;
- (vv) **“OSC Rule 62-504”** means Ontario Securities Commission Rule 62-504 — Take-Over Bids and Issuer Bids, as amended;
- (ww) **“Permitted Distributions”** means (i) regular monthly distributions to Unitholders made in conformity and consistency in all respects with KEYreit’s monthly distribution policies in effect as at the date hereof, including declaration, record and payment dates for determination of Unitholders entitled to such

distributions, made in respect of all months ending prior to the month in which the Take-up Date occurs; and (ii) a portion of such regular monthly distribution described as aforesaid pro rata in respect of the number of days that have elapsed in the month in which the Take-up Date occurs;

- (xx) **“Purchased Securities”** has the meaning given to it in Section 3 of the Offer, “Manner of Acceptance – Power of Attorney”;
- (yy) **“Proposed Amendments”** has the meaning given to it in Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations”;
- (zz) **“Regulatory Authority”** means: (i) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; (ii) any multinational or supranational body or organization, nation, government, state, province, country, territory, municipality, quasi-government, administrative, judicial or regulatory authority, agency, board, body, bureau, commission, instrumentality, court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) or taxing authority thereof, or any ministry or department or agency of any of the foregoing; and (iii) any self-regulatory organization or stock exchange, including, without limitation, the TSX;
- (aaa) **“Resident Holder”** has the meaning given to it in Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada”;
- (bbb) **“Restricted Event”** means, with respect to KEYreit and its subsidiaries: (i) any material acquisition of an interest in properties or assets; (ii) any material sale, license, lease, transfer or disposition of an interest in any properties of KEYreit or any of its subsidiaries; (iii) any amendment to the Declaration of Trust; (iv) any material use of restricted cash of KEYreit other than the uses thereof described in KEYreit’s publicly filed documents as they exist as at the date hereof; (v) incurring, agreeing to incur, guaranteeing or agreeing to guarantee the payment of any material amount of indebtedness of a third party other than mortgage debt financing and refinancing of properties in the ordinary course of business on commercially reasonable terms; (vi) issuing, declaring, paying, authorizing or making any distribution or payment of or on any of its securities, other than Permitted Distributions; (vii) any material change to the capitalization of KEYreit or any of its subsidiaries, including any issuance by KEYreit or any other person, authorization, adoption or proposal regarding the issuance of, or purchase, or proposal to purchase, any Units, Exchangeable Securities, Special Voting Units or Convertible Securities; and/or (viii) other than with the Offeror and its affiliates subsequent to the date of the Offer, any take-over bid, issuer bid, merger, amalgamation, plan of arrangement, reorganization, consolidation, business combination, sale of securities, recapitalization, liquidation, dissolution, winding up or similar transaction involving KEYreit or any of its subsidiaries or entering into an agreement or calling a special meeting of Unitholders to consider and give effect to any of the foregoing;
- (ccc) **“Restricted Units”** means a right granted under and subject to the Long Term Incentive Plan;
- (ddd) **“SEDAR”** means the Canadian Securities Administrators’ website at [www.sedar.com](http://www.sedar.com);
- (eee) **“Series 2009 Debentures”** means the \$20 million aggregate principal amount of 7.75% convertible, unsecured subordinated debentures issued on October 2, 2009;
- (fff) **“Series 2011 Debentures”** means the \$12 million aggregate principal amount of 8.00% convertible, unsecured subordinated debentures issued on September 20, 2011;
- (ggg) **“Series 2012 Debentures”** means the \$21.2 million aggregate principal amount of 7.00% convertible, unsecured subordinated debentures issued in December 2012 (over-allotment amount issued in January 2013);
- (hhh) **“Soliciting Dealer”** has the meaning given to it in Section 15 of the Circular, “Soliciting Dealers”;

- (iii) **“Special Voting Units”** means the voting non-participating trust units issued by KEYreit as more fully described in the Declaration of Trust;
- (jjj) **“subsidiary”** means, with respect to a person, any body corporate of which more than 50% of the outstanding shares or units ordinarily entitled to elect a majority of the board of directors or trustees thereof (whether or not units or shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned or over which voting control or direction is exercised, directly or indirectly, by such person and shall include any body corporate, partnership, trust, joint venture or other entity over which such person exercises direction or control or which is in a like relation to a subsidiary;
- (kkk) **“Supplementary Information Request”** has the meaning given to it in Section 11 of the Circular, “Regulatory Matters — Competition Act”;
- (lll) **“take-up”**, in reference to Units, means to accept such Units for payment by giving written notice of such acceptance to the Depository and “take-up”, “taking up” and “taken up” have corresponding meanings;
- (mmm) **“Take-Up Date”** means, any date on which the Offeror takes up the Units pursuant to the Offer;
- (nnn) **“tax”** or **“taxes”** means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, provincial, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, capital taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which KEYreit or its subsidiaries is required to pay, withhold, remit or collect;
- (ooo) **“Tax Act”** has the meaning given to it in Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations”;
- (ppp) **“taxable capital gain”** has the meaning given to it in Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Sale of Units Pursuant to the Offer”;
- (qqq) **“TCP”** means taxable Canadian property, as defined in the Tax Act;
- (rrr) **“Transfer Agent”** means such company as may from time to time appointed by KEYreit to act as registrar and transfer agent of the Units, together with any sub-transfer agent duly appointed by the Transfer Agent;
- (sss) **“Treasury Regulations”** means Regulations of the United States Department of the Treasury and/or the United States Internal Revenue Service promulgated under or in respect of the Code;
- (ttt) **“TSX”** means the Toronto Stock Exchange;
- (uuu) **“United States”** means the United States, as defined in Rule 902 of Regulation S under the United States Securities Act of 1933, as amended;
- (vvv) **“Unitholders”** means, collectively, the holders of Units;
- (www) **“Units”** means the issued and outstanding units of KEYreit, including units of KEYreit issued on the conversion, exchange or exercise of Convertible Securities, and a “Unit” means any one unit of KEYreit; and
- (xxx) **“U.S. Exchange Act”** means the *United States Securities Exchange Act of 1934*, as amended.



## THE OFFER

The accompanying Circular, which is incorporated into and forms part of the Offer, contains important information that should be read carefully before making a decision with respect to the Offer. Unless the context otherwise requires, terms used but not defined in the Offer have the respective meanings given to them in the accompanying Glossary, unless the context otherwise requires.

January 31, 2013

### **TO: THE HOLDERS OF UNITS OF KEYreit**

#### **1. The Offer**

##### *General*

The Offeror hereby offers to purchase, on the terms and subject to the conditions of the Offer, up to 6,628,940 of the Units not already owned by the Offeror for consideration per Unit of \$7.00 in cash. If more than 6,628,940 of the Units are deposited at the Expiry Time, the Units to be purchased under the Offer will be taken up and paid for on a pro-rata basis according to the number of Units deposited by each Unitholder of KEYreit, disregarding fractions by rounding down to the nearest whole Unit.

The Offer is being made only for Units and is not made for any Convertible Securities. Any holder of Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of the Convertible Security and applicable Laws, convert, exchange or exercise such Convertible Securities in order to deposit the resulting Units in accordance with the terms of the Offer. Any such conversion, exchange or exercise must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will be in a position to deposit such Units at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to under Section 3 of the Offer, "Manner of Acceptance".

The Offer represents a premium of approximately 13.3% over the volume-weighted average trading price of \$6.18 per Unit over the 20 trading days on the TSX up to and including January 28, 2013, the last trading day prior to the Offeror's announcement of its intention to make the Offer. The Offer also represents a premium of approximately 13.3% over the closing price of \$6.18 per Unit on the TSX on January 28, 2013.

The obligation of the Offeror to take up and pay for Units pursuant to the Offer is subject to certain conditions. See Section 4 of the Offer, "Conditions of the Offer".

**All amounts payable under the Offer will be paid in Canadian dollars.**

**Unitholders should contact the Depositary or a broker or dealer for assistance in accepting the Offer and in depositing Units with the Depositary.**

**Unitholders will not be required to pay any fee or commission if they accept the Offer by depositing their Units directly with the Depositary or if they make use of the services of a Soliciting Dealer to accept the Offer.**

**This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made or directed to, nor will deposits of Units be accepted from or on behalf of, Unitholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Unitholders in any such jurisdiction.**

**Unitholders whose Units are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance in depositing their Units.**

## **2. Time for Acceptance**

The Offer is open for acceptance from the date of the Offer until 5:00 p.m. (Toronto time) on March 7, 2013, or such later time or times and date or dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer, "Extension, Variation or Change in the Offer", unless the Offer is withdrawn by the Offeror.

## **3. Manner of Acceptance**

### ***Letter of Transmittal***

The Offer may be accepted by delivering to the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal (printed on YELLOW paper) accompanying the Offer, so as to be received at or prior to the Expiry Time:

- (a) the certificate(s) representing the Units in respect of which the Offer is being accepted;
- (b) a Letter of Transmittal in the form accompanying the Offer, or a manually executed facsimile thereof, properly completed and executed in accordance with the instructions set out in the Letter of Transmittal (including signature guarantee if required); and
- (c) all other documents required by the terms of the Offer and the Letter of Transmittal.

Unitholders will not be required to pay any fee or commission if they accept the Offer by depositing their Units directly with the Depositary or if they make use of the services of a Soliciting Dealer to accept the Offer.

In certain cases, the signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See Section 3 of the Offer, "Manner of Acceptance — Letter of Transmittal Signature Guarantees" below and the instructions set out in the Letter of Transmittal in order to determine if the signatures on your Letter of Transmittal must be guaranteed by an Eligible Institution.

The Offer will be deemed to be accepted only if the Depositary has actually received these documents at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Alternatively, Units may be deposited under the Offer in compliance with the procedures for guaranteed delivery set out below under the heading Section 3 of the Offer, "Manner of Acceptance — Procedure for Guaranteed Delivery" or in compliance with the procedures for book-entry transfers set out below under the heading Section 3 of the Offer, "Manner of Acceptance — Acceptance by Book-Entry Transfer".

### ***Letter of Transmittal Signature Guarantees***

No signature guarantee is required on the Letter of Transmittal if:

- (a) the Letter of Transmittal is signed by the registered holder of the Units exactly as the name of the registered holder appears on the Unit certificate deposited therewith, and the cash payable under the Offer is to be delivered directly to such registered holder; or
- (b) Units are deposited for the account of an Eligible Institution.

In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a certificate representing Units is registered in the name of a person other than the signatory of a Letter of Transmittal or if the cash payable is to be delivered to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate unit transfer power of attorney, in either case, signed exactly as the name of the registered holder appears on the certificate with the signature on the certificate or power of attorney guaranteed by an Eligible Institution.

### ***Procedure for Guaranteed Delivery***

If a Unitholder wishes to deposit Units under the Offer and either (i) the certificate(s) representing the Units is (are) not immediately available or (ii) the certificate(s) and all other required documents cannot be delivered to the Depositary at or prior to the Expiry Time, those Units may nevertheless be deposited validly under the Offer provided that all of the following conditions are met:

- (a) the deposit is made by or through an Eligible Institution;
- (b) a Notice of Guaranteed Delivery (printed on BLUE paper) in the form accompanying the Offer, or a manually executed facsimile thereof, properly completed and executed, including the guarantee of delivery by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery, is received by the Depositary at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time; and
- (c) the certificate(s) representing all Deposited Units, together with a Letter of Transmittal, or a manually executed facsimile thereof, properly completed and executed, with the signatures guaranteed, if required, in accordance with the instructions set out in the Letter of Transmittal, and all other documents required thereby, are received by the Depositary at its office specified in the Letter of Transmittal at or prior to 5 p.m. (Toronto time) on the third trading day on the TSX after the Expiry Time.

**The Notice of Guaranteed Delivery must be delivered by hand or courier or transmitted by facsimile or mailed to the Depositary at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time and must include a guarantee by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery. Delivery of the Notice of Guaranteed Delivery and the Letter of Transmittal and accompanying certificate(s) representing Units and all other required documents to an address or transmission by facsimile to a facsimile number other than those specified in the Notice of Guaranteed Delivery does not constitute delivery for purposes of satisfying a guaranteed delivery.**

### ***Acceptance by Book-Entry Transfer***

Unitholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. The Depositary has established an account at CDS for the purpose of the Offer. Any financial institution that is a participant in CDS may cause CDS to make a book-entry transfer of a Unitholder's Units into the Depositary's account in accordance with CDS procedures for such transfer. Delivery of Units to the Depositary by means of a book-entry transfer will constitute a valid deposit of such Units under the Offer.

Unitholders, through their respective CDS participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary's account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and therefore such instructions received by the Depositary are considered a valid deposit under and in accordance with the terms of the Offer.

### ***Holders of Convertible Securities***

The Offer is being made only for Units and is not made for any Convertible Securities. Any holder of Convertible Securities who wishes to accept the Offer must, to the extent permitted by the terms of the applicable Convertible Security and applicable Laws, convert, exchange or exercise such Convertible Securities in order to deposit the resulting Units in accordance with the terms of the Offer. Any such conversion, exchange or exercise must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will be in a position to deposit such Units at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to under Section 3 of the Offer, "Manner of Acceptance — Procedure for Guaranteed Delivery".

### ***General***

The Offer will be deemed to be accepted by a Unitholder only if the Depositary has actually received the requisite documents at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. In all cases, payment for Units deposited and taken up by the Offeror will be made only after timely receipt by the Depositary of (i) certificate(s) representing the Units (or, in the case of a book-entry transfer to the Depositary, a Book-Entry Confirmation for the Units, as applicable), (ii) a Letter of Transmittal, or a manually executed facsimile thereof, properly completed and duly executed, covering such Units, with the signature(s) guaranteed, if required, in accordance with the instructions set out in the Letter of Transmittal and (iii) all other required documents.

**The method of delivery of certificate(s) representing Units (or a Book-Entry Confirmation, as applicable), the Letter of Transmittal, the Notice of Guaranteed Delivery and all other required documents is at the option and risk of the person depositing such documents. The Offeror recommends that such documents be delivered by hand to the Depositary and that a receipt be obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. It is suggested that any such mailing be made sufficiently in advance of the Expiry Time to permit delivery to and receipt by the Depositary at or prior to the Expiry Time. Delivery will only be effective upon actual physical receipt by the Depositary.**

**Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the deposit of Units that are earlier than those specified above. Unitholders whose Units are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance in depositing their Units if they wish to accept the Offer.**

All questions as to the validity, form, eligibility (including, without limitation, timely receipt) and acceptance of any Units deposited under the Offer will be determined by the Offeror in its sole discretion. Depositing Unitholders agree that such determination will be final and binding. The Offeror reserves the absolute right to reject any and all deposits that it determines not to be in proper form or that may be unlawful to accept under the Laws of any jurisdiction. The Offeror reserves the absolute right to waive any defects or irregularities in the deposit of any Units. **There shall be no duty or obligation of the Offeror, the Depositary or any other person to give notice of any defects or irregularities in any deposit and no liability shall be incurred or suffered by any of them for failure to give any such notice. The Offeror's interpretation of the terms and conditions of the Offer, the Circular, the Letter of Transmittal and Notice of Guaranteed Delivery and any other related documents will be final and binding.**

The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set out in this Section 3.

Under no circumstance will interest accrue or any amount be paid by the Offeror or the Depositary by reason of any delay in exchanging any Units or making payments for any Units to any person on account of Units accepted for payment under the Offer.

### ***Power of Attorney***

The execution of a Letter of Transmittal (or, in the case of Units deposited by book-entry transfer of Units, by the making of a book-entry transfer) irrevocably constitutes and appoints, effective at and after the time (the "Effective Time") that the Offeror takes up the Deposited Units, each director and officer of the Offeror, and any other person designated by the Offeror, as the true and lawful agent, attorney, attorney-in-fact and proxy of the holder of the Deposited Units (which Deposited Units upon being taken up are, together with any Excess Distributions thereon, hereinafter referred to as the "**Purchased Securities**") with respect to such Purchased Securities, with full power of substitution (such powers of attorney, being coupled with an interest, being irrevocable), in the name of and on behalf of such Unitholder:

- (a) to register or record the transfer and/or cancellation of such Purchased Securities to the extent consisting of securities on the appropriate securities registers maintained by or on behalf of KEYreit;

- (b) for so long as any such Purchased Securities are registered or recorded in the name of such Unitholder, to exercise any and all rights of such Unitholder including, without limitation, the right to vote, to execute and deliver (provided the same is not contrary to applicable Laws), as and when requested by the Offeror, any and all instruments of proxy, authorizations or consents in form and on terms satisfactory to the Offeror in respect of any or all Purchased Securities, to revoke any such instruments, authorizations or consents given prior to or after the Effective Time, and to designate in any such instruments, authorizations or consents any person or persons as the proxyholder of such Unitholder in respect of such Purchased Securities for all purposes including, without limitation, in connection with any meeting or meetings (whether annual, special or otherwise, or any adjournments thereof) of holders of relevant securities of KEYreit;
- (c) to execute, endorse and negotiate, for and in the name of and on behalf of such Unitholder, any and all cheques or other instruments representing any Excess Distributions payable to or to the order of, or endorsed in favour of, such Unitholder; and
- (d) to exercise any other rights of a Unitholder with respect to such Purchased Securities, all as set out in the Letter of Transmittal.

A Unitholder accepting the Offer under the terms of the Letter of Transmittal (including by book-entry transfer) revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the Unitholder at any time with respect to the Deposited Units or any Excess Distributions. Such depositing Unitholder agrees that no subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise will be granted with respect to the Deposited Units or any Excess Distributions by or on behalf of the depositing Unitholder unless the Deposited Units are not taken up and paid for under the Offer or are withdrawn in accordance with Section 7 of the Offer, "Withdrawal of Deposited Units".

A Unitholder accepting the Offer under the terms of the Letter of Transmittal (including by book-entry transfer) also agrees not to vote any of the Purchased Securities at any meeting (whether annual, special or otherwise or any adjournments thereof, including) of holders of relevant securities of KEYreit and, except as may otherwise be agreed with the Offeror, not to exercise any of the other rights or privileges attached to the Purchased Securities, and agrees to execute and deliver to the Offeror any and all instruments of proxy, authorizations or consents in respect of all or any of the Purchased Securities, and agrees to designate or appoint in any such instruments of proxy, authorizations or consents, the person or persons specified by the Offeror as the proxy or the proxy nominee or nominees of the holder of the Purchased Securities. Upon such appointment, all prior proxies and other authorizations (including, without limitation, all appointments of any agent, attorney or attorney-in-fact) or consents given by the holder of such Purchased Securities with respect thereto will be revoked and no subsequent proxies or other authorizations or consents may be given by such person with respect thereto.

#### ***Further Assurances***

A Unitholder accepting the Offer covenants under the terms of the Letter of Transmittal (including by book-entry transfer) to execute, upon request of the Offeror, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Securities to the Offeror. Each authority therein conferred or agreed to be conferred is, to the extent permitted by applicable Laws, irrevocable and may be exercised during any subsequent legal incapacity of such Unitholder and shall, to the extent permitted by applicable Laws, survive the death or incapacity, bankruptcy or insolvency of the Unitholder and all obligations of the Unitholder therein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such Unitholder.

#### ***Formation of Agreement; Unitholder's Representations and Warranties***

The acceptance of the Offer pursuant to the procedures set out above constitutes a binding agreement between a depositing Unitholder and the Offeror, effective immediately following the time at which the Offeror takes up the Units deposited by such Unitholder, in accordance with the terms and conditions of the Offer and the Letter of Transmittal. This agreement includes a representation and warranty by the depositing Unitholder that (i) the person signing the Letter of Transmittal or on whose behalf a book-entry transfer is made has full power and authority to deposit, sell, assign and transfer the Deposited Units and all rights and benefits arising from such Deposited Units

including, without limitation, any Excess Distributions, (ii) the person signing the Letter of Transmittal or on whose behalf a book-entry transfer is made owns the Deposited Units and any Excess Distributions deposited under the Offer, (iii) the Deposited Units and Excess Distributions have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Deposited Units or Excess Distributions, to any other person, (iv) the deposit of the Deposited Units and Excess Distributions complies with applicable Laws, and (v) when the Deposited Units and Excess Distributions are taken up and paid for by the Offeror, the Offeror will acquire good title thereto (and to any Excess Distributions), free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others.

#### 4. Conditions of the Offer

Notwithstanding any other provision of the Offer, subject to applicable Laws, and in addition to (and not in limitation of) the Offeror's right to vary or change the Offer at any time prior to the Expiry Time pursuant to Section 5 of the Offer, "Extension, Variation or Change in the Offer", the Offeror will have the right to withdraw the Offer and not take up nor pay for any Units deposited under the Offer, and will have the right to extend the period of time during which the Offer is open for acceptance, unless all of the following conditions are satisfied or waived by the Offeror (in its sole discretion) at or prior to the Expiry Time:

- (a) there shall have been validly deposited pursuant to the Offer and not withdrawn at the Expiry Time, such number of Units which, together with any Units owned directly or indirectly by the Offeror and its affiliates, constitutes at least 50% of the outstanding Units (the "**Minimum Tender Condition**");
- (b) the Offeror shall have determined, in its reasonable discretion, that (i) neither KEYreit nor any of its subsidiaries or associates or other entities in which it has a direct or indirect interest shall have taken or proposed to take any action, or disclosed any previously undisclosed action or intention taken and no other person shall have taken any action, that could reasonably be expected to result in a Material Adverse Effect, and (ii) there shall not exist and shall not have occurred (or, if there does exist or shall have occurred prior to the commencement of the Offer, there shall not have been disclosed, generally or to the Offeror in writing, or the Offeror shall not otherwise have discovered) any facts that could reasonably be expected to constitute or result in a Material Adverse Effect;
- (c) in the event that a unitholder rights plan is adopted by KEYreit, the Offeror shall have determined in its reasonable discretion that, on terms satisfactory to the Offeror:
  - (i) the KEYreit Board shall have waived the application of such unitholder rights plan;
  - (ii) a cease trade order or an injunction shall have been issued that has the effect of prohibiting or preventing the exercise of rights issued under such unitholder rights plan or the issue of Units upon the exercise of rights issued under such unitholder rights plan;
  - (iii) a court of competent jurisdiction shall have ordered that rights issued under such unitholder rights plan are illegal or of no force or effect or may not be exercised in relation to the Offer; or
  - (iv) any such unitholder rights plan or rights issued under such unitholder rights plan shall otherwise have become or been held unexercisable or unenforceable in relation to the Units with respect to the Offer;
- (d) all government or regulatory consents, authorizations, waivers, permits, reviews, orders, rulings, decisions, approvals or exemptions that are necessary or desirable
  - (i) to complete the Offer; and

- (ii) to prevent or avoid the occurrence of a Material Adverse Effect as a result of the completion of the Offer,

shall have been obtained or concluded on terms and conditions satisfactory to the Offeror, and all regulatory notice and waiting or suspensory periods in respect of the foregoing shall have expired or been terminated;

- (e) without limiting the scope of the condition in paragraph (d) above, Competition Act Approval shall have been obtained on terms and conditions satisfactory to the Offeror;
- (f) the Offeror shall have determined in its reasonable discretion that (i) no act, action, suit or proceeding shall have been threatened, taken or commenced by or before, and no judgement or order shall have been issued by, any domestic or foreign elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or other entity), any governmental agency or Regulatory Authority or administrative agency or commission in Canada, the United States or elsewhere, any domestic or foreign court, tribunal or other Regulatory Authority or any other person in any case, whether or not having the force of Law, and (ii) no Laws shall have been proposed, enacted, promulgated, amended or applied, in either case:
  - (i) challenging the Offer or the Offeror's ability to maintain the Offer;
  - (ii) that would cease trade, enjoin, prohibit or impose material limitations or conditions on or make materially more costly the making of the Offer, the purchase by or the sale to the Offeror of the Units, the right of the Offeror to own or exercise full rights of ownership over the Units, or which could have any such effect; or
  - (iii) which may make uncertain the ability of the Offeror or its affiliates to complete the Offer;
- (g) there shall not exist any prohibition at Law against the Offeror making the Offer or taking up and paying for Units deposited under the Offer;
- (h) KEYreit shall not have authorized, proposed or announced an intention to effect and shall not have entered into any agreement, arrangement, commitment, proposal, offer or understanding with respect to, and there shall not have occurred, a Restricted Event;
- (i) the Offeror shall have determined that there shall not have occurred, developed or come into effect or existence any event, action, state, condition or financial occurrence of national or international consequence, or any Law, regulation, action, government regulation, inquiry or other occurrence of any nature whatsoever that adversely affects or involves, or may adversely affect or involve, the financial markets in Canada or in the United States, generally or that has made or may make it inadvisable or impossible for the Offeror to proceed with the transactions contemplated by the Offer or for the Offeror to proceed with taking up and paying for the Units deposited under the Offer; and
- (j) there shall not exist any untrue statement of material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings), in any document filed by or on behalf of KEYreit with any securities Regulatory Authority.

The foregoing conditions are for the exclusive benefit of the Offeror and may be asserted by the Offeror regardless of the circumstances giving rise to any such assertion, including, without limitation, any action or inaction by the Offeror. The Offeror in its sole discretion may waive any of the foregoing conditions in whole or in part at any time and from time to time without prejudice to any other rights which the Offeror may have. The failure by the

Offeror at any time to exercise any of the foregoing rights will not be deemed to be a waiver of any such right, the waiver of any such right with respect to particular facts and circumstances will not be deemed a waiver with respect to any other facts and each such right shall be deemed to be an ongoing right which may be asserted at any time and from time to time.

Any waiver of a condition or the withdrawal of the Offer will be effective upon written notice or other communication confirmed in writing by the Offeror to that effect to the Depositary at its principal office in Toronto, Ontario. Forthwith after giving any such notice, the Offeror will make a public announcement of such waiver or withdrawal, will cause the Depositary, if required by applicable Laws, as soon as practicable thereafter to communicate such notice to all Unitholders in the manner set out in Section 10 of the Offer, "Notices and Delivery" and will provide a copy of the aforementioned notice to the TSX. If the Offer is withdrawn, the Offeror will not be obligated to take up or pay for any Units deposited under the Offer and the Depositary will promptly return all Deposited Units in accordance with Section 8 of the Offer, "Return of the Deposited Units".

## **5. Extension, Variation or Change in the Offer**

The Offer is open for acceptance from the date of the Offer until, but not after, the Expiry Time, subject to extension or variation in the Offeror's sole discretion, unless the Offer is withdrawn by the Offeror.

Subject to the limitations hereafter described, the Offeror reserves the right, in its sole discretion, at any time and from time to time while the Offer is open for acceptance (or at any other time if permitted by applicable Laws), to extend the Expiry Time or to vary the Offer by giving written notice (or other communication subsequently confirmed in writing, provided that such confirmation is not a condition of the effectiveness of the notice) of such extension or variation to the Depositary at its principal office in Toronto, Ontario, and by causing the Depositary, if required by applicable Laws, as soon as practicable thereafter to communicate such notice in the manner set out in Section 10 of the Offer, "Notices and Delivery", to all registered Unitholders whose Units have not been taken up prior to the extension or variation and to all holders of Convertible Securities. The Offeror shall, as soon as practicable after giving notice of an extension or variation to the Depositary, make a public announcement of the extension or variation to the extent and in the manner required by applicable Laws and provide a copy of the notice thereof to the TSX. Any notice of extension or variation will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated in writing to the Depositary at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied, (other than a variation consisting solely of a waiver of one or more conditions of the Offer), the Offer will not expire before ten days after the notice of such variation has been given to the Unitholders, unless otherwise permitted by applicable Laws and subject to abridgement or elimination of that period pursuant to such orders or other forms of relief as may be granted by Regulatory Authorities.

If, before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer or the Circular, a notice of change, or a notice of variation that would reasonably be expected to affect the decision of a Unitholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or of an affiliate of the Offeror unless it is a change in a material fact relating to the Units being offered), the Offeror will give written notice of such change to the Depositary at its principal office in Toronto, Ontario, and will cause the Depositary, if required by applicable Laws, as soon as practicable thereafter, to provide notice of such change in the manner set out in Section 10 of the Offer, "Notices and Delivery", to all Unitholders whose Units have not been taken up under the Offer at the date of the occurrence of the change and to all holders of Convertible Securities. As soon as practicable after giving notice of the change in information to the Depositary, the Offeror will make a public announcement of the change in information to the extent and in the manner required by applicable Laws and provide a copy of the notice thereof to the TSX and the applicable securities Regulatory Authorities. Any notice of change in information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Notwithstanding the foregoing, but subject to applicable Laws, the Offer may not be extended by the Offeror if all of the terms and conditions of the Offer have been complied with or waived, unless the Offeror first takes up all Units deposited under the Offer and not withdrawn.



During any extension or in the event of any variation of the Offer or change in information, all Units previously deposited and not taken up or withdrawn will remain subject to the Offer and may be taken up by the Offeror in accordance with the terms hereof, subject to Section 7 of the Offer, "Withdrawal of Deposited Units". An extension of the Expiry Time, a variation of the Offer or a change in information does not, unless otherwise expressly stated, constitute a waiver by the Offeror of its rights under Section 4 of the Offer, "Conditions of the Offer".

If, prior to the Expiry Time, the consideration being offered for the Units under the Offer is increased, the increased consideration will be paid to all depositing Unitholders whose Units are taken up under the Offer, whether or not such Units were taken up before the increase.

## **6. Take-Up of and Payment for Deposited Units**

If all of the conditions described in Section 4 of the Offer, "Conditions of the Offer", have been satisfied or waived by the Offeror (in its sole discretion) at or prior to the Expiry Time, the Offeror will take up and pay for Units validly deposited under the Offer and not properly withdrawn not later than ten days after the Expiry Time. Any Units taken up will be paid for as soon as possible, and in any event not later than three business days after they are taken up. Any Units deposited under the Offer after the date on which Units are first taken up by the Offeror under the Offer but prior to the Expiry Time will be taken up and paid for not later than ten days after such deposit.

The Offeror will be deemed to have taken up and accepted for payment Units validly deposited and not withdrawn under the Offer if, as and when the Offeror gives written notice, or other communication confirmed in writing, to the Depositary at its principal office in Toronto, Ontario to that effect. Subject to applicable Laws, the Offeror expressly reserves the right, in its sole discretion to, on, or after the Expiry Time, withdraw the Offer and not take up or pay for any Units if any condition specified in Section 4 of the Offer, "Conditions of the Offer", is not satisfied or waived, by giving written notice thereof, or other communication confirmed in writing, to the Depositary at its principal office in Toronto, Ontario. The Offeror will not, however, take up and pay for any Units deposited under the Offer unless it simultaneously takes up and pays for all Units then validly deposited under the Offer and not withdrawn, provided that Units will be taken up and paid for on a pro-rata basis according to the number of Units deposited by each Unitholder in the event that more than 6,628,940 Units are deposited at the Expiry Time.

The Offeror will pay for Units validly deposited under the Offer and not withdrawn by providing the Depositary sufficient funds (by bank transfer or other means satisfactory to the Depositary), for transmittal to depositing Unitholders. Under no circumstances will interest accrue or be paid by the Offeror or the Depositary to persons depositing Units on the purchase price of Units purchased by the Offeror, regardless of any delay in making payments for Units.

The Depositary will act as the agent of persons who have deposited Units in acceptance of the Offer for the purposes of receiving payment from the Offeror and transmitting such payment to such persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment by persons depositing Units under the Offer.

All payments under the Offer will be made in Canadian dollars.

Settlement with each Unitholder who has deposited (and not withdrawn) Units under the Offer will be made by the Depositary issuing or causing to be issued a cheque (except for payments in excess of \$25 million, which will be made by wire transfer, as set out in the Letter of Transmittal) payable in Canadian funds in the amount to which the person depositing Units is entitled. Unless otherwise directed by the Letter of Transmittal the cheque will be issued in the name of the registered holder of the Units so deposited. Unless the person depositing the Units instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the Letter of Transmittal, the cheque will be forwarded by first class mail to such person at the address specified in the Letter of Transmittal. If no such address is specified, the cheque will be sent to the address of the registered holder as shown on the securities register maintained by or on behalf of KEYreit. Cheques mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing. Pursuant to applicable Laws, the Offeror may, in certain circumstances, be required to make withholdings from the amount otherwise payable to a Unitholder.

Unitholders will not be required to pay any fee or commission if they accept the Offer by depositing their Units directly with the Depositary or if they make use of the services of a Soliciting Dealer, if any, to accept the offer.

## **7. Withdrawal of Deposited Units**

Except as otherwise stated in this Section 7 or as otherwise required by applicable Laws, all deposits of Units under the Offer are irrevocable. Unless otherwise required or permitted by applicable Laws, any Units deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Unitholder:

- (a) at any time before the Units have been taken up by the Offeror under the Offer;
- (b) if the Units have not been paid for by the Offeror within three business days after having been taken up; or
- (c) at any time before the expiration of ten days from the date upon which either:
  - (i) a notice of change relating to a change which has occurred in the information contained in the Offer, or the Circular, a notice of change or a notice of variation, that would reasonably be expected to affect the decision of a Unitholder to accept or reject the Offer (other than a change that is not within the control of the Offeror and its affiliates), in the event that such change occurs before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer; or
  - (ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the Units where the Expiry Time is not extended for more than ten days, or a variation consisting solely of a waiver of a condition of the Offer),

is mailed, delivered or otherwise properly communicated (subject to abridgement of that period pursuant to such order or orders or other forms of relief as may be granted by applicable courts or Regulatory Authorities) and only if such deposited Units have not been taken up by the Offeror at the date of the notice.

Withdrawals of Units deposited under the Offer must be effected by notice of withdrawal made by or on behalf of the depositing Unitholder and must be actually received by the Depositary at the place of deposit of the applicable Units (or Notice of Guaranteed Delivery in respect thereof) within the time limits indicated above. Notices of withdrawal: (i) must be made by a method that provides the Depositary with a written or printed copy; (ii) must be signed by or on behalf of the person who signed the Letter of Transmittal accompanying (or Notice of Guaranteed Delivery in respect of) the Units which are to be withdrawn; and (iii) must specify such person's name, the number of Units to be withdrawn, the name of the registered holder and the certificate number shown on each certificate representing the Units to be withdrawn. Any signature in a notice of withdrawal must be guaranteed by an Eligible Institution in the same manner as in a Letter of Transmittal (as described in the instructions set out therein), except in the case of Units deposited for the account of an Eligible Institution.

If Units have been deposited pursuant to the procedures for book-entry transfer, as set out in Section 3 of the Offer, "Manner of Acceptance — Acceptance by Book-Entry Transfer", any notice of withdrawal must specify the name and number of the account at CDS, to be credited with the withdrawn Units and otherwise comply with the procedures of CDS.

**A withdrawal of Units deposited under the Offer can only be accomplished in accordance with the foregoing procedures. The withdrawal will take effect only upon actual receipt by the Depositary of the properly completed and executed written notice of withdrawal.**

**Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the withdrawal of Units deposited under the Offer that are earlier than those specified above. Unitholders whose**

**Units are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance.**

All questions as to the validity (including, without limitation, timely receipt) and form of notices of withdrawal will be determined by the Offeror in its sole discretion and such determination will be final and binding. There is no duty or obligation of the Offeror, the Depositary or any other person to give notice of any defect or irregularity in any notice of withdrawal and no liability shall be incurred or suffered by any of them for failure to give such notice.

If the Offeror extends the period of time during which the Offer is open, is delayed in taking up or paying for Units or is unable to take up or pay for Units for any reason, then, without prejudice to the Offeror's other rights, Units deposited under the Offer may, subject to applicable Laws, be retained by the Depositary on behalf of the Offeror and such Units may not be withdrawn except to the extent that depositing Unitholders are entitled to withdrawal rights as set out in this Section 7 or pursuant to applicable Laws.

Withdrawals cannot be rescinded and any Units withdrawn will be deemed not validly deposited for the purposes of the Offer, but may be re-deposited at any subsequent time prior to the Expiry Time by following any of the procedures described in Section 3 of the Offer, "Manner of Acceptance".

In addition to the foregoing rights of withdrawal, Unitholders in the provinces of Canada are entitled to one or more statutory rights of rescission, price revision or to damages in certain circumstances. See Section 17 of the Circular, "Statutory Rights".

## **8. Return of Deposited Units**

Any Deposited Units that are not taken up and paid for by the Offeror pursuant to the terms and conditions of the Offer for any reason will be returned, at the Offeror's expense, to the depositing Unitholder as soon as practicable after the Expiry Time or withdrawal of the Offer, by either (i) sending certificates representing the Units not purchased by first-class insured mail to the address of the depositing Unitholder specified in the Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the securities register maintained by or on behalf of KEYreit, or (ii) in the case of Units deposited by book-entry transfer of such Units pursuant to the procedures set out in Section 3 of the Offer, "Manner of Acceptance — Acceptance by Book-Entry Transfer", such Units will be credited to the depositing holder's account maintained with CDS.

## **9. Changes in Capitalization; Adjustments; Liens**

If, on or after the date of the Offer, KEYreit should divide, combine, reclassify, consolidate, convert or otherwise change any of the Units or its capitalization, issue any Units, or issue, grant or sell any Compensation Securities or other Convertible Securities, or disclose that it has taken or intends to take any such action, then the Offeror may, in its sole discretion and without prejudice to its rights under Section 4 of the Offer, "Conditions of the Offer", make such adjustments as it considers appropriate to the purchase price and other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the amount payable therefor) to reflect such division, combination, reclassification, consolidation, conversion, issuance, grant, sale or other change. See Section 5 of the Offer, "Extension, Variation or Change in the Offer".

Units acquired under the Offer shall be transferred by the Unitholder and acquired by the Offeror free and clear of all liens, restrictions, charges, encumbrances, claims and equities and together with all rights and benefits arising therefrom.

Unitholders will be entitled to Permitted Distributions up to the Expiry Time, whether or not such Unitholders deposit Units to the Offer prior to the Expiry Time.

If, on or after the date of the Offer, KEYreit should declare, set aside or pay any distribution or dividend, or declare, make or pay any other payment on, or declare, allot, reserve or issue any securities, rights or other interests (collectively, "**Distributions**") with respect to any Unit that is not a Permitted Distribution, which is or are payable or distributable to Unitholders on a record date prior to the date of transfer into the name of the Offeror or its

nominee or transferee on the securities register maintained by or on behalf of KEYreit in respect of Units accepted for purchase under the Offer, then (and without prejudice to its rights under Section 4 of the Offer, “Conditions of the Offer”): (i) in the case of any such cash distributions, dividends or payments that in an aggregate amount do not exceed the purchase price per Unit, the purchase price per Unit payable by the Offeror pursuant to the Offer will be reduced by the amount of any such distribution, dividend or payment; and (ii) in the case of any such cash distributions, dividends or payments that in an aggregate amount exceeds the purchase price per Unit pursuant to the Offer, or in the case of any non-cash distribution, dividend, payment, securities, property, rights, assets or other interests, the whole of any such distribution, dividend, payment, securities, property, rights, assets or other interests (and not simply the portion that exceeds the purchase price per Unit payable by the Offeror under the Offer) (collectively, the “**Excess Distributions**”) will be received and held by the depositing Unitholder for the account of the Offeror and will be promptly remitted and transferred by the depositing Unitholder to the Depositary for the account of the Offeror, accompanied by appropriate documentation of transfer. Pending such remittance, the Offeror will be entitled to all rights and privileges as the owner of any such distribution, dividend, payment, securities, property, rights, assets or other interests and may withhold the entire purchase price payable by the Offeror under the Offer or deduct from the consideration payable by the Offeror under the Offer the amount or value thereof, as determined by the Offeror in its sole discretion.

The tax consequences of a declaration or payment of a distribution are not described under Section 13 of the Circular, “Certain Canadian Federal Income Tax Considerations”. Unitholders should consult their own tax advisors with respect to the tax consequences to the Unitholder of the declaration or payments of any distribution.

## **10. Notices and Delivery**

Without limiting any other lawful means of giving notice, and unless otherwise specified by applicable Laws, any notice to be given by the Offeror or the Depositary under the Offer will be deemed to have been properly given if it is mailed by first class mail, postage prepaid, to the registered Unitholders (and to registered holders of Convertible Securities) at their respective addresses as shown on the register maintained by or on behalf of KEYreit in respect of the Units and Convertible Securities and will be deemed to have been received on the first business day following the date of mailing. For this purpose, “business day” means any day other than a Saturday, Sunday or statutory holiday in the jurisdiction to which the notice is mailed. These provisions apply notwithstanding any accidental omission to give notice to any one or more Unitholders or holders of Convertible Securities and notwithstanding any interruption of mail services following mailing. Except as otherwise permitted by applicable Laws, if mail service is interrupted or delayed following mailing, the Offeror intends to make reasonable efforts to disseminate the notice by other means, such as publication. Except as otherwise required or permitted by applicable Laws, if post offices in Canada or the United States are not open for the deposit of mail, any notice which the Offeror or the Depositary may give or cause to be given to Unitholders or holders of Convertible Securities under the Offer will be deemed to have been properly given and to have been received by Unitholders or holders of Convertible Securities if (i) it is given to the TSX for dissemination through its facilities, (ii) it is published once in the National Edition of The Globe and Mail or The National Post and in La Presse in the Province of Québec, or (iii) it is given to the Canada News Wire Service for dissemination through its facilities.

The Offer and Circular and the accompanying Letter of Transmittal and Notice of Guaranteed Delivery will be mailed to registered Unitholders (and to registered holders of Convertible Securities) by first class mail, postage prepaid, or made in such other manner as is permitted by applicable Laws and the Offeror will use its reasonable efforts to furnish such documents to brokers, investment advisors, banks and similar persons whose names, or the names of whose nominees, appear in the register maintained by or on behalf of KEYreit in respect of the Units or, if security position listings are available, who are listed as participants in a clearing agency’s security position listing, for subsequent transmittal to the beneficial owners of Units and Convertible Securities where such listings are received.

These securityholder materials are being sent to both registered and non-registered holders of securities. If you are a non-registered holder, and the Offeror or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable regulatory requirements from the intermediary holding such securities on your behalf.

**Wherever the Offer calls for documents to be delivered to the Depositary, such documents will not be considered delivered unless and until they have been physically received at the Toronto, Ontario office of the Depositary specified in the Letter of Transmittal.**

### **11. Mail Service Interruption**

Notwithstanding the provisions of the Offer, the Circular, the Letter of Transmittal or the Notice of Guaranteed Delivery cheques and any other relevant documents will not be mailed if the Offeror determines that delivery thereof by mail may be delayed. Persons entitled to cheques and/or any other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary to which the deposited certificate(s) for Units were delivered until such time as the Offeror has determined that delivery by mail will no longer be delayed. The Offeror shall provide notice of any such determination not to mail made under this Section 11 as soon as reasonably practicable after the making of such determination and in accordance with Section 10 of the Offer, "Notices and Delivery". Notwithstanding Section 6 of the Offer, "Take-Up of and Payment for Deposited Units", cheques and/or any other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery to the depositing Unitholder at the Toronto, Ontario office of the Depositary.

### **12. Market Purchases and Sales of Units**

As of the date hereof neither the Offeror nor any of its affiliates intends to acquire, or make or enter into any agreement, commitment or understanding to acquire beneficial ownership of any Units other than under the terms of the Offer. However, under Section 2.2(3) of MI 62-104 or Section 2.1 of OSC Rule 62-504, the Offeror or any of its affiliates may purchase Units other than under the terms of the Offer provided:

- (a) the aggregate number of Units beneficially acquired does not exceed 5% of the outstanding Units as of the date of the Offer, calculated in accordance with applicable Laws;
- (b) the purchases are made in the normal course through the facilities of the TSX;
- (c) the Offeror issues and files a news release containing the information required under applicable Laws immediately after the close of business of the TSX on each day on which Units have been purchased; and
- (d) the broker involved in such trades provides only customary broker services and receives only customary fees or commissions, and no solicitation is made by the Offeror, the seller or their agents.

Purchases pursuant to section 2.2(3) of MI 62-104 or section 2.1 of OSC Rule 62-504 shall be counted in any determination as to whether the Minimum Tender Condition has been fulfilled.

Although the Offeror has no present intention to sell Units taken up under the Offer, the Offeror reserves the right to make or enter into arrangements, commitments or understandings at or prior to the Expiry Time to sell any of such Units after the Expiry Time, subject to applicable Laws and to compliance with section 2.7(2) of MI 62-104 or section 93.4(2) of the OSA, as applicable.

### **13. Other Terms of the Offer**

- (a) The Offer and all contracts resulting from acceptance thereof shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein. Each party to any agreement resulting from the acceptance of the Offer unconditionally and irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia and all courts competent to hear appeals therefrom.
- (b) The Offeror reserves the right to transfer to one or more affiliates of the Offeror the right to purchase all or any portion of the Units deposited pursuant to the Offer, but any such transfer will

not relieve the Offeror of its obligations under the Offer and will in no way prejudice the rights of persons depositing Units to receive payment for Units validly deposited and accepted for payment under the Offer.

- (c) In any jurisdiction in which the Offer is required to be made by a licensed broker or dealer, the Offer shall be made on behalf of the Offeror by brokers or dealers licensed under the Laws of such jurisdiction.
- (d) No broker, dealer or other person has been authorized to give any information or make any representation on behalf of the Offeror not contained herein or in the accompanying Circular, and, if given or made, such information or representation must not be relied upon as having been authorized. No broker, dealer or other person shall be deemed to be the agent of the Offeror, the Depositary or a Soliciting Dealer for the purposes of the Offer.
- (e) The provisions of the Glossary, the Summary, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery accompanying the Offer, including the instructions contained therein, as applicable, form part of the terms and conditions of the Offer.
- (f) The Offeror, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the terms and conditions of the Offer (including, without limitation, the satisfaction of the conditions of the Offer), the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, the validity of any acceptance of the Offer and the validity of any withdrawals of Units.
- (g) The Offer and Circular do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made or directed to, nor will deposits of Units be accepted from or on behalf of, Unitholders residing in any jurisdiction in which the making or the acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in the Offeror's sole discretion, take such action as the Offeror may deem necessary to make the Offer in any jurisdiction and extend the Offer to Unitholders in any such jurisdiction.

The Offer and the accompanying Circular together constitute the take-over bid circular required under Canadian securities legislation with respect to the Offer. Unitholders are urged to refer to the accompanying Circular for additional information relating to the Offer.

DATED: January 31, 2013

**Huntington Capital Corp.**

By: (Signed) Zachary George  
Zachary George  
President & Chief Executive Officer

## THE CIRCULAR

*This Circular is furnished in connection with the accompanying Offer dated January 31, 2013 to purchase up to 6,628,940 Units. The terms and conditions of the Offer, the Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Unitholders should refer to the Offer for details of the terms and conditions of the Offer, including details as to payment and withdrawal rights. Unless the context otherwise requires, terms used but not defined in the Circular have the respective meanings given to them in the accompanying Glossary.*

*Unless otherwise indicated, the information concerning KEYreit contained in the Offer and Circular has been taken from or is based solely upon publicly available documents and records on file with Canadian securities authorities and other public sources available at the time of the Offer. Although the Offeror and its affiliates have no knowledge that would indicate that any statements contained herein and taken from or based on such information are untrue or incomplete, neither the Offeror nor any of its affiliates, nor any of their respective affiliates, officers, directors or trustees assumes any responsibility for the accuracy or completeness of such information or for any failure by KEYreit to disclose events or facts that may have occurred or that may affect the significance or accuracy of any such information but that are unknown to the Offeror and its affiliates or their respective affiliates. Unless otherwise indicated, information concerning KEYreit is given as of September 30, 2012.*

### 1. The Offeror

The Offeror is a real estate operating company listed on the TSX (Common Shares: HNT; Debentures: HNT.DB; Warrants: HNT.WT). The Offeror owns and manages a portfolio of 36 industrial, office, retail and aviation-related properties throughout Canada that have a total gross leasable area of 2.9 million square feet. In addition, The Offeror owns an approximate 30% interest in FAM REIT (TSX: F.UN, F.WT) and manages, on behalf of the REIT, a portfolio of 27 industrial, office, and retail properties throughout Canada that have a gross leasable area of 1.7 million square feet.

The Offeror was formed by the amalgamation of HREIT Properties Inc., Huntingdon Capital Corp. ("**Prior Huntingdon**") and International Aviation Terminals Inc. by Certificate of Amalgamation issued pursuant to the provisions of the BCBCA on December 27, 2012.

The Offeror (through the amalgamation of Prior Huntingdon) is the successor to Huntingdon Real Estate Investment Trust ("**HREIT**"). Prior Huntingdon succeeded HREIT following the completion of the conversion of HREIT from an income trust to a corporation by way of a court-approved plan of arrangement under the BCBCA effective December 31, 2011 (the "**Conversion**"). Pursuant to the Conversion, holders of units of HREIT ("**HREIT Units**") received one common share of Prior Huntingdon for each HREIT Unit held on the effective date of the Conversion. Prior Huntingdon also assumed all of the covenants and obligations of HREIT under its outstanding secured debentures and warrants.

Prior Huntingdon was incorporated as 0918070 B.C. LTD by Certificate of Incorporation issued pursuant to the provisions of the BCBCA on August 16, 2011. On September 8, 2011, 0918070 B.C. LTD was renamed to Huntingdon Capital Corp. Prior Huntingdon did not carry on any active business prior to the Conversion, other than executing the arrangement agreement dated as of August 28, 2011 providing for the Conversion and other related documents.

The registered office of the Offeror is located at Suite 1800 – 355 Burrard Street, Vancouver, British Columbia, V6C 2G8 and the head office of the Offeror is located at 5000 Miller Road, Suite 2000, Richmond, British Columbia, V7B 1K6.



## **2. KEYreit**

### ***General***

KEYreit (formerly Scott's Real Estate Investment Trust) is an unincorporated open-ended real estate investment trust established under the laws of the Province of Ontario. The head office of the REIT is located at 161 Bay Street, Suite 2300, Toronto, Ontario, M5J 2S1. The REIT indirectly owns a geographically diversified portfolio of 227 income producing retail properties across Canada with an aggregate of approximately 1,194,600 square feet of gross leasable area.

The authorized capital of KEYreit consists of an unlimited number of Units. As at January 29, 2013, taking into account the 11,144,929 Units previously outstanding and the closing of the offering of 3,740,950 of Units announced by KEYreit as of such date, 14,885,879 Units were issued and outstanding. The Units are listed and posted for trading on the TSX under the symbol "KRE.UN".

### ***Securities Issued by KEYreit***

Based on publicly available information, the securities described below have been issued by KEYreit and remain outstanding as of the date of the Offer and Circular.

#### ***Units***

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit represents a Unitholder's proportionate undivided beneficial interest in KEYreit. No Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of KEYreit.

Each Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions by KEYreit (as set forth in the Declaration of Trust) and, in the event of termination or winding up of KEYreit, in the net assets of KEYreit. Each Unit is transferable and are of the same class with equal rights and privileges. As at January 29, 2013, taking into account the 11,144,929 Units previously outstanding and the closing of the offering of 3,740,950 of Units announced by KEYreit as of such date, 14,885,879 Units were issued and outstanding. The Units are listed and posted for trading on the TSX under the symbol "KRE.UN".

#### ***Series 2009 Debentures***

KEYreit has issued \$20 million convertible unsecured subordinated debentures due December 31, 2014. The Series 2009 Debentures pay interest at a rate of 7.75 per cent per annum calculated semi-annually in arrears on June 30 and December 31, with the initial interest payment on December 31, 2009. The Series 2009 Debentures are convertible into fully paid and non-assessable units of KEYreit at a conversion price of \$8.04 per unit, subject to adjustment upon the occurrence of certain events, at the holders' option at any time prior to the close of business on the earlier of December 31, 2014 and the business day immediately preceding the date fixed for redemption.

#### ***Series 2011 Debentures***

KEYreit has issued \$12 million convertible unsecured subordinated debentures due December 31, 2016. The Series 2011 Debentures pay interest at a rate of 8.00 per cent per annum calculated semi-annually in arrears on June 30 and December 31, with the initial interest payment on December 31, 2011. The Series 2011 Debentures are convertible into fully paid and non-assessable units of KEYreit at a conversion price of \$9.00 per unit, subject to adjustment upon the occurrence of certain events, at the holders' option at any time prior to the close of business on the earlier of December 31, 2016 and the business day immediately preceding the date fixed for redemption.

#### ***Series 2012 Debentures***

KEYreit has issued \$21.2 million convertible unsecured subordinated debentures due December 31, 2017. The Series 2012 Debentures pay interest at a rate of 7.00% payable in equal semi-annual payments in arrears on June 30 and December 31 in each year commencing on June 30, 2013, with the initial interest payment accrued from December 11, 2012 up to, but excluding, June 30, 2013. The Series 2012 Debentures are convertible into fully paid

and non-assessable units of KEYreit at a conversion price of \$8.00 per unit subject to adjustment upon the occurrence of certain events, at the holders' option at any time prior to the close of business on the earlier of December 31, 2017 and the business day immediately preceding the date fixed for redemption.

### ***Long Term Incentive Plan***

KEYreit has established the Long Term Incentive Plan that was last approved at the annual meeting of the Unitholders held on June 20, 2012.

### ***Distributions***

The Offeror understands, based on its review of publicly available information, that KEYreit makes monthly distributions to Unitholders to the extent determined prudent by the KEYreit Board and in accordance with the Declaration of Trust. The following chart sets out the distributions declared by KEYreit since the date of its initial public offering for the periods indicated:

#### **Distributions Paid**

	<b>Monthly Distribution per Unit</b>	<b>Annualized Distribution per Unit</b>
2005 .....	*	\$0.201
January 2006 — December 2006 .....	\$0.0708	\$0.8496
January 2007 — December 2007 .....	\$0.0708	\$0.8496
January 2008 — December 2008 .....	\$0.0708	\$0.8496
January 2009 — December 2009 .....	\$0.0708	\$0.8496
January 2010 — December 2010 .....	\$0.0708	\$0.8496
January 2011 — December 2011 .....	\$0.0708333	\$0.8499996

(\*) KEYreit's IPO (as Scott's Real Estate Investment Trust) was on October 6, 2005. Two distributions were made in 2005, one for \$0.1302 and one for \$0.0708

### ***Price Range and Trading Volume of Units***

The Units are traded on the TSX under the trading symbol "KRE.UN". On January 28, 2013, being the last trading day on the TSX prior to the announcement of the Offeror's intention to make the Offer, the closing price of the Units was \$6.18 on the TSX.

The following table sets forth, for the periods indicated, the reported high and low daily closing prices and the aggregate volume of trading of the Units on the TSX:

<b><u>Period</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>	<b><u>Total Monthly Volume Traded</u></b>
<b>2013</b>			
January (January 1 to January 30) .....	\$6.76	\$6.13	2,104,232
<b>2012</b>			
December .....	\$6.44	\$6.21	148,282
November .....	\$6.60	\$6.10	275,997
October .....	\$6.63	\$6.37	338,262
September .....	\$6.73	\$6.15	584,894
August .....	\$6.35	\$5.97	744,375
July .....	\$6.96	\$6.13	622,230
June .....	\$6.92	\$6.25	497,394
May .....	\$6.96	\$6.04	446,598
April .....	\$7.13	\$5.87	661,770
March .....	\$6.72	\$5.67	717,970
February .....	\$6.90	\$6.25	463,849
January .....	\$6.64	\$4.87	488,339

***Price Range and Trading Volume of the Series 2009 Debentures***

The Series 2009 Debentures are traded on the TSX under the trading symbols “KRE.DB.A”. The following tables set forth the market price range and trading volumes of the Series 2009 Debentures on the TSX for the periods indicated.

<b><u>Period</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>	<b><u>Total Monthly Volume Traded</u></b>
<b>2013</b>			
January (January 1 to January 30) .....	\$102.00	\$100.51	448,000
<b>2012</b>			
December .....	\$102.00	\$101.00	311,000
November .....	\$103.98	\$101.50	143,000
October .....	\$102.98	\$100.75	284,000
September .....	\$102.00	\$101.25	137,000
August .....	\$103.00	\$102.00	93,000
July .....	\$103.00	\$100.99	55,000
June .....	\$102.00	\$100.00	218,000
May .....	\$101.00	\$100.00	107,000
April .....	\$102.00	\$ 99.75	109,000
March .....	\$100.50	\$ 99.60	311,000
February .....	\$101.00	\$ 99.95	586,000
January .....	\$104.00	\$ 98.00	530,000

***Price Range and Trading Volume of the Series 2011 Debentures***

The Series 2011 Debentures are traded on the TSX under the trading symbols “KRE.DB.B”. The following tables set forth the market price range and trading volumes of the Series 2011 Debentures on the TSX for the periods indicated.

<b><u>Period</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>	<b><u>Total Monthly Volume Traded</u></b>
<b>2013</b>			
January (January 1 to January 30) .....	\$104.00	\$101.00	138,000
<b>2012</b>			
December .....	\$102.06	\$ 90.00	162,000
November .....	\$102.00	\$ 99.00	181,000
October .....	\$102.00	\$102.00	4,500
September .....	\$109.95	\$101.25	69,000
August .....	\$102.30	\$101.25	575,000
July .....	\$103.99	\$ 99.50	112,000
June .....	\$102.00	\$ 99.00	196,000
May .....	\$102.00	\$100.00	9,000
April .....	\$105.00	\$ 99.90	96,000
March .....	\$102.00	\$100.00	38,000
February .....	\$102.00	\$100.00	301,000
January .....	\$101.00	\$ 97.00	698,000

***Price Range and Trading Volume of the Series 2012 Debentures***

The Series 2012 Debentures are traded on the TSX under the trading symbols “KRE.DB.C”. The following tables set forth the market price range and trading volumes of the Series 2012 Debentures on the TSX for the periods indicated.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Total Monthly Volume Traded</u>
<b>2013</b>			
January (January 1 to January 30 .....	\$101.94	\$99.97	1,139,000
<b>2012</b>			
December (December 11 to December 31) <sup>(1)</sup> .....	\$100.00	\$ 97.75	2,524,000

Notes:

(1) The Series 2012 Debentures were issued and began trading on December 11, 2012

### 3. Background to the Offer

In the ordinary course of business, the Offeror routinely evaluates potential acquisitions of properties and real estate investment opportunities including individual real estate assets, property portfolios and securities. From time to time, the Offeror or its affiliates have purchased, held and sold securities for investment purposes. As of the date of this Circular, the Offeror owns 814,000 Units, representing approximately 5.4% of the issued and outstanding Units.

On January, 9, 2013, Zachary George, President and Chief Executive Officer of the Offeror met with John Bitove, Chief Executive Officer of KEYreit to discuss whether he would be interested in a potential strategic combination.

Following that meeting, Mr. George sent a non-binding offer to Mr. Bitove which expressed the Offeror's interest in purchasing Mr. Bitove's external management contract and KeyREIT Units controlled by Mr. Bitove.

On January 29, 2013, the Offeror issued a press release announcing its intention to commence the Offer.

### 4. Purpose of the Offer and Plans for KEYreit

The purpose of the Offer is to enable the Offeror to acquire up to 45% of the Units issued and outstanding at the Expiry Time.

If successful, the Offeror may take steps to effect one or more changes including but not limited to: the deleveraging of KEYreit's capital structure, changing the composition of the board, the potential sale of some or all of the assets of KEYreit, a strategic combination or going private transaction, and the termination of the current Chief Executive Officer. The Offeror reserves the right to take any action it deems necessary to protect the long term value of its investment.

The effect of the Offer is to give Unitholders the opportunity to receive consideration per Unit of \$7.00 in cash.

### 5. Reasons to Accept the Offer

Unitholders should consider the following factors in making their decision to accept the Offer:

#### *Significant Premium*

The Offer represents a premium of approximately 13.3% over the volume-weighted average trading price of \$6.18 per Unit over the 20 trading days on the TSX up to and including January 28, 2013, the last trading day prior to the Offeror's announcement of its intention to make the Offer. The Offer also represents a premium of approximately 13.3% over the closing price of \$6.18 per Unit on the TSX on January 28, 2013.

#### *KeyREIT is paying out more cash than is generated by its real estate operations*

Despite KEYreit management's claim at KEYreit's 2012 annual meeting that KeyREIT's payout ratio would be less than 80% in 2013, the Offeror believes that KEYreit's payout ratio in 2013 will be well above 100% which

will result in the continued erosion of KEYreit's net asset value. The Offeror believes that recent equity raises are being partially used to pay out distributions to pre-existing investors. Distributions received by investors today include a significant return *of* capital and are not purely a return *on* capital.

### ***Certainty of Value***

The Offer provides cash consideration for Units and provides Unitholders with certainty of value and immediate partial liquidity in the face of volatile markets. Additionally, Unitholders avoid the downside risk associated with continued ownership of KEYreit Units.

### ***Current KEYreit Board Has Approved Dilutive Transactions***

The current board of KEYreit has diluted Unitholder value as reflected by KEYreit's net asset value while at the same time using increasingly aggressive valuations to support its IFRS based book value. These transactions have served to increase the fees paid to KEYreit's external manager while reducing the intrinsic value of the Units.

## **6. Source of Funds**

The Offeror's obligation to purchase the Units deposited under the Offer is not subject to any financing condition. The maximum amount of cash payable under the Offer will be \$46,402,580, which funds are available and will be paid from the Offeror's cash on hand.

## **7. Ownership of and Trading in Securities of KEYreit**

The Offeror beneficially owns or exercises control or direction over 814,000 Units (the "**Offeror Units**"), representing approximately 5.4% of the currently outstanding Units. The Offeror Units were acquired under KEYreit's offering under a short form prospectus dated January 22, 2013 at a price of \$6.15 per Unit (the "**KEYreit Offering**"), pursuant to which the Offeror's subscription to the Offered Units was confirmed and paid for on January 25, 2013. KEYreit announced the closing of the KEYreit Offering on January 29, 2013.

None of the Offeror's directors or officers beneficially owns, directly or indirectly, or exercises control or direction over any Units, Convertible Securities or any other securities of KEYreit.

To the knowledge of the Offeror after reasonable enquiry, no Units, Convertible Securities or other securities of KEYreit are beneficially owned, directly or indirectly, nor is control or direction exercised over any such securities, by any (i) associate or affiliate of any insider of the Offeror, (ii) insider of the Offeror (other than their respective directors or officers) or (iii) party acting jointly or in concert with the Offeror.

Except as disclosed herein, the Offeror and its directors and officers, and to the knowledge of the Offeror after reasonable enquiry, the Offeror's (i) associates or affiliates of insiders; (ii) insiders (other than directors or officers); and (iii) any person acting jointly or in concert with the Offeror have not traded in any securities of KEYreit during the six months preceding the date of the Offer.

## **8. Commitments to Acquire Securities of KEYreit**

None of the Offeror, any of its directors or officers and, to the knowledge of the Offeror, after reasonable enquiry, any associate or affiliate of an insider of the Offeror, any insider of the Offeror (other than its directors or officers) or any person acting jointly or in concert with the Offeror, has entered into any agreements, commitments or understandings to acquire any securities of KEYreit.

## **9. Other Material Facts**

None of the Offeror nor any of its affiliates has knowledge of any material fact concerning the securities of KEYreit that has not been generally disclosed by KEYreit, or any other matter that is not disclosed in the Circular and that has not previously been generally disclosed, and that would reasonably be expected to affect the decision of Unitholders to accept or reject the Offer.

## 10. Agreements, Commitments or Understandings

There are (i) no agreements, commitments or understandings made or proposed to be made between the Offeror and its affiliates, and any of the trustees or officers of KEYreit, including for any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the Offer is successful, and (ii) no agreements, commitments or understandings between the Offeror and its affiliates, and any securityholder of KEYreit with respect to the Offer.

There are no agreements, commitments or understandings between the Offeror and its affiliates, and KEYreit, relating to the Offer, and neither the Offeror nor any of its affiliates is aware of any other agreement, commitment or understanding that could affect control of KEYreit.

Based solely on KEYreit's public disclosure, the Offeror believes that each of Teresa Neto and Kevin Salsberg (each, a **"Named Executive Officer"**) is currently party to an employment agreement pursuant to which each Named Executive Officer is entitled to certain benefits in circumstances where his or her employment is terminated following a change of control of KEYreit. Both Named Executive Officers are entitled to receive 24 months base salary upon termination without cause within 12 months after the effective date of a change of control.

## 11. Regulatory Matters

Except as discussed below, to the knowledge of the Offeror and its affiliates, no authorization, consent or approval of, or filing with, any public body, court or authority is necessary on the part of the Offeror and its affiliates for the consummation of the transactions contemplated by the Offer, except for such authorizations, consents, approvals and filings the failure to obtain or make which would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by the Offer. In the event that the Offeror becomes aware of other requirements, it will make reasonable commercial efforts to satisfy such requirements at or prior to the Expiry Time, as such time may be extended.

### *Competition Act*

Under the Competition Act, certain transactions that exceed applicable financial thresholds require prior notification (a **"Notifiable Transaction"**) to the Commissioner of Competition. If a transaction is a Notifiable Transaction, it may not be completed until the applicable statutory waiting period has expired or been terminated, unless the Commissioner of Competition has either issued an advance ruling certificate or has waived the notification requirement. The statutory waiting period expires 30 days following the day of the filing of information required under section 114 of the Competition Act or, if during that 30-day period the Commissioner of Competition issues a request for additional information (**"Supplementary Information Request"**), 30 days following the day on which the information requested under a Supplementary Information Request has been received by the Commissioner of Competition. Following expiry of the applicable statutory waiting period, the transaction may close unless the Commissioner of Competition has obtained an order to prevent or delay closing or the parties have agreed to delay closing.

Alternatively, or in addition to filing the information required under section 114 of the Competition Act, an advance ruling certificate may be requested. An advance ruling certificate may be issued by the Commissioner of Competition where he is satisfied that he does not have sufficient grounds on which to apply to the Competition Tribunal under the merger provisions of the Competition Act to challenge a proposed transaction. If the Commissioner of Competition issues an advance ruling certificate in respect of a proposed transaction, that transaction is exempt from the pre-merger notification requirement. In addition, if the transaction to which the advance ruling certificate relates is substantially completed within one year after the advance ruling certificate is issued, the Commissioner of Competition cannot seek an order of the Competition Tribunal under the merger provisions of the Competition Act in respect of the transaction solely on the basis of information that is the same or substantially the same as the information on the basis of which the advance ruling certificate was issued. Where an advance ruling certificate is requested but the Commissioner of Competition declines to issue an advance ruling certificate, the Commissioner may instead issue a "no-action" letter indicating that he does not, at that time, intend to initiate proceedings before the Competition Tribunal under the merger provisions of the Competition Act with respect to the proposed transaction, while preserving during the one year period following completion of the proposed transaction his authority to so initiate proceedings should circumstances change. Where a no-action letter

is issued in circumstances where the information required under section 114 of the Competition Act has not also been submitted, the Commissioner of Competition will typically waive the obligation to comply with the statutory waiting period in conjunction with issuing the no-action letter.

Where the Commissioner of Competition believes that a “merger”, as defined in the Competition Act, is likely to prevent or lessen competition substantially, the Commissioner of Competition may apply to the Competition Tribunal. If the Competition Tribunal finds that the merger is likely to prevent or lessen competition substantially, the Competition Tribunal may issue an order to, among other things, prohibit the merger in whole or in part. The Commissioner of Competition’s review may take longer than the applicable statutory waiting period.

The purchase of Units pursuant to the Offer requires pre-merger notification under the Competition Act. The Offeror intends to request an advance ruling certificate in respect of the Offer. The Offer includes a condition that the Competition Act Approval shall have been obtained at or prior to the Expiry Time. See Section 4 of the Offer, “Conditions of the Offer”.

The Offeror cannot be assured that Competition Act Approval will be obtained or that a challenge to the completion of the Offer, under the Competition Act will not be made or that, if such a challenge were made, the Offeror would prevail or would not be required to accept certain adverse conditions in order to complete the Offer.

If the Offeror does not receive all regulatory approvals, it may elect not to take up and pay for the Units deposited under the Offer and to terminate the Offer.

## **12. Convertible Debentures**

The KEYreit Debentures are currently convertible into Units at any time by the holders thereof. The Series 2009 Debentures, the Series 2011 Debentures and the Series 2012 Debentures are convertible, respectively, at a conversion price of \$8.04 per Unit, \$9.00 per Unit and \$8.00 per Unit, respectively. Holders of KEYreit Debentures who wish to accept the Offer must convert their KEYreit Debentures into Units in sufficient time in order to deposit the resulting Units in accordance with the Offer prior to the Expiry Time. Holders who convert their KEYreit Debentures will receive accrued and unpaid interest from the most recently completed interest payment date to but excluding the date of conversion (less applicable withholding taxes, if any) and the Units issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of Unitholders of record on and after the date of conversion or such later date as is provided in the applicable Debenture Indenture.

## **13. Certain Canadian Federal Income Tax Considerations**

In the opinion of Farris, Vaughan, Wills & Murphy LLP, counsel to the Offeror, the following summary describes the principal Canadian federal income tax considerations generally applicable to a beneficial owner of Units who sells the Units pursuant to the Offer, and who, at all relevant times, for purposes of the Income Tax Act (Canada) and the Income Tax Regulations (collectively, the “**Tax Act**”), (1) deals at arm’s length with KEYreit and the Offeror; (2) is not affiliated with KEYreit or the Offeror; and (3) holds such Units as capital property (a “**Holder**”). Generally, Units will be capital property to a Holder provided the Holder does not hold such Units in the course of carrying on a business or as part of an adventure or concern in the nature of trade. This summary does not address all issues relevant to Holders who acquired their Units on a conversion, exercise, exchange, or otherwise in connection with a Convertible Security. This summary does not address tax consequences of the Offer to holders of Convertible Securities. Such Holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary assumes that KEYreit does and will continue to qualify as a “mutual fund trust” under the Tax Act while the Units remain outstanding. If KEYreit does not qualify as a mutual fund trust, the income tax considerations described below would in some respects be materially different.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Unitholder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Unitholders should consult their own tax advisors having regard to their own particular circumstances.**

#### *Holders Resident in Canada*

The following portion of this summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention is, or is deemed to be, resident in Canada (a “**Resident Holder**”). Certain Resident Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Units owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders whose Units might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

This portion of the summary is not applicable to (i) a Unitholder that is a “specified financial institution”, (ii) a Unitholder an interest in which is a “tax shelter investment”, (iii) a Unitholder that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a “financial institution”, or (iv) a Unitholder that reports its “Canadian tax results” in a currency other than Canadian currency, each as defined in the Tax Act. Such Unitholders should consult their own tax advisors having regard to their own particular circumstances.

#### *Sale of Units Pursuant to the Offer*

Generally, a Resident Holder who disposes of Units to the Offeror under the Offer will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Units immediately before the disposition.

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by it in that year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent year against net taxable capital gains realized in such years, to the extent and in the circumstances specified in the Tax Act.

A Resident Holder that is throughout the year a “Canadian-controlled private corporation”, as defined in the Tax Act, is liable for tax, a portion of which may be refundable, on investment income, including taxable capital gains.

Where a Resident Holder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Resident Holder’s capital loss from the disposition will generally be reduced by the amount of any distributions received by the Resident Holder to the extent such distributions were designated by KEYreit as being a dividend in accordance with the Tax Act, except to the extent that a loss on a previous disposition of a Unit by the Resident Holder has been reduced by those distributions. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

Where a Resident Holder that is not a corporation, trust or partnership disposes of a Unit, the Resident Holder’s capital loss from the disposition will generally be reduced by the amount of any distributions received by the Resident Holder to the extent such distributions were designated by KEYreit as being a capital dividend in accordance with the Tax Act, except to the extent that a loss on a previous disposition of a Unit by a Resident Holder has been reduced by those distributions.



### ***Holders Not Resident in Canada***

The following portion of this summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention, is neither resident nor deemed to be resident in Canada, does not use or hold, and is not deemed to use or hold, Units in connection with carrying on a business in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to certain Unitholders that are insurers carrying on an insurance business in Canada and elsewhere.

#### ***Sale of Units Pursuant to the Offer***

A Non-Resident Holder who disposes of Units under the Offer will realize a capital gain or a capital loss generally calculated in the manner described above under “Holders Resident in Canada — Sale of Units Pursuant to the Offer”. A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on the disposition of Units pursuant to the Offer unless the Units are “taxable Canadian property” to the Non-Resident Holder for the purposes of the Tax Act that is not “treaty-protected property” of the Non-Resident Holder for the purposes of the Tax Act.

Generally, a Unit will not constitute “taxable Canadian property” to a Non-Resident Holder at the time of disposition provided that (i) KEYreit qualifies as a “mutual fund trust” (as defined in the Tax Act) and (ii) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm’s length, or the Non-Resident Holder together with such persons have not owned 25% or more of the units of KEYreit at any particular time during the 60-month period that ends at that time. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Units could be deemed to be taxable Canadian property.

Even if the Units are taxable Canadian property to a Non-Resident Holder, a taxable capital gain resulting from the disposition of the Units will not be included in computing the Non-Resident Holder’s taxable income earned in Canada for the purposes of the Tax Act if, at the time of the disposition, the Units constitute “treaty-protected property” of the Non-Resident Holder for purposes of the Tax Act. Units will generally be considered “treaty-protected property” of a Non-Resident Holder for purposes of the Tax Act at the time of the disposition if the gain from their disposition would, because of an applicable income tax treaty between Canada and the country in which the Non-Resident Holder is resident for purposes of such treaty, be exempt from tax under the Tax Act.

**Non-Resident Holders whose Units are taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances, including whether their Units constitute treaty-protected property.**

### **14. Depositary**

The Offeror has engaged Canadian Stock Transfer Company Inc. as the Depositary to receive deposits of certificates representing Units and accompanying Letters of Transmittal deposited under the Offer at its office in Toronto, Ontario specified in the Letter of Transmittal. In addition, the Depositary will receive deposits of Notices of Guaranteed Delivery at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery. The Depositary will also be responsible for giving certain notices, if required by applicable Laws, and for making payment for all Units purchased by the Offeror under the Offer. The Depositary will also facilitate book-entry on transfers of Units. The Depositary will receive reasonable and customary compensation from the Offeror for its services in connection with the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities. The Depositary can be contacted within North America at 1-800-387-0825 and outside of North America at 416-682-3860 or by e-mail at [inquiries@canstockta.com](mailto:inquiries@canstockta.com).

### **15. Soliciting Dealers**

The Offeror reserves the right to engage one or more soliciting dealers comprised of members of the Investment Industry Regulatory Organization of Canada and members of Canadian stock exchanges (each a “**Soliciting Dealer**”) to solicit acceptances of the Offer from persons who are resident in Canada. If the Offeror decides to make use of the services of a Soliciting Dealer, the Offeror may pay such Soliciting Dealer a fee customary for such transaction and each Unit taken up by the Offeror under the Offer (other than Units held by a Soliciting Dealer for

its own account). The Offeror may require Soliciting Dealers to furnish evidence of beneficial ownership satisfactory to the Offeror at the time of deposit.

No fee or commission will be payable by any Unitholder who transmits such Unitholder's Units directly to the Depository or who makes use of the services of a Soliciting Dealer to accept the Offer.

Except as set out herein, the Offeror has not agreed to pay any fees or commissions to any stockbroker, dealer or other person for soliciting tenders of Units under the Offer; provided that the Offeror may make other arrangements with additional soliciting dealers, dealer managers or information agents, either within or outside Canada, for customary compensation during the Offer period if it considers it appropriate to do so.

## **16. Legal Matters**

The Offeror and its affiliates are being advised in respect of certain matters concerning the Offer by, and the opinions contained under "Certain Canadian Federal Income Tax Considerations" have been provided by Farris, Vaughan, Wills & Murphy, LLP, counsel to the Offeror.

## **17. Statutory Rights**

Securities legislation in the provinces of Canada provides Unitholders with, in addition to any other rights they may have at law, one or more rights of rescission or price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the Unitholders. However, such rights must be exercised within prescribed time limits. Unitholders should refer to the applicable provisions of the securities legislation of their province for particulars of those rights or consult a lawyer.

## **18. Approval**

The contents of the Offer and the Circular have been approved, and the sending of the Offer and the Circular to the Unitholders and holders of Convertible Securities has been authorized, by the board of directors of Huntington Capital Corp.

**CERTIFICATE OF HUNTINGTON CAPITAL CORP.**

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED: January 31, 2013

HUNTINGTON CAPITAL CORP.

\_\_\_\_\_  
(Signed) Zachary George

Zachary George  
President and Chief Executive Officer

\_\_\_\_\_  
(Signed) Sandeep Manak

Sandeep Manak  
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

\_\_\_\_\_  
(Signed) Gary Goodman

Gary Goodman  
Director

\_\_\_\_\_  
(Signed) David Lorber

David Lorber  
Director

**CONSENT OF LEGAL ADVISOR**

TO: The Directors of Huntington Capital Corp.

We hereby consent to the reference to our name and opinion contained under “Certain Canadian Federal Income Tax Considerations” in the Circular accompanying the Offer dated January 31, 2013 made by Huntington Capital Corp. to the holders of trust units of KEYreit.

Vancouver, Canada

January 31, 2013

(Signed) Farris, Vaughan, Wills & Murphy LLP

Farris, Vaughan, Wills & Murphy LLP

**The Depositary for the Offer is:**



**By Mail**

P.O. Box 1036  
Adelaide Street Postal Station,  
Toronto, Ontario M5C 2K4

**By Registered Mail, by Hand or by Courier**

320 Bay Street, Basement Level (B 1),  
Toronto, Ontario M5H 4A6

**North America Toll Free Phone: 1-800-387-0825**

**E-mail: [inquiries@canstockta.com](mailto:inquiries@canstockta.com)**

**Facsimile: 1-514-985-8853**

**Outside North America, Bankers and Brokers Call Collect: 416-682-3860**

Any questions or requests for assistance or additional copies of this document and the Letter of Transmittal may be directed to the Depositary. Unitholders may also contact their brokers, dealers, commercial banks, trust companies or other nominees for assistance concerning the Offer.