

This document is important and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your investment dealer, broker, accountant, lawyer or other professional advisor. For further information, you may also telephone (toll free within Canada and the United States) the Depositary at 1-800-564-6253 or the Solicitation and Information Agent at 1-888-518-6832, collect call outside North America at 1-416-867-2272 or by email at contactus@kingsdaleshareholder.com.



**NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR
IN RESPECT OF A MEETING OF HOLDERS OF 5.75% CONVERTIBLE UNSECURED
SUBORDINATED DEBENTURES, SERIES G OF INNVEST REAL ESTATE INVESTMENT TRUST TO
BE HELD ON JULY 22, 2014**

AND

OFFER TO PURCHASE

**FOR CASH UP TO \$28,750,000 AGGREGATE PRINCIPAL AMOUNT OF THE ISSUED AND
OUTSTANDING 5.75% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES, SERIES G
OF INNVEST REAL ESTATE INVESTMENT TRUST AT A PURCHASE PRICE OF \$1,060 FOR EACH
\$1,000 PRINCIPAL AMOUNT OF DEBENTURE PLUS ANY ACCRUED AND UNPAID INTEREST**

AND

ISSUER BID CIRCULAR

**IN RESPECT OF THE OFFER TO PURCHASE FOR CASH UP TO \$28,750,000 AGGREGATE
PRINCIPAL AMOUNT OF THE ISSUED AND OUTSTANDING 5.75% CONVERTIBLE UNSECURED
SUBORDINATED DEBENTURES, SERIES G OF INNVEST REAL ESTATE INVESTMENT TRUST**

June 18, 2014

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GLOSSARY

In the accompanying Circular, unless the subject matter or context is inconsistent therewith or unless otherwise provided, the following terms have the meanings set forth below:

“**affiliate**” unless otherwise indicated, has the meaning ascribed thereto in the *Securities Act* (Ontario).

“**associate**” unless otherwise indicated, has the meaning ascribed thereto in the *Securities Act* (Ontario).

“**Board**” or “**Board of Trustees**” means the board of trustees of InnVest.

“**Broadridge**” means Broadridge Financial Solutions, Inc.

“**business day**” means any day other than a Saturday, Sunday or a statutory holiday in Toronto, Ontario.

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

“**Circular**” means, collectively, the Notice, the Information Circular, the Offer and the Issuer Bid Circular.

“**Commitment Fee**” has the meaning ascribed thereto under “*Interest Of Informed Persons In Material Transactions*” in the Information Circular.

“**Credit Agreement**” has the meaning ascribed thereto under “*Interest Of Informed Persons In Material Transactions*” in the Information Circular.

“**Dealer Manager**” means RBC Capital Markets.

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

“**Debentureholders**” means the registered or beneficial holders of the issued and outstanding Series G Debentures, as the context requires.

“**Depository**” means Computershare Investor Services Inc., in its capacity as depository for Deposited Debentures pursuant to the Offer.

“**Deposited Debentures**” means Series G Debentures validly deposited to the Offer and not subsequently withdrawn.

“**Depositing Debentureholder**” means a holder of Deposited Debentures.

“**Expiration Date**” means July 25, 2014, or such later date to which the Offer may be extended by InnVest pursuant to the section of the Offer entitled “*Extension and Variation of the Offer*”.

“**Expiration Time**” means 5:00 p.m. (Toronto time) on the Expiration Date, or such later time and date to which the Offer may be extended by InnVest pursuant to the section of the Offer entitled “*Extension and Variation of the Offer*”.

“**Extraordinary Resolution**” means the extraordinary resolution in respect of the Indenture Amendments to be considered and voted on at the Meeting, the full text of which is set forth in Schedule “A” to this Circular.

“**Holder**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*” in the Information Circular.

“**Indenture Amendments**” means the proposed amendments to the Trust Indenture to (i) increase the rate of interest payable per annum on the Series G Debentures from 5.75% to 6.25% effective September 30, 2014 (being the commencement of the next interest rate accrual period); and (ii) increase the conversion price for

each Unit to be issued upon the conversion of one Series G Debenture from \$5.80 to \$8.00 per Unit (subject to adjustment as provided in the Trust Indenture), in each case as more particularly set forth in this Circular.

“Information Circular” means the management information circular for the Meeting enclosed herein.

“InnVest” or the **“REIT”** means InnVest Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario.

“Issuer Bid Circular” means the issuer bid circular which accompanies and forms a part of the Offer, as enclosed herein.

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

“Letter of Transmittal” means the letter of transmittal provided by InnVest to CDS, as the sole registered holder of Series G Debentures, for use in connection with the Offer.

“Liquidity Interest Payments” has the meaning ascribed thereto under *“Interest Of Informed Persons In Material Transactions”* in the Information Circular.

“Liquidity Loan” has the meaning ascribed thereto under *“Interest Of Informed Persons In Material Transactions”* in the Information Circular.

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

“Manager” means Westmont Hospitality Canada Limited.

“Meeting” means the meeting of Debentureholders to be held on July 22, 2014.

“MI 61-101” means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.

“Non-Resident Holder” has the meaning ascribed thereto under *“Certain Canadian Federal Income Tax Considerations”* in the Information Circular.

“Notice” means the notice of meeting of Debentureholders accompanying this Circular.

“Offer” or **“Offer to Purchase”** means the offer by InnVest enclosed herein to purchase up to \$28,750,000 principal amount of the issued and outstanding Series G Debentures (as it may be extended, varied or withdrawn).

“Offer Price” means \$1,060 per \$1,000 principal amount of Series G Debentures (as it may be amended).

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

“Orange Capital” means Orange Capital, LLC.

“person” unless otherwise indicated, has the meaning ascribed thereto in the *Securities Act* (Ontario).

“Resident Holder” has the meaning ascribed thereto under *“Certain Canadian Federal Income Tax Considerations”* in the Information Circular.

“SEDAR” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators, available online at www.sedar.com.

“Series G Debentures” means the 5.75% convertible unsecured subordinated debentures, series G of InnVest due March 31, 2019.

“Settlement” means the settlement reached by the REIT and Orange Capital, with the support of Westmont, the Manager and KingSett Capital, in connection with Orange Capital’s requisition of a special meeting of the holders of Units announced by the REIT on March 13, 2014.

“Solicitation and Information Agent” means the REIT’s proxy solicitation and information agent, Kingsdale Shareholder Services.

“Soliciting Dealer” has the meaning ascribed thereto under *“Fees and Expenses”* in the Issuer Bid Circular.

“Soliciting Dealer Group” has the meaning ascribed thereto under *“Fees and Expenses”* in the Issuer Bid Circular.

“Supplemental Indenture” means, assuming the Extraordinary Resolution is passed by the Debentureholders at the Meeting, the first supplemental indenture to be entered into between InnVest and the Trustee giving effect to the Indenture Amendments, which supplemental indenture shall be substantially in the form attached as Schedule B.

“Tax Act” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, each as amended from time to time.

“Term Interest Payments” has the meaning ascribed thereto under *“Interest Of Informed Persons In Material Transactions”* in the Information Circular.

“Term Loan” has the meaning ascribed thereto under *“Interest Of Informed Persons In Material Transactions”* in the Information Circular.

“Trimaven” means Trimaven Capital Advisors Inc.

“Trustee” means Computershare Trust Company of Canada in its capacity as trustee under the Trust Indenture.

“Trust Indenture” means the trust indenture made in respect of and governing the Series G Debentures dated as of February 27, 2013 between InnVest and the Trustee.

“TSX” means the Toronto Stock Exchange.

“Up-Front Fee” has the meaning ascribed thereto under *“Interest Of Informed Persons In Material Transactions”* in the Information Circular.

“U.S. Securities Laws” means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time.

“Units” means the trust units of InnVest.

“Westmont” means Westmont Hospitality Group, Inc.

Words importing the singular include the plural and vice versa and words importing any gender include all genders. All dollar amounts in the Circular are in Canadian dollars unless otherwise indicated.

* * *

FORWARD-LOOKING STATEMENTS

This Circular, including any documents incorporated by reference herein, contains forward-looking statements. All statements other than statements of historical fact contained in this Circular are forward-looking statements. Debentureholders can identify many of these statements by looking for words such as “believes”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues” or similar words or the negatives thereof. These forward-looking statements include statements with respect to the expiration of the Offer, the amendments proposed to be made to the Trust Indenture pursuant to the Indenture Amendments and the expected benefits of such Indenture Amendments and the timing of the take up and payment for the Series G Debentures deposited to the Offer. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. In making such forward-looking statements, management has relied upon a number of material factors and assumptions, including with respect to general economic and financial conditions, interest rates, equity and debt markets, business competition, changes in government regulations or in tax laws, the risk profile and credit standing of the Series G Debentures following implementation of the Indenture Amendments, and the ability of InnVest to obtain required approvals for the Offer and the Indenture Amendments. Although management of InnVest believes that the expectations with respect to such forward-looking statements are reasonable, such forward-looking statements are subject to known and unknown risks and uncertainties and, accordingly, there can be no assurance that such expectations will prove to be correct. Some of the material risks and uncertainties relating to the forward-looking statements contained in this Circular include, without limitation, the risk that Debentureholder approval for the Indenture Amendments will not be obtained at the Meeting, the risk that one or both of the Indenture Amendments and/or the Offer will not be successfully completed for any reason, and the risk that, if completed, the anticipated benefits of the Indenture Amendments may not be realized. Readers are cautioned that the foregoing list is not exhaustive.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Circular are made as of the date of this Circular and InnVest undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

INFORMATION FOR DEBENTUREHOLDERS IN THE UNITED STATES AND OTHER FOREIGN JURISDICTIONS

This Circular does not constitute an offer or solicitation by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. The Offer is not being made to, and deposits will not be accepted from or on behalf of, Debentureholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of any such jurisdiction. However, InnVest may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Debentureholders in any such jurisdiction.

The offer and solicitations contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and the Circular (including the documents incorporated by reference therein) has been prepared solely in accordance with disclosure requirements applicable in Canada. Debentureholders in the United States should be aware that such requirements are different from those under the laws of the United States and other jurisdictions. In addition, the financial statements referenced herein have been prepared in accordance with Canadian generally accepted accounting principles and thus are not comparable in all respect to financial statements prepared in accordance with generally accepted accounting principles in the United States.

The enforcement by investors of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that InnVest is organized under the laws of Ontario, that the majority of its officers and trustees are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States, and that all or a majority of the assets of InnVest and such other persons are, or will be, located outside the United States. Debentureholders may not be able

to sue such persons in a foreign court for violations of U.S. Securities Laws, and it may be difficult to compel such persons to subject themselves to the jurisdiction of a court in the United States or to enforce any judgment obtained from a court of the United States.

Debentureholders should also be aware that acceptance of the Offer and the amendments to the Trust Indenture proposed to be made pursuant to the Indenture Amendments may have material tax consequences in the United States and/or Canada which are not described in this Circular. Debentureholders are advised to consult their own tax advisors to determine the particular tax consequences to them of the Offer and the Indenture Amendments.

NEITHER THE OFFER NOR THE INDENTURE AMENDMENTS HAVE BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY, NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THE OFFER OR THE INDENTURE AMENDMENTS OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

* * *

SUMMARY

This summary is qualified in its entirety by reference to the full text and more specific details in the Circular, including the schedules thereto. Debentureholders are urged to read the Circular in its entirety. Certain capitalized terms used in this summary are defined in the Glossary.

The Meeting

The Meeting will be held at the offices of Norton Rose Fulbright Canada LLP located at Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario M5J 2Z4 at 2:00 p.m. (Toronto time) on July 22, 2014, to consider and, if deemed advisable, to pass, with or without variation, the Extraordinary Resolution which, if passed, will:

- (a) **INCREASE** the rate of interest payable per annum on the Series G Debentures from 5.75% to 6.25% effective September 30, 2014 (being the commencement of the next interest rate accrual period); and
- (b) **INCREASE** the conversion price for each Unit to be issued upon the conversion of one Series G Debenture from \$5.80 to \$8.00 per Unit (subject to adjustment as provided in the Trust Indenture).

In order to be passed, the Extraordinary Resolution must receive the affirmative vote of at least 66 $\frac{2}{3}$ % of the votes cast by Debentureholders at the Meeting who are present in person or represented by proxy.

The Extraordinary Resolution, if passed, will be binding upon all Debentureholders.

See “*Indenture Amendments*” in the Information Circular.

Record Date

The record date for the purpose of determining Debentureholders entitled to receive notice of and to vote at the Meeting is June 18, 2014. Only Debentureholders of record at the close of business on the record date, or their duly appointed proxyholder(s), will be entitled to vote at the Meeting or any adjournment(s) or postponement(s) thereof.

Voting

Each Debentureholder present in person or represented by proxy at the Meeting shall be entitled to one vote in respect of each \$1,000 principal amount of Series G Debentures held by such Debentureholder.

All of the Series G Debentures are registered under the name of CDS & Co. (the registration name for CDS). Accordingly, in order for a beneficial holder of Series G Debentures to have its Series G Debentures voted at the Meeting, it must complete and sign the applicable instrument of proxy or other voting instruction form provided by its investment dealer, broker or other nominee and return such instrument of proxy or other voting instruction form in accordance with the instructions provided therein well in advance of the Meeting.

Beneficial Debentureholders may vote in the following ways:

- (a) **By Regular Mail:** To the following location: Data Processing Centre, PO Box 2800, STN LCD, Malton, Mississauga, ON L5T 2T7.
- (b) **Online:** Go to the website indicated on the voting instruction form (www.proxyvote.com) and follow the instructions on the screen.

- (c) **By Telephone:** Call the number indicated on the voting instruction form for English 1-800-474-7493 or French 1-800-474-7501 and follow the instructions using your 12 digit control number located on your voting instruction form.

If you have any questions or require assistance completing your proxy or voting instruction form, you may also contact the Solicitation and Information Agent by toll-free telephone in North America at 1-888-518-6832, collect call outside North America at 1-416-867-2272 or by email at contactus@kingsdaleshareholder.com. See "General Proxy Matters" in the Information Circular.

The Offer

InnVest is offering to purchase up to \$28,750,000 of the principal amount of the issued and outstanding Series G Debentures at a purchase price of \$1,060 in cash (subject to applicable withholding taxes, if any) per \$1,000 principal amount of Series G Debentures upon the terms and subject to the conditions set forth in the Offer to Purchase and the Letter of Transmittal, including the provisions relating to proration described herein. InnVest will return all Series G Debentures not purchased under the Offer, including Series G Debentures not purchased because of proration. See the Offer to Purchase and the Issuer Bid Circular.

Benefits of the Offer and Premium

The Offer provides Debentureholders who are considering the sale of their Series G Debentures with the opportunity to sell such securities (upon the terms and subject to the conditions set forth in the Offer to Purchase and the Letter of Transmittal) at a premium to recent market prices without the usual transaction costs associated with market sales. The Offer Price represents a premium of \$60 per \$1,000 principal amount of Series G Debentures and a premium of \$44 to the volume-weighted average price of the Series G Debentures on the TSX over the 20 trading days ending June 16, 2014 (being the last trading day before the Offer was announced).

Interest

Debentureholders who deposit and do not withdraw their Series G Debentures under the Offer will receive a cash payment in respect of all accrued and unpaid interest outstanding on such Series G Debentures up to, and including, the date they are taken up by the REIT pursuant to the Offer (which, assuming the full \$28,750,000 principal amount of the Series G Debentures are taken up by InnVest on the Expiration Date, would be equal to \$529,905.82 in aggregate or \$18.43 per \$1,000 principal amount of Series G Debentures).

Proration

If the principal amount of the Deposited Debentures on the Expiration Date that are deposited and not withdrawn exceeds in the aggregate \$28,750,000 (or such other principal amount as InnVest may determine it is willing to take-up and pay for), then the Series G Debentures to be purchased by InnVest will be purchased on a *pro rata* basis according to the number of Deposited Debentures (with adjustments to avoid the purchase of less than \$1,000 principal amount of Series G Debentures).

Expiration of the Offer

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on July 25, 2014, or such later time and date to which the Offer may be extended by InnVest.

Payment Date under the Offer

Subject to the terms and conditions of the Offer, including the provisions relating to proration described herein, InnVest will take up and pay for Series G Debentures validly Deposited under the Offer as soon as practicable after the Expiration Time and, in any event, within 10 days after the Expiration Date.

Impact of the Offer on Liquidity of the Market for Series G Debentures

The Board has determined that it is reasonable to conclude that, following completion of the Offer, there will be a market for Debentureholders who do not tender their Series G Debentures to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

The Board has obtained a liquidity opinion from Trimaven to the effect that there was a liquid market for the Series G Debentures as at June 17, 2014, the day the REIT announced its intention to make the Offer, and that it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will continue to be a market for Debentureholders who do not tender to the Offer that is not materially less liquid than the market that existed at the time of making the Offer. A copy of the liquidity opinion of Trimaven is attached to the Circular as Schedule "C". This summary of the opinion of Trimaven is qualified in its entirety by reference thereto. See "*Liquidity of Market*" in the Issuer Bid Circular.

Conditions of the Offer

InnVest reserves the right to withdraw the Offer and not take up and pay for the Series G Debentures deposited under the Offer unless the conditions described in the section of the Offer to Purchase entitled "*Conditions of the Offer*" are satisfied or waived.

IT IS A CONDITION TO THE REIT TAKING UP AND PAYING FOR DEPOSITED DEBENTURES THAT THE EXTRAORDINARY RESOLUTION IN RESPECT OF THE INDENTURE AMENDMENTS IS PASSED AT THE MEETING. ACCORDINGLY, IF YOU WISH TO ACCEPT THE OFFER AND HAVE YOUR SERIES G DEBENTURES PURCHASED BY INNVEST, YOU ARE ENCOURAGED TO (i) SUBMIT A PROXY OR OTHER VOTING INSTRUCTION FORM VOTING FOR THE EXTRAORDINARY RESOLUTION AND (ii) COMPLETE AND SUBMIT THE DOCUMENTATION PROVIDED BY YOUR INVESTMENT DEALER, BROKER OR OTHER NOMINEE FOR THE PURPOSES OF DEPOSITING SERIES G DEBENTURES TO THE OFFER. IF YOU FAIL TO DO EITHER ONE OF THESE THINGS, THE FOREGOING CONDITION MAY NOT BE SATISFIED, IN WHICH EVENT, UNLESS THE REIT OTHERWISE WAIVES THE CONDITION, YOUR SERIES G DEBENTURES WILL NOT BE PURCHASED. SEE "*GENERAL PROXY MATTERS*" IN THE INFORMATION CIRCULAR AND "*PROCEDURE FOR DEPOSITING SERIES G DEBENTURES*" AND "*CONDITIONS OF THE OFFER*" IN THE OFFER TO PURCHASE.

Procedure for Depositing Series G Debentures to the Offer

Registration of interests in and transfers of Series G Debentures may currently only be made through a book-entry only system administered by CDS. As such, in order to deposit their Series G Debentures to the Offer, Debentureholders must complete the documentation and follow the instructions provided by their investment dealer, broker or other nominee. **Investment dealers, brokers and other nominees will set a deadline for the delivery of deposit instructions that is earlier than the Expiration Time, and as such Debentureholders should contact their investment dealer, broker or other nominee for assistance at their earliest convenience.** See "*Procedure for Depositing Series G Debentures*" in the Offer to Purchase.

Tax Considerations

Debentureholders should consider carefully the income tax consequences of accepting the Offer and the Indenture Amendments. See “*Certain Canadian Federal Income Tax Considerations*” in the Information Circular.

Withdrawal Rights

Deposited Debentures may be withdrawn at any time prior to them being taken up by the REIT, and in the other circumstances described in the section of the Offer to Purchase entitled “*Withdrawal Rights*”.

Withdrawals of Series G Debentures deposited pursuant to the Offer must be effected via CDS and through a Debentureholder’s broker or other nominee. A Debentureholder’s broker or other nominee may set deadlines for the withdrawal of Series G Debentures deposited to the Offer that are earlier than those specified in the Offer to Purchase. Debentureholders who wish to withdraw Series G Debentures tendered pursuant to the Offer should immediately contact their investment dealer, broker or other nominee in order to take the necessary steps to be able to withdraw such Series G Debentures.

Further Information Regarding the Offer and the Indenture Amendments

If you have questions with respect to the Offer or the Indenture Amendments, please contact the Depositary, the Solicitation and Information Agent or consult your investment dealer, broker or other nominee. The addresses, telephone and facsimile numbers and email addresses of the Depositary and the Solicitation and Information Agent are set out on the back cover of this Circular.

Solicitation Fees

Subject to certain terms and conditions described elsewhere in this Circular, the REIT has agreed to pay a fee of \$8 per \$1,000 principal amount of Series G Debentures that are voted **FOR** the Extraordinary Resolution, payable to the Soliciting Dealer who solicits such proxy or voting instruction voted **FOR** the Extraordinary Resolution. The aggregate amount payable to a Soliciting Dealer with respect to any single beneficial owner of Series G Debentures will be a maximum of \$1,500, provided that no fees will be paid in respect of Series G Debentures that are beneficially owned by insiders of the REIT or by a Soliciting Dealer for its own account. See “*Fees and Expenses*” in the Issuer Bid Circular.

The REIT has also entered into an agreement with the Solicitation and Information Agent pursuant to which the Solicitation and Information Agent has agreed to solicit proxies to be used at the Meeting. Pursuant to such agreement, the Solicitation and Information Agent will receive reasonable and customary compensation for its services. See “*Fees and Expenses*” in the Issuer Bid Circular.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF INNVEST AS TO WHETHER DEBENTUREHOLDERS SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING DEBENTURES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER AND THE INDENTURE AMENDMENTS OTHER THAN AS SET FORTH IN THIS CIRCULAR OR IN THE LETTER OF TRANSMITTAL. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY INNVEST.

* * *



INNVEST REAL ESTATE INVESTMENT TRUST

**5090 Explorer Drive
7th Floor
Mississauga, Ontario L4W 4T9**

NOTICE OF MEETING OF DEBENTUREHOLDERS

NOTICE IS HEREBY GIVEN that a meeting (the "**Meeting**") of the holders (the "**Debentureholders**") of 5.75% convertible unsecured subordinated debentures, series G (the "**Series G Debentures**") of InnVest Real Estate Investment Trust ("**InnVest**") will be held at the offices of Norton Rose Fulbright Canada LLP located at Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario M5J 2Z4 at 2:00 p.m. (Toronto time) on July 22, 2014 for the following purposes:

- 1 to consider and, if deemed advisable, to pass, with or without variation, an extraordinary resolution to approve certain amendments to the trust indenture governing the Series G Debentures (the "**Trust Indenture**") that will, if implemented:
 - (a) increase the rate of interest payable per annum on the Series G Debentures from 5.75% to 6.25% effective September 30, 2014 (being the commencement of the next interest rate accrual period); and
 - (b) increase the conversion price for each trust unit of InnVest (a "**Unit**") to be issued upon the conversion of one Series G Debenture from \$5.80 to \$8.00 per Unit (subject to adjustment as provided in the Trust Indenture),

(collectively, the "**Indenture Amendments**") all as more fully set forth in the accompanying combined management information circular, offer to purchase and issuer bid circular (the "**Circular**"); and
- 2 to transact such other business as may properly be brought before the Meeting and any postponement(s) or adjournment(s) thereof.

Only Debentureholders of record at the close of business on June 18, 2014, the record date for the Meeting, will be entitled to notice of, and to vote at, the Meeting or any postponement(s) or adjournment(s) thereof.

All of the Series G Debentures are registered under the name of CDS & Co. (the registration name for CDS). Accordingly, in order for a beneficial holder of Series G Debentures to have its Series G Debentures voted at the Meeting, it must complete and sign the applicable instrument of proxy or other voting instruction form provided by its investment dealer, broker or other nominee and return such instrument of proxy or other voting instruction form in accordance with the instructions provided therein well in advance of the Meeting. Failure to do so will result in its Series G Debentures not being voted at the Meeting. If you have any questions or require assistance completing your proxy or voting instruction form, you may also contact the Solicitation and Information Agent by toll-free telephone in North America at 1-888-518-6832, collect call outside North America at 1-416-867-2272 or by email at contactus@kingsdaleshareholder.com. See "General Proxy Matters**" in the Information Circular.**

IT IS A CONDITION TO THE REIT TAKING UP AND PAYING FOR DEPOSITED DEBENTURES (AS DEFINED IN THE CIRCULAR) THAT THE EXTRAORDINARY RESOLUTION IN RESPECT OF THE INDENTURE AMENDMENTS IS PASSED AT THE MEETING. ACCORDINGLY, IF YOU WISH TO ACCEPT THE OFFER TO PURCHASE AND HAVE YOUR SERIES G DEBENTURES PURCHASED BY INNVEST AS DESCRIBED IN THE CIRCULAR, YOU ARE ENCOURAGED TO

- (a) SUBMIT A PROXY OR OTHER VOTING INSTRUCTION FORM VOTING FOR THE EXTRAORDINARY RESOLUTION AND
- (b) COMPLETE AND SUBMIT THE DOCUMENTATION PROVIDED BY YOUR INVESTMENT DEALER, BROKER OR OTHER NOMINEE FOR THE PURPOSES OF DEPOSITING SERIES G DEBENTURES TO THE OFFER.

IF YOU FAIL TO DO EITHER ONE OF THESE THINGS, THE FOREGOING CONDITION MAY NOT BE SATISFIED, IN WHICH EVENT, UNLESS INNVEST OTHERWISE WAIVES THE CONDITION, YOUR SERIES G DEBENTURES WILL NOT BE PURCHASED. SEE “GENERAL PROXY MATTERS” IN THE CIRCULAR AND “PROCEDURE FOR DEPOSITING SERIES G DEBENTURES” AND “CONDITIONS OF THE OFFER” IN THE CIRCULAR.

The accompanying Circular provides additional information relating to matters to be dealt with at the Meeting and is deemed to form part of this Notice. Any adjourned meeting resulting from an adjournment of the Meeting will be held at a time and place to be specified by the Chair of the Meeting. See “Quorum” in the Circular.

BY ORDER OF THE BOARD

(signed) “Anthony Messina”

Anthony Messina
President and Chief Executive Officer

Toronto, Ontario
June 18, 2014

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INNVEST REAL ESTATE INVESTMENT TRUST

MANAGEMENT INFORMATION CIRCULAR

General

This Information Circular is provided in connection with the solicitation of proxies by and on behalf of the management of InnVest for use at the Meeting and any adjournment(s) or postponement(s) thereof. No person has been authorized to give any information or make any representation in connection with Indenture Amendments or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Offer and the Issuer Bid Circular in this Information Circular are qualified in their entirety by reference to the Offer and the Issuer Bid Circular, copies of which are enclosed herewith. **You are urged to carefully read the full text of the Circular.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under "*Glossary*". Information contained in this Information Circular is given as of June 18, 2014 unless otherwise specifically stated.

Instructions to Beneficial Holders of Series G Debentures

The information set forth in this section is of significant importance to all Debentureholders, as all of the Series G Debentures are registered in the name of CDS & Co., the nominee of CDS, and are held through brokers, intermediaries, trustees or other persons. Without specific instructions, a broker, intermediary, trustee, other person or nominee is prohibited from voting Series G Debentures for its clients.

Intermediaries, brokers, trustees and other persons who hold Series G Debentures on behalf of beneficial Debentureholders are required to seek voting instructions from beneficial Debentureholders in advance of meetings. Every intermediary, broker, trustee or other person holding Series G Debentures on behalf of beneficial Debentureholders has its own mailing procedures and provides its own return instructions, which should be carefully followed by beneficial Debentureholders in order to ensure that their Series G Debentures are voted at the Meeting. The majority of such intermediaries delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable voting instruction form. The beneficial Debentureholder is typically requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the beneficial Debentureholder can typically call a toll-free telephone number or access the internet to vote the Series G Debentures held by the beneficial Debentureholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Series G Debentures. A beneficial Debentureholder receiving a voting instruction form cannot use that voting instruction form to vote Series G Debentures directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Series G Debentures voted.

Although beneficial Debentureholders may not be recognized directly at the Meeting for the purposes of voting Series G Debentures registered in the name of CDS & Co., a beneficial Debentureholder may attend at the Meeting as a proxyholder and vote their Series G Debentures in that capacity. If a beneficial Debentureholder wishes to attend the Meeting and vote their Series G Debentures, it must do so as proxyholder for the registered holder of the Series G Debentures. To do this, a beneficial

Debentureholder should enter their name in the blank space on the applicable form of proxy or voting instruction form provided to them and return the document to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

Beneficial Debentureholders may vote in the following ways:

- (a) **By Regular Mail:** To the following location: Data Processing Centre, PO Box 2800, STN LCD, Malton, Mississauga, ON L5T 2T7.
- (b) **Online:** Go to the website indicated on the voting instruction form (www.proxyvote.com) and follow the instructions on the screen.
- (c) **By Telephone:** Call the number indicated on the voting instruction form for English 1-800-474-7493 or French 1-800-474-7501 and follow the instructions using your 12 digit control number located on your voting instruction form.

If you have any questions or require assistance completing your proxy or voting instruction form, you may also contact the Solicitation and Information Agent by toll-free telephone in North America at 1-888-518-6832, collect call outside North America at 1-416-867-2272 or by email at contactus@kingsdaleshareholder.com.

See “*General Proxy Matters*” in this Information Circular.

Indenture Amendments

At the Meeting, Debentureholders will be asked to consider and, if deemed advisable, pass an Extraordinary Resolution approving the Indenture Amendments which, if approved, will result in:

- (a) **INCREASING** the annual interest rate of the Debentures by 0.50 percentage points from 5.75% to 6.25% effective September 30, 2014 (being the commencement of the next interest rate accrual period); and
- (b) **INCREASING** the conversion price for each Unit to be issued upon the conversion of one Series G Debenture from \$5.80 to \$8.00 per Unit (subject to adjustment as provided in the Trust Indenture).

Other than the foregoing amendments (and incidental amendments to effect the foregoing), the Trust Indenture will remain unchanged.

The Series G Debentures are currently convertible into Units at the option of the Debentureholders at a conversion price of \$5.80 per Unit, being a conversion rate of 172.41 Units per \$1,000 principal amount of Series G Debentures. If the Indenture Amendments are implemented, the conversion price will be increased to \$8.00 per Unit which will result in a conversion rate of approximately 125 Units per \$1,000 principal amount of Series G Debentures (subject to adjustment).

If the Indenture Amendments are approved by the Debentureholders, the effective date of the increase in interest rate will be September 30, 2014 (being the commencement of the next interest rate accrual period). The increase to the conversion rate and such other amendments to the Trust Indenture incidental to the Indenture Amendments will be effective on the date that the REIT enters into the Supplemental Indenture.

The full text of the Extraordinary Resolution and the Supplemental Indenture (in draft form) that will be entered into by the REIT and the Trustee to evidence the Indenture Amendments if the Extraordinary Resolution is passed by Debentureholders at the Meeting are set forth in Schedules “A” and “B”,

respectively. Debentureholders are encouraged to read the full text of the Extraordinary Resolution and the Supplemental Indenture in their entirety.

In order to be passed, the Extraordinary Resolution must receive the affirmative vote of at least 66⅔% of the votes cast by Debentureholders at the Meeting who are present in person or represented by proxy. **The Extraordinary Resolution, if passed, will be binding upon all Debentureholders.**

Listing

The TSX has confirmed that, if the Indenture Amendments are implemented, the Series G Debentures will continue to trade on the TSX under the symbol "INN.DB.G".

Comparison of Terms of the Series G Debentures following Indenture Amendments

The following table is a summary only and does not address all of the attributes and characteristics of the Series G Debentures before and after implementation of the Indenture Amendments. The following summary of the Series G Debentures before and after the implementation of the Indenture Amendments is qualified in its entirety by the full text of the Trust Indenture and the Supplemental Indenture respectively. The Trust Indenture is available on the REIT's SEDAR profile at www.sedar.com and the Supplemental Indenture is set forth at Schedule "A" hereto.

	Series G Debentures	Changes to Series G Debentures Following Indenture Amendments
Securities:	5.75% Convertible Unsecured Subordinated Debentures, Series G.	6.25% Convertible Unsecured Subordinated Debentures, Series G.
Principal Amount:	\$1,000 per Series G Debenture. Aggregate of \$115,000,000 currently outstanding.	\$1,000 per Series G Debenture. Aggregate of \$115,000,000 currently outstanding, subject to completion of Offer. ¹
Maturity Date:	March 31, 2019.	No change.
Interest Rate:	5.75% per annum, payable in cash, semi-annually, in arrears.	6.25% per annum, effective September 30, 2014, payable in cash, semi-annually, in arrears.
Ranking:	Direct unsecured obligations of the REIT, subordinated to the "Senior Indebtedness" of the REIT (as that term is defined in the Trust Indenture).	No change.
Conversion Price:	\$5.80 per Unit (subject to adjustment).	\$8.00 per Unit (subject to adjustment). ²

	Series G Debentures	Changes to Series G Debentures Following Indenture Amendments
Redemption:	<p>On or after April 1, 2016 (subject to certain earlier redemption rights upon satisfaction of certain conditions after a "Change of Control" (as defined in the Trust Indenture)) but prior to March 31, 2018, the Series G Debentures will be redeemable in whole or in part from time to time, at the REIT's sole option on not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest provided that the "Current Market Price" (as defined in the Trust Indenture) on the date on which the notice of redemption is given exceeds 125% of the conversion price.</p> <p>On or after April 1, 2018 and prior to March 31, 2019, the Series G Debentures will be redeemable in whole or in part from time to time, at the REIT's sole option, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest.</p>	No change.
Right to Repay Redemption Price and Principal Amount on Maturity in Units:	On redemption or maturity of the Series G Debentures the REIT may, at its option and subject to certain conditions, elect to satisfy its obligation to pay the principal amount of the Series G Debentures by issuing and delivering "Freely Tradeable" (as defined in the Trust Indenture) Units to the Debentureholders.	No change.
Interest Payment Election:	Unless an Event of Default (as defined under the Trust Indenture) has occurred and is continuing, and subject to certain conditions, the REIT may elect, from time to time, to satisfy its obligation to pay interest on the Series G Debentures on the date it is payable by delivering a sufficient number of Units to the Trustee required to satisfy all or any part of an interest obligation, pursuant to the procedures set forth in the Trust Indenture.	No change.
Put Right on Change of Control:	Subject to provisions in the Trust Indenture relating to a "Successor" (as defined in the Trust Indenture), upon the occurrence of a "Change of Control" (as defined in the Trust Indenture), Debentureholders may require InnVest to purchase all or any part of such holder's Series G Debentures at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest up to but excluding the date on which the purchase is made by InnVest.	No change.
TSX Listing:	The Series G Debentures are currently listed on the TSX under the symbol "INN.DB.G".	No change.

Notes:

- 1 Up to \$28,750,000 principal amount of Series G Debentures may be purchased pursuant to the Offer. Assuming the full amount of Series G Debentures are taken up and paid for pursuant to the Offer, there will be \$86,250,000 principal amount of Series G Debentures outstanding. The Indenture Amendments are not conditional upon a minimum principal amount of Series G Debentures being tendered to the Offer, however the Offer is conditional upon, among other things, the Extraordinary Resolution being passed.
- 2 The Series G Debentures are currently convertible into Units at the option of the Debentureholders at a conversion price of \$5.80 per Unit, being a conversion rate of 172.41 Units per \$1,000 principal amount of Series G Debentures. If the Indenture Amendments are implemented, the conversion price will be increased to \$8.00 per Unit which will result in a conversion rate of approximately 125 Units per \$1,000 principal amount of Series G Debentures (subject to adjustment).

Background to the Indenture Amendments

Management and the Board of Trustees continuously evaluate and seek to optimize the REIT's capital structure in conjunction with its ongoing strategic plan. The REIT's objective in this regard is to ensure that it maintains financial flexibility to pursue its investment strategy and to build value for its unitholders. The excess cash from identified non-strategic dispositions allows for the REIT to lower its leverage by canceling Series G Debentures under the Offer, and the proposed Indenture Amendments, if implemented, will allow for an improved income return to Series G Debentureholders without changing the credit terms (other than the conversion rate) and reduces potential dilution to unitholders.

Possible Benefits of the Indenture Amendments and Offer to Debentureholders

The Board believes that the Indenture Amendments and Offer (provided the Indenture Amendments are implemented) may provide certain benefits to Debentureholders, depending on their particular circumstances, including, without limitation, the following:

- Increased interest rate: InnVest believes that increasing the interest rate on the Series G Debentures from 5.75% to 6.25% represents an attractive opportunity for Debentureholders to generate additional interest, especially in the current low interest rate environment, and in light of other reinvestment opportunities available. In addition, the Indenture Amendments will not materially change the credit standing of the Series G Debentures nor the risk profile for Debentureholders.
- Offer to Purchase Series G Debentures: InnVest believes the Offer to Purchase may provide an attractive opportunity to Debentureholders who are considering the sale of their Series G Debentures to sell such securities (upon the terms and subject to the conditions set forth in the Offer to Purchase and the Letter of Transmittal) at a premium to recent market prices without the usual transaction costs associated with market sales. The Offer Price represents a premium of \$60 per \$1,000 principal amount of Series G Debentures and a premium of \$44 to the volume-weighted average price of the Series G Debentures on the TSX over the 20 trading days ending June 16, 2014 (being the last trading day before the Offer was announced). The Offer to Purchase is conditional upon, among other things, the passing of the Extraordinary Resolution by Debentureholders. Accordingly, Debentureholders who wish to tender their Series G Debentures pursuant to the Offer are encouraged to vote **FOR** the Extraordinary Resolution in order to increase the likelihood that their Deposited Debentures will be taken up and paid for pursuant to the Offer. Please see the Offer to Purchase and the Issuer Bid Circular enclosed herewith for more information regarding the Offer.

The Board of Trustees has concluded that the Indenture Amendments are in the best interests of the REIT and its unitholders and, as such, has authorized the submission of the Indenture Amendments to Debentureholders for approval. Neither the REIT nor its Board of Trustees makes any recommendation to any Debentureholder as to whether to vote **FOR or **AGAINST** the Extraordinary Resolution or whether to deposit or refrain from depositing Series G Debentures under the Offer.** Ms. Chantal Nappert, the Vice President Finance and Investor Relations of the REIT, who holds an aggregate of \$20,000 in principal amount of Series G Debentures, has indicated she intends to deposit her Series G Debentures to the Offer and vote **FOR** the Extraordinary Resolution.

Accordingly, if a Debentureholder wishes to have the terms of its Series G Debentures amended in accordance with the Indenture Amendments, and/or to increase the probability of having Deposited Debentures taken up under the Offer, it is encouraged to vote **FOR** the Extraordinary Resolution by completing and signing an instrument of proxy or other voting instruction form provided by its investment dealer, broker or other nominee and returning such instrument of proxy or other voting instruction form in accordance with the instructions provided therein.

If you have any questions or require assistance completing your proxy or voting instruction form, you may contact the Solicitation and Information Agent by toll-free telephone in North America at 1-888-518-6832, collect call outside North America at 1-416-867-2272 or by email at contactus@kingsdaleshareholder.com. See “General Proxy Matters – Voting Rights and Appointment of Proxies” in this Information Circular.

IT IS A CONDITION TO THE REIT TAKING UP AND PAYING FOR DEPOSITED DEBENTURES THAT THE EXTRAORDINARY RESOLUTION IN RESPECT OF THE INDENTURE AMENDMENTS IS PASSED AT THE MEETING. ACCORDINGLY, IF YOU WISH TO ACCEPT THE OFFER AND HAVE YOUR SERIES G DEBENTURES PURCHASED BY INNVEST, YOU ARE ENCOURAGED TO (i) SUBMIT A PROXY OR OTHER VOTING INSTRUCTION FORM VOTING **FOR THE EXTRAORDINARY RESOLUTION AND (ii) COMPLETE AND SUBMIT THE DOCUMENTATION PROVIDED BY YOUR INVESTMENT DEALER, BROKER OR OTHER NOMINEE FOR THE PURPOSES OF DEPOSITING SERIES G DEBENTURES TO THE OFFER. IF YOU FAIL TO DO EITHER ONE OF THESE THINGS, THE FOREGOING CONDITION MAY NOT BE SATISFIED, IN WHICH EVENT, UNLESS THE REIT OTHERWISE WAIVES THE CONDITION, YOUR SERIES G DEBENTURES WILL NOT BE PURCHASED. IN ORDER TO ACCEPT THE OFFER, DEBENTUREHOLDERS SHOULD CONTACT THEIR INVESTMENT DEALER, BROKER OR OTHER NOMINEE OR PERSON THROUGH WHOM THEY HOLD THEIR SERIES G DEBENTURES WELL IN ADVANCE OF THE EXPIRATION TIME. SEE “GENERAL PROXY MATTERS” IN THIS INFORMATION CIRCULAR AND “PROCEDURE FOR DEPOSITING SERIES G DEBENTURES” AND “CONDITIONS OF THE OFFER” IN THE OFFER TO PURCHASE.**

For a description of the Offer, including the background to the Offer and how to tender Series G Debentures to the Offer, see the Offer to Purchase and the Issuer Bid Circular accompanying this Information Circular, which are hereby incorporated into and form a part of this Information Circular.

Certain Canadian Federal Income Tax Considerations

In the opinion of Norton Rose Fulbright Canada LLP, counsel to the REIT, the following summary fairly describes the principal Canadian federal income tax considerations in respect of the Offer and the Indenture Amendments generally applicable to a Debentureholder who, for purposes of the Tax Act, and at all relevant times, (i) deals at arm’s length and is not affiliated with the REIT; (ii) holds Series G Debentures as capital property; and (iii) has not and will not enter into a “derivative forward agreement” (as defined in the Tax Act) in respect of the Series G Debentures (a “**Holder**”).

Series G Debentures will generally be considered to be capital property to a Holder unless the Holder holds such Series G Debentures in the course of carrying on a business or the Holder acquired such Series G Debentures in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Canadian resident Holders whose Series G Debentures might not otherwise be considered capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Series G Debentures and all other “Canadian Securities” (as defined in the Tax Act) owned by such Holder in the taxation year, and in all subsequent taxation years, deemed to be capital property. Holders should consult with their own tax advisors before making such an election.

This summary is based upon the current provisions of the Tax Act, counsel’s understanding of existing case law and the published administrative policies of the Canada Revenue Agency (“**CRA**”). 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 “**Tax Proposals**”) and assumes that all Tax Proposals will be enacted in the form proposed. This summary is not exhaustive of all possible Canadian federal income tax considerations nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations.

This summary is not applicable to a Holder: (a) that is a “financial institution” for the purposes of the “mark-to-market” rules or a “specified financial institution”, each as defined in the Tax Act; (b) an interest in which would be a “tax shelter investment” within the meaning of the Tax Act; or (c) whose “functional currency” for the purposes of the Tax Act is the currency of a country other than Canada. Such Holders should consult their own tax advisors.

No advance income tax ruling from the CRA has been requested to confirm the tax consequences to Debentureholders of the Offer or the Indenture Amendments. As the authorities on which this summary is based are subject to various interpretations, the CRA or a court could disagree with one or more of the positions taken in this summary.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Debentureholder. Debentureholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of the Offer and the Indenture Amendments having regard to their own particular circumstances.

Holdings Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is resident or deemed to be resident in Canada (a “**Resident Holder**”).

Amendment of the Series G Debentures

Canadian courts have held that substantial changes to the fundamental terms of a debt instrument can result in the disposition of an existing debt obligation and the creation of a new debt obligation. It is not certain whether the Indenture Amendments would result in a disposition of the Series G Debentures for Canadian income tax purposes. Counsel is of the view, based in part on information provided by the REIT, that the Indenture Amendments should not result in the creation of a new debt obligation. However, there can be no assurance that the CRA or a Canadian court would not take a different view. Each Resident Holder should consult its own tax advisor regarding the effect of the Indenture Amendments for Canadian income tax purposes.

If the Indenture Amendments do not result in a disposition of the Series G Debentures, then a Resident Holder will not be considered to have disposed of any property for tax purposes, and will have no adverse Canadian income tax consequences at the time the Indenture Amendments become effective.

If the Indenture Amendments do result in a disposition of the Series G Debentures, a Resident Holder will be deemed to have received proceeds of disposition equal to the fair market value of the Series G Debentures held by the Resident Holder at the time the Indenture Amendments become effective. The Resident Holder will recognize a capital gain (or capital loss) on the disposition equal to the amount by which the Resident Holder’s proceeds of disposition, net of any reasonable costs of disposition, are greater than (or less than) the adjusted cost base to the Resident Holder of the Series G Debentures held at the time the Indenture Amendments become effective. See “*Taxation of Capital Gains and Losses*” below. The cost of the Series G Debentures to the Resident Holder immediately after the time the Indenture Amendments become effective will be equal to their fair market value at that time.

Disposition of Series G Debentures Pursuant to the Offer

A Resident Holder who disposes of Series G Debentures pursuant to the Offer will be considered to have disposed of such Series G Debentures for proceeds of disposition equal to the Offer Price (other than the portion of the Offer Price received as interest, including any premium deemed to be interest as described below). The Resident Holder will realize a capital gain (or capital loss) on the disposition of the Series G Debentures equal to the amount by which the Resident Holder's proceeds of disposition, net of any reasonable costs of disposition, are greater than (or less than) the adjusted cost base to the Resident Holder of the Series G Debentures sold pursuant to the Offer. See "*Taxation of Capital Gains and Losses*".

The amount of any premium over the principal amount of the Series G Debentures paid by the REIT to a Resident Holder under the Offer will generally be deemed to be interest received at that time by the Resident Holder if such premium is paid because of the repayment by the REIT of the Series G Debentures before their maturity and, to the extent that such premium can reasonably be considered to relate to, and does not exceed the value of (at the time the REIT purchases the Series G Debentures) interest that, but for the purchase, would have been paid or payable by the REIT on the Series G Debentures for taxation years of the REIT ending after the time of purchase.

Upon the disposition, any interest paid or deemed to be paid to a Resident Holder, or interest which has accrued on the Series G Debentures to the date of disposition and which would otherwise be payable after that date or amounts deemed under the Tax Act to be interest, must be included in computing the income of the Resident Holder except to the extent it was included in the income of the Resident Holder for a previous year.

Taxation of Capital Gains and Losses

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 in such taxation 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 the year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and in the circumstances described in the Tax Act.

Capital gains realized by an individual (including certain trusts) may give rise to alternative minimum tax under the Tax Act. In addition, Canadian-controlled private corporations (as defined in the Tax Act) may be subject to an additional refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including interest and taxable capital gains.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times: (i) is not resident or deemed to be resident in Canada; (ii) does not use or hold, and is not deemed to use or hold, Series G Debentures in connection with carrying on a business in Canada; and (iii) is the beneficial owner of all payments of principal, interest or other amounts under the Series G Debentures held by such Holder (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, apply to a non-resident that is an insurer carrying on an insurance business in Canada and elsewhere.

Disposition

A Non-Resident Holder of Series G Debentures will not be subject to tax under the Tax Act in respect of any capital gain (and will not be entitled to deduct any amount in respect of any capital loss) realized on

the disposition of Series G Debentures under the Offer unless such Series G Debentures are “taxable Canadian property” of the Non-Resident Holder and is not “treaty-protected property”. See “*Taxable Canadian Property*”.

A Non-Resident Holder should generally not be subject to withholding tax under the Tax Act in respect of interest paid, or deemed to be paid (as described above under “*Holders Resident in Canada – Disposition of Series G Debentures Pursuant to the Offer*”) on the Series G Debentures pursuant to the Offer. However, Canadian withholding tax applies to payments of interest that constitute “participating debt interest”, as defined in the Tax Act. By virtue of the fact that the Series G Debentures are convertible into Units of the REIT, there is a risk that both (i) the amount of the Offer Price that exceeds the principal amount of the Series G Debentures (the “**Excess**”); and (ii) all interest paid or deemed to be paid to a Non-Resident Holder in connection with the Offer could be considered to be participating debt interest, in which case Canadian withholding tax would apply.

It is at present unclear whether the CRA would consider the Excess and any other interest paid or deemed to be paid on the Series G Debentures to be participating debt interest, or whether a Canadian court would agree with the CRA’s position.

As a result, there is a risk that both (i) the Excess; and (ii) all interest paid or deemed to be paid to a Non-Resident Holder in connection with the Offer could be subject to Canadian withholding tax. The rate of withholding tax would be 25% or such lower rate as may be provided under the terms of an applicable tax treaty or convention. Under the Canada-US Income Tax Convention, the rate of withholding tax would be reduced to 15%.

Taxable Canadian Property

Provided that the Units are listed on a “designated stock exchange” (as defined in the Tax Act), which includes the TSX, a Series G Debenture will not be taxable Canadian property of a Non-Resident Holder at the time of disposition provided that: (a) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm’s length, partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder does not deal at arm’s length holds a membership interest directly or indirectly, or the Non-Resident Holder together with any such persons, did not own 25% or more of the issued Units at any time during the 60-month period immediately preceding that time; and (b) such Series G Debentures are not deemed to be taxable Canadian property of the Non-Resident Holder for purposes of the Tax Act. Even if the Series G Debentures are taxable Canadian property of a Non-Resident Holder, a taxable capital gain resulting from the disposition of Series G Debentures will not be included in computing the Non-Resident Holder’s income for the purposes of the Tax Act if the Series G Debentures are “treaty-protected property”. Series G Debentures owned by a Non-Resident Holder will generally be treaty protected property if the gain from the disposition of such Series G Debentures would, because of an applicable income tax treaty or convention, be exempt from tax under the Tax Act. In the event that Series G Debentures are taxable Canadian property but not treaty-protected property of a particular Non-Resident Holder, the tax consequences as described above under “*Holders Resident in Canada*” will generally apply.

General Proxy Matters

All of the Series G Debentures are registered under the name of CDS & Co. (the registration name for CDS). Accordingly, in order for a beneficial holder of Series G Debentures to vote its Series G Debentures FOR or AGAINST the Extraordinary Resolution, it must complete and sign the applicable instrument of proxy or other voting instruction form provided by its investment dealer, broker or other nominee and return such instrument of proxy or other voting instruction form in accordance with the instructions provided therein well in advance of the Meeting. Failure to do so will result in its Series G Debentures not being voted at the Meeting.

Unless waived or extended by the chair of the Meeting in his or her discretion (which may be without notice), in order to be voted at the Meeting, duly completed proxies must be received by

Computershare Trust Company of Canada, located at 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, not later than 2:00 p.m. (Toronto time) on July 18, 2014 or, if the Meeting is adjourned or postponed, not later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned or postponed Meeting.

The REIT is not using “notice-and-access” to send proxy-related materials to registered and beneficial Debentureholders in connection with the Meeting. The REIT has elected to send proxy-related materials in connection with the Meeting to beneficial Debentureholders indirectly through intermediaries (and their service companies). The REIT will pay for an intermediary to deliver proxy-related materials to a beneficial Debentureholder who is an “OBO” as defined under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of the REIT to be used at the Meeting. Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, fax or oral communication by trustees, officers, employees or agents (including the Solicitation and Information Agent) of the REIT who will be specifically remunerated therefor. All costs of the solicitation for the Meeting will be borne by the REIT.

Subject to certain terms and conditions described elsewhere in this Circular, InnVest has agreed to pay a fee to Soliciting Dealers who solicit proxies or voting instructions which are voted **FOR** the Extraordinary Resolution. InnVest has also entered into an agreement with the Solicitation and Information Agent pursuant to which, among other things, the Solicitation and Information Agent has agreed to solicit proxies to be used at the Meeting on behalf of the REIT and answer questions from the Debentureholders with respect to the Offer and the Indenture Amendments. The Solicitation and Information Agent will assist with the mailing of the Circular and related materials to Debentureholders, respond to inquiries of and provide information to Debentureholders in connection with the Offer and the Meeting and provide other similar advisory services as the REIT may request from time to time. See “*Fees and Expenses*” in the Issuer Bid Circular.

Voting Rights and Appointment of Proxies

As at the date hereof, the REIT has \$115,000,000 in aggregate principal amount of Series G Debentures issued and outstanding. Each \$1,000 principal amount of Series G Debentures entitles the holder of record as at the close of business on June 18, 2014 to one vote at the Meeting.

The individuals named in the enclosed form of proxy are representatives of the REIT. The registered Debentureholder has the right to appoint someone else to represent it at the Meeting by striking out the names of the persons named in the enclosed form of proxy and inserting that other person’s name in the blank space provided. The person appointed to represent the registered Debentureholder at the Meeting need not be a Debentureholder.

Only the registered Debentureholder, or its duly appointed proxyholders, are permitted to attend and vote at the Meeting or to appoint or revoke a proxy. If you are a beneficial Debentureholder, you are entitled to: (i) direct how the Series G Debentures beneficially owned by you are to be voted; or (ii) obtain a legal form of proxy that will entitle you to attend and vote at the Meeting.

A beneficial Debentureholder may attend the Meeting as a proxyholder and vote their Series G Debentures in that capacity. If a beneficial Debentureholder wishes to attend the Meeting and vote their Series G Debentures, it must do so as proxyholder for the registered holder of the Series G Debentures. To do this, a beneficial Debentureholder should enter their name in the blank space on the applicable form of proxy or voting instruction form provided to them and return the document to their broker or other

intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

If you have any questions or require assistance completing your proxy or voting instruction form, you may also contact the Solicitation and Information Agent by toll-free telephone in North America at 1-888-518-6832, collect call outside North America at 1-416-867-2272 or by email at contactus@kingsdaleshareholder.com.

Revocation of Proxies

Proxies may be revoked by the registered Debentureholder by:

- (a) the registered Debentureholder completing and signing the applicable form of proxy bearing a later date and depositing it with the Trustee as described above;
- (b) depositing a document signed by the registered Debentureholder (or by someone properly authorized to act on its behalf) with the chair of the Meeting before the Meeting starts on the day of the Meeting or any adjournment(s) or postponement(s) thereof; or
- (c) following any other procedure that is permitted by law.

Only registered Debentureholders have the right to revoke a proxy. Beneficial Debentureholders who wish to change their vote must make appropriate arrangements with their brokers or other intermediaries.

Voting of Proxies

The Series G Debentures represented by the accompanying form of proxy will be voted in accordance with the instructions of the Debentureholder on any ballot that may be called for, and if the Debentureholder specifies a choice with respect to any matter to be acted upon, the Series G Debentures will be voted accordingly. **In the absence of such direction, Series G Debentures represented by proxies will be voted FOR the Extraordinary Resolution.**

The accompanying form of proxy confers discretionary authority to the persons named therein with respect to amendments or variations to matters identified in the Notice, or other matters which may properly come before the Meeting whether or not the amendment, variation or other matter that comes before the Meeting is routine or contested. At the time of printing this Circular, the management of the REIT knows of no such amendments, variations or other matters to come before the Meeting. If any such amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy will vote in accordance with their best judgment.

Quorum

A quorum at the Meeting is that number of Debentureholders present in person or by proxy representing not less than 25% of the aggregate principal amount of Series G Debentures then outstanding. If a quorum is not present within 30 minutes after the time appointed for the Meeting, the Meeting shall stand adjourned to such date, being not less than 14 days nor more than 60 days later, and to such place and time as may be appointed by the chairman of the Meeting. No less than 10 days' notice shall be given of the time and place of such adjourned Meeting. At the adjourned Meeting the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the Meeting was originally convened notwithstanding that such Debentureholders present in person or represented by proxy may constitute less than 25% of the aggregate principal amount of the Series G Debentures then outstanding.

Interests of Certain Persons or Companies In Matters To Be Acted On

No person who has been a trustee or executive officer of the REIT at any time since the beginning of the REIT's last financial year, nor any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than Ms. Chantal Nappert, the Vice President Finance and Investor Relations of the REIT, who holds \$20,000 principal amount of Series G Debentures, and who has indicated she intends to deposit her Series G Debentures to the Offer and vote **FOR** the Extraordinary Resolution.

Principal Securityholders

As of the date hereof, the trustees and executive officers of InnVest are not aware of any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Series G Debentures.

Interest Of Informed Persons In Material Transactions

Other than as set forth below, InnVest is not aware of any material interest, direct or indirect, of any trustee or executive officer of InnVest, any person who beneficially owns, or controls or directs, directly or indirectly, voting securities of the REIT carrying more than 10% of the voting rights attached to all outstanding voting securities of the REIT, or any other "informed person" (as defined in National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators), or any associate or affiliate of such persons, in any transaction since the commencement of InnVest's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect InnVest or any of its subsidiaries.

General

The Declaration of Trust contains "conflict of interest" provisions that are intended to provide certain protections to holders of Units without creating undue limitations on the REIT. Given that the Trustees are engaged in a wide range of activities, the Declaration of Trust contains provisions, similar to those contained in the *Canada Business Corporations Act*, that require each Trustee or officer of the REIT to disclose to the REIT the nature and extent of any interest arising due to such person being a party to a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture arrangement) or due to such person being a trustee, director or officer of, or otherwise having a material interest in, any person or entity who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made in writing to the REIT or, by request, to be entered into the minutes of meetings of Trustees at the first meeting at which a proposed contract or transaction is considered or at the first meeting after the time at which such person develops an interest.

In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee or an officer of the REIT is required to disclose in writing to the REIT, or request to have entered into the minutes of meetings of Trustees, the nature and extent of his or her interest forthwith after such Trustee or officer of the REIT becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee or officer who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration as a Trustee, officer, employee or agent of the REIT or one for indemnity under the provisions of the Declaration of Trust or liability insurance.

The Declaration of Trust contains provisions to address potential conflicts of interest arising between the REIT and any related party. Among other things, the REIT must obtain a valuation in respect of any property that it intends to purchase from or sell to a related party by a valuator engaged by, and prepared

under the supervision of, a committee of two or more independent Trustees who have no interest in such transaction. In addition, each transaction between the REIT and a related party must be on commercially reasonable terms and requires the approval of at least 66⅔% of the independent Trustees who have no interest in such transaction.

Management Agreement

In connection with the Settlement, the Operator and the REIT, entered into a third amended and restated Management Agreement with the Manager on April 21, 2014 pursuant to which the Manager is responsible for the management of the majority of the hotel businesses in InnVest. The Manager manages the hotel businesses and provides customary hotel management services, including preparation of annual operating and capital budgets and marketing plans, accounting and financial reporting, supervision of sales and marketing, human resource management, purchasing, management and supervision of construction and technical services, information technology, franchise relations and evaluations, supervision of property repairs and maintenance, supervision of compliance with material contracts relating to the hotel properties, leasing, yield management and quality control. Messrs. Fereed Mangalji and Majid Mangalji, trustees of the REIT, have a direct or indirect controlling interest in the Manager and as such have a material interest in the Management Agreement.

The Management Agreement, as amended and restated in connection with the Settlement, extended the term of the agreement on revised terms consistent with hospitality industry practice to allow the REIT greater flexibility with respect to portfolio management and incentive compensation. The material terms of the Management Agreement, as amended, are as follows:

- (a) The term of the Management Agreement was extended until April 21, 2024 and may be renewed on the mutual consent of the Manager and the Operator.
- (b) The Manager no longer has the exclusive right to manage the REIT's acquired hotels. The REIT may consider appointing the Manager to manage any additional hotels on a case-by-case basis. The Manager has also been released from its non-compete arrangements.
- (c) The REIT or the Operator have the ability to terminate the Manager's appointment to manage any or all hotels for any reason on 60 days' prior written notice with respect to any or all of the hotels managed by the Manager, subject to a termination payment equal to three times the sum of all Management Fees (as such fees are defined in the Management Agreement) earned or payable in respect of the hotels no longer covered by the Management Agreement due to such termination during the 12-month period immediately preceding the month in which the termination occurs (subject to adjustment in certain circumstances).
- (d) The Manager's base management fee has been reduced from 3.375% to 2.95% and a new incentive fee structure (as set out below) has been adopted that will allow the Manager to earn up to 3.80% of the gross revenue of managed hotels per year. A summary of the key concepts related to the base management and incentive fee payable to the Manager is set out below.

Management and Incentive Fee Structure

The Management Agreement provides for the payment by the Operator or its subsidiaries of an annual management fee to the Manager during the term of the Management Agreement, at a rate of 2.95% of gross revenues of the managed hotels, calculated and payable monthly. In addition, the Manager is entitled to an annual base incentive fee equal to 0.425% of gross revenues of the hotels of the REIT managed by the Manager, calculated and payable monthly, to be adjusted at the end of the year as follows:

- (a) For each percentage point (1.0%) that the year-over-year net operating cash flow of the managed hotels increases, the base incentive fee will be increased by 2.8333 basis points, to a maximum incentive fee of 0.85%.
- (b) For each percentage point (1.0%) that the year-over-year net operating cash flow of the managed hotels decreases, the base incentive fee will be reduced by 2.8333 basis points, to a minimum incentive fee of 0%.
- (c) Where there is no change in the year-over-year net operating cash flow of the managed hotels, the incentive fee will remain unchanged at 0.425%.

Once added to the base management fee, the above adjustments to the incentive fee will entitle the Manager to a combined management fee of between 2.95% and 3.80% of the annual gross revenue of the managed hotels. For the purposes of calculating the net operating cash flow of the managed hotels, to the extent that the Manager is appointed to manage any additional hotels acquired by the REIT in a given year, the net operating cash flow for the additional hotel(s) will be excluded from the above calculations for the year in which the hotel is acquired and the immediately following year. For the year in which the hotel is acquired and the immediately following year, such additional hotel(s) will be entitled to the unadjusted incentive fee of 0.425% applied individually to the gross revenue of each additional hotel. Similarly, to the extent any hotel is terminated in a given year, the net operating cash flow for the terminated hotel(s) will be excluded from the above calculations for the year in which the hotel is terminated and an unadjusted incentive fee of 0.425% will be applied individually to the gross revenue of each terminated hotel in the year in which it is terminated.

In addition to the base management fee and incentive fee, the Manager is entitled to the following fees in respect of the REIT hotels that it manages (i) purchasing fees based on 5% of the cost of certain goods and supplies for the hotel businesses and approved by the Operator; (ii) construction fees based on 5% of the cost of construction and capital expenditures to hotel properties and approved by the Operator; and (iii) per guest room fees for accounting services in respect of the hotel businesses, such fees to be increased by inflation annually. The amended and restated Management Agreement did not result in any changes to the basis for such additional fees. The amended and restated Management Agreement allows the Operator to request the Manager's services in connection with construction work to be performed at hotels that it does not manage and for accounting services in respect of the REIT's business on a case-by-case basis, as may be agreed to by the Operator and Manager. The Manager is also entitled to be reimbursed for certain reasonable out-of-pocket costs and expenses incurred by the Manager in the performance of its duties under the Management Agreement, provided that such costs have been identified in a budget approved by the Operator or are otherwise approved in writing by the Operator prior to being incurred by the Manager.

Asset Management Services

As part of the Settlement, the asset supervisory agreement between the Operator and the Manager, pursuant to which the Manager provided certain asset management services in respect of properties not subject to the Management Agreement, will be terminated effective November 30, 2014 at no cost to the REIT and the REIT will internally asset manage all of its properties. As a result, the REIT will no longer pay asset management fees to the Manager effective December 1, 2014.

Fees Paid to the Manager in 2013

In consideration for services rendered in 2013, the Manager was paid approximately \$11.6 million in management fees and approximately \$7.8 million for other services. Of these fees, \$1.8 million was paid pursuant to the asset supervisory agreement that will be terminated.

KingSett Capital Loan

On April 24, 2014 InnVest entered into and closed a credit agreement with KingSett Capital (the “**Credit Agreement**”) pursuant to which KingSett Capital agreed to provide InnVest with a \$50 million secured term loan facility (the “**Term Loan**”) and a \$50 million secured non-revolving stand-by liquidity facility (the “**Liquidity Loan**”). The Term Loan was drawn in full at closing and will remain outstanding for four years from closing. The Term Loan was subject to an up-front fee to KingSett Capital of \$1.5 million (the “**Up-Front Fee**”) and is subject to regular interest payments of 8.75% per annum (the “**Term Interest Payments**”). In addition, in consideration for KingSett Capital agreeing to provide InnVest with the Liquidity Loan, InnVest agreed to pay KingSett Capital a commitment fee of \$1.5 million (the “**Commitment Fee**”). If drawn, the Liquidity Loan will be subject to regular interest payments of 9.5% per annum (the “**Liquidity Interest Payments**”).

In connection with the Credit Agreement, InnVest and KingSett Capital have agreed that InnVest will issue Units in satisfaction of the Up-Front Fee and the Commitment Fee. In addition, in the first year that the Term Loan is outstanding, a portion of the Term Interest Payments due in that year equal to 3% per annum will be payable in Units at the option of KingSett Capital and, if the Liquidity Loan is drawn, a portion of the Liquidity Interest Payments in that year equal to 3.75% per annum will be payable in Units at the option of KingSett Capital. During the three subsequent years, the same portions of the Term Interest Payments and the Liquidity Interest Payments will be payable in Units if mutually agreed by KingSett Capital and InnVest. InnVest's obligation to issue any Units in satisfaction of the Up-Front Fee, the Commitment Fee and a portion of the Interest Payments will be subject to the receipt of applicable regulatory approvals and compliance with InnVest's internal policies, including its insider trading policy. Subject to the foregoing, any such Units will be issued at a price equal to the five-day volume weighted average price of the Units on the TSX prior to the date of each issuance.

Jon E. Love, a trustee of the REIT, has an indirect controlling interest in KingSett Capital and, as such, is considered to have an interest in the Credit Agreement.

Additional Information

Additional information relating to the REIT is available on SEDAR at www.sedar.com. Financial information in respect of the REIT is provided in the REIT's comparative financial statements and management's discussion and analysis for the REIT's most recently completed financial year, copies of which are available free of charge upon request from the Vice President, Investor Relations of the REIT at 7th Floor, 5090 Explorer Drive, Mississauga, Ontario L4W 4T9 or by accessing the REIT's website at www.innvestreit.com, or on SEDAR at www.sedar.com.

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INNVEST REAL ESTATE INVESTMENT TRUST

OFFER TO PURCHASE

The Offer

InnVest hereby offers to purchase from Debentureholders their Series G Debentures at a purchase price of \$1,060 in cash (subject to applicable withholding taxes, if any) per \$1,000 principal amount of Series G Debentures up to an aggregate principal amount of \$28,750,000, upon the terms and subject to the conditions set forth in this offer to purchase, the accompanying Issuer Bid Circular and the related Letter of Transmittal. The Offer Price represents a premium of \$60 per \$1,000 principal amount of Series G Debentures and a premium of \$44 to the volume-weighted average price of the Series G Debentures on the TSX over the 20 trading days ending June 16, 2014 (being the last trading day before the Offer was announced). **In addition, Debentureholders who deposit and do not withdraw their Series G Debentures under the Offer will receive a cash payment in respect of all accrued and unpaid interest outstanding on those Debentures which are purchased by InnVest up to, and including, the date they are taken up by the REIT pursuant to the Offer (which, assuming \$28,750,000 Series G Debentures are taken up by InnVest on the Expiration Date, would be equal to \$529,905.82 in aggregate, or \$18.43 per \$1,000 principal amount of Series G Debentures).**

If the principal amount of the Deposited Debentures on the Expiration Date that are deposited and not withdrawn exceeds in the aggregate \$28,750,000 (or such other principal amount as InnVest may determine it is willing to take-up and pay for), then the Series G Debentures to be purchased by InnVest will be purchased on a *pro rata* basis according to the number of Deposited Debentures (with adjustments to avoid the purchase of less than \$1,000 principal amount of Series G Debentures). InnVest will return all Series G Debentures not purchased under the Offer, including Series G Debentures not purchased because of proration.

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on July 25, 2014, unless extended, varied or withdrawn by InnVest. Registration of interests in and transfers of Series G Debentures may currently only be made through a book-entry only system administered by CDS Clearing and Depository Services Inc. As such, in order to tender their Series G Debentures to the Offer, Debentureholders must complete the documentation and follow the instructions provided by their investment dealer, broker or other nominee prior to the deadline set forth in such instructions, which is earlier than the Expiration Time. See “*Procedure for Depositing Series G Debentures*” in this Offer to Purchase.

THE OFFER IS SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THIS OFFER TO PURCHASE AND THE ISSUER BID CIRCULAR, INCLUDING THAT DEBENTUREHOLDERS APPROVE THE INDENTURE AMENDMENTS AT THE MEETING, AS MORE PARTICULARLY DESCRIBED IN THE ACCOMPANYING INFORMATION CIRCULAR. INNVEST RESERVES THE RIGHT TO WITHDRAW THE OFFER AND NOT TAKE UP AND PAY FOR ANY DEPOSITED DEBENTURES UNLESS SUCH CONDITIONS ARE SATISFIED. SEE “*CONDITIONS OF THE OFFER*” IN THIS OFFER TO PURCHASE. ACCORDINGLY, IF YOU WISH TO ACCEPT THE OFFER AND HAVE YOUR SERIES G DEBENTURES PURCHASED BY INNVEST, YOU ARE ENCOURAGED TO (i) SUBMIT A PROXY OR OTHER VOTING INSTRUCTION FORM VOTING FOR THE EXTRAORDINARY RESOLUTION AND (ii) COMPLETE AND SUBMIT THE DOCUMENTATION PROVIDED BY YOUR INVESTMENT DEALER, BROKER OR OTHER NOMINEE FOR THE PURPOSES OF DEPOSITING SERIES G DEBENTURES TO THE OFFER. IF YOU FAIL TO DO EITHER ONE OF THESE THINGS, THE FOREGOING CONDITION MAY NOT BE SATISFIED, IN WHICH EVENT, UNLESS THE REIT

OTHERWISE WAIVES THE CONDITION, YOUR SERIES G DEBENTURES WILL NOT BE PURCHASED. SEE “GENERAL PROXY MATTERS” IN THE INFORMATION CIRCULAR AND “PROCEDURE FOR DEPOSITING SERIES G DEBENTURES” AND “CONDITIONS OF THE OFFER” IN THIS OFFER TO PURCHASE.

Neither the REIT nor its Board of Trustees makes any recommendation to any Debentureholder as to whether to deposit or refrain from depositing Series G Debentures under the Offer.

EACH DEBENTUREHOLDER IS ENCOURAGED TO CONSULT HIS OR HER INVESTMENT AND TAX ADVISORS AND MUST MAKE HIS OR HER OWN DECISION WHETHER TO DEPOSIT SERIES G DEBENTURES TO THE OFFER AND, IF SO, WHAT PRINCIPAL AMOUNT OF SERIES G DEBENTURES TO DEPOSIT. DEBENTUREHOLDERS SHOULD CAREFULLY CONSIDER THE INCOME TAX CONSEQUENCES OF ACCEPTING AND DEPOSITING THEIR SERIES G DEBENTURES UNDER THE OFFER. SEE “CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS” IN THE INFORMATION CIRCULAR.

The outstanding Series G Debentures and the Units are listed for trading on the TSX. The closing price of the Series G Debentures and the Units on the TSX on June 16, 2014, the last trading day on which the Series G Debentures and the Units traded prior to the announcement of the REIT's intention to make the Offer, was \$102 per \$100 principal amount of Series G Debentures and \$5.01, respectively.

The Dealer Manager for the Offer is RBC Capital Markets.

Questions regarding information contained in this Circular may be directed to the Depository or the Solicitation and Information Agent. Debentureholders may also contact their respective investment dealers, brokers, accountants, lawyers or other professional advisors for assistance.

No person has been authorized to give any information or to make any representations in connection with the transactions contemplated in the Circular other than those contained in the Circular and the Letter of Transmittal, and, if given or made, any such information or representations should be considered not to have been authorized by InnVest.

Debentureholders should not construe the contents of the Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial and other matters in connection therewith.

Procedure for Depositing Series G Debentures

The following should be carefully reviewed by Debentureholders wishing to deposit their Series G Debentures to the Offer.

Registration of interests in and transfers of Series G Debentures may currently only be made through a book-entry only system administered by CDS. As such, in order to deposit their Series G Debentures to the Offer and have such Series G Debentures voted **FOR** the Extraordinary Resolution, Debentureholders must complete the documentation and follow the instructions provided by their investment dealer, broker or other nominee. **Investment dealers, brokers and other nominees will set a deadline for the delivery of deposit instructions that is earlier than the Expiration Time, and as such Debentureholders should contact their investment dealer, broker or other nominee for assistance at their earliest convenience.**

The Depository will establish an account with respect to the Series G Debentures at CDS for purposes of the Offer. Any financial institution that is a participant in CDS may make book-entry delivery of the Series G Debentures through CDSX, CDS' online tendering system pursuant to which book-entry transfers may be effected, by causing CDS to transfer such Series G Debentures into the Depository's account in accordance with CDS procedures for such transfer. Delivery of Series G Debentures to the Depository by

means of a book-entry transfer through CDSX will constitute a valid tender under the Offer. **Delivery of documents to CDS does not constitute delivery to the Depository.**

A Debentureholder desiring to deposit only a portion of the aggregate principal amount of a Series G Debenture held by them to the Offer may do so (provided that the principal amount of Series G Debentures which is deposited to the Offer is in a denomination of \$1,000 or an integral multiple thereof), by advising their investment dealer, broker or other nominee prior to the applicable deadline of the portion of the principal amount thereof that the Debentureholder wishes to deposit to the Offer.

Given the settlement rules of the TSX, Debentureholders who purchase Series G Debentures less than three trading days prior to the Expiration Date should contact their investment dealer, broker or other nominee to confirm how to make an election to participate in the Offer.

Debentureholders who, through their respective CDS participants, utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depository's account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof. A copy of the Letter of Transmittal may be obtained from the SEDAR profile of InnVest at www.sedar.com, or without charge from the Vice President, Investor Relations of the REIT at 7th Floor, 5090 Explorer Drive, Mississauga, Ontario L4W 4T9, telephone: (905) 206-7100, and facsimile: (905) 206-7114 or the Solicitation and Information Agent who can be reached by toll-free telephone in North America at 1-888-518-6832, collect call outside North America at 1-416-867-2272 or by email at contactus@kingsdaleshareholder.com.

In accordance with the Letter of Transmittal, each Debentureholder utilizing CDSX, through its CDS participant, to accept the Offer through a book-entry transfer of their Series G Debentures into the Depository's account with CDS shall have or be deemed to have:

- (a) acknowledged receipt of the Circular and the Offer;
- (b) on and subject to the terms and conditions of the Offer, deposited and sold, assigned and transferred to the REIT all right, title and interest in and to the Deposited Debentures, including any and all rights and benefits arising from the Deposited Debentures and any rights and benefits under the Trust Indenture, effective from the Expiration Time, unless the Offer is withdrawn by the REIT;
- (c) made the representations and warranties that: (i) its CDS participant has full power and authority to deposit, sell, assign and transfer such Deposited Debentures on its behalf, (ii) it owns such Deposited Debentures free and clear of any hypothecs, mortgages, liens, charges, restrictions, security interests, claims, pledges, equitable interests and encumbrances of any nature or kind whatsoever and has not sold, assigned or transferred, or agreed to sell, assign or transfer, any of the Deposited Debentures to any other person, (iii) the deposit of the Deposited Debentures complies with applicable securities laws, and (iv) if and when the Deposited Debentures are taken up by the REIT, the REIT will acquire good title thereto, free and clear of hypothecs, mortgages, liens, charges, restrictions, security interests, claims, pledges, equitable interests and encumbrances of any nature or kind whatsoever;
- (d) directed the REIT and the Depository, upon the REIT taking up and paying for the Deposited Debentures, to pay for the Deposited Debentures validly deposited pursuant to the Offer and not validly withdrawn through a wire transfer to CDS for the account of the Debentureholder's CDS participant;
- (e) waived any right to receive notice of purchase of the Deposited Debentures;

- (f) irrevocably constituted and appointed the REIT, and any other persons designated by the REIT in writing, as the true and lawful agents, attorneys and attorneys-in-fact of CDS, on behalf of such Debentureholder with respect to the Deposited Debentures deposited therewith and taken up by the REIT, effective from and after the Expiration Time, with full power of substitution, in the name of and on behalf of CDS and the Debentureholder with respect to the Deposited Debentures (such power of attorney being deemed to be an irrevocable power coupled with an interest):
- (i) to register or record the transfer and/or cancellation of such Deposited Debentures on the appropriate registers (as applicable);
 - (ii) to exercise any and all rights in respect of the Deposited Debentures, including, without limitation, to vote any or all Deposited Debentures, to execute and deliver any and all instruments of proxy, authorizations or consents in a form and on terms satisfactory to the REIT in respect of any or all Deposited Debentures, to revoke any such instrument, authorization or consent given prior to or after the Expiration Time, to designate in such instrument, authorization or consent and/or designate in any such instruments of proxy any person or persons as the proxy of CDS, on behalf of the Debentureholder, in respect of such Deposited Debentures, for all purposes including, without limitation, in connection with any meeting or meetings (including without limitation the Meeting, and whether annual, special or otherwise, or any adjournment thereof) or resolutions (including without limitation the Extraordinary Resolution) of Debentureholders; and
 - (iii) to exercise any other rights of a holder of Deposited Debentures.
- (g) covenanted to execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable in connection with the foregoing or the Offer in order to complete the sale, assignment and transfer of the Deposited Debentures;
- (h) acknowledged that all authority conferred or agreed to be conferred by CDS and by the Debentureholder in respect of the Deposited Debentures is, to the maximum extent permitted by law, irrevocable and coupled with an interest and shall survive the death or incapacity, bankruptcy or insolvency of CDS, and of the Debentureholder, and that all obligations of CDS and the Debentureholder in respect of the Deposited Debentures herein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of CDS and of the Debentureholder in respect of the Deposited Debentures; and
- (i) agreed and acknowledged that: (i) all questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any deposit of Deposited Debentures, will be determined by the REIT, in its sole discretion, which determination will be final and binding on all parties, (ii) the REIT reserves the absolute right to reject any or all deposits of Deposited Debentures determined by it in its sole discretion not to be in proper form nor completed in accordance with the instructions set forth in the Offer and in the Letter of Transmittal or the acceptance for payment of, or payment for, which may, in the opinion of the REIT's counsel, be unlawful under the laws of any jurisdiction, (iii) the REIT reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in any deposit of Deposited Debentures, (iv) no deposit of Deposited Debentures will be deemed to be properly made until all defects and irregularities have been cured or waived, (v) none of the REIT, the Depository or any other person will be under any duty to give notification of any defect or irregularity in deposits or incur any liability for failure to give any such notice, and (vi) the REIT's

interpretation of the terms and conditions of the Offer (including the Letter of Transmittal) will be final and binding on all parties.

The REIT reserves the right to permit the Offer to be accepted in a manner other than that set forth above.

Determination of Validity

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any deposit of Series G Debentures, will be determined by the REIT, in its sole discretion, which determination will be final and binding on all parties. The REIT reserves the absolute right to reject any or all deposits of Series G Debentures determined by it in its sole discretion not to be in proper form or not completed in accordance with the instructions set forth herein and in the Letter of Transmittal, or the acceptance for payment of, or payment for, which may, in the opinion of the REIT's counsel, be unlawful under the laws of any jurisdiction. InnVest also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in any deposit of Series G Debentures. No deposit of Series G Debentures will be deemed to be properly made until all defects and irregularities have been cured or waived. None of the REIT, the Depositary, the Dealer Manager, any of the Soliciting Dealers or any other person will be under any duty to give notification of any defect or irregularity in deposits or incur any liability for failure to give any such notice. The REIT's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal) will be final and binding.

Withdrawal Rights

Withdrawals of Series G Debentures deposited pursuant to the Offer must be effected via CDS and through a Debentureholder's broker or other nominee. A Debentureholder's broker or other nominee may set deadlines for the withdrawal of Series G Debentures deposited to the Offer that are earlier than those specified herein. Debentureholders who wish to withdraw Series G Debentures tendered pursuant to the Offer should immediately contact their investment dealer, broker or other nominee in order to take the necessary steps to be able to withdraw such Series G Debentures. Participants of CDS should contact the Depositary with respect to the withdrawal of Series G Debentures tendered pursuant to the Offer.

Except as otherwise provided herein, all deposits of Series G Debentures to the Offer will be irrevocable. Unless otherwise required or permitted by applicable law, any Deposited Debentures may be withdrawn by or on behalf of the Depositing Debentureholder:

- (a) at any time before the Series G Debentures are taken up by the REIT;
- (b) if the Series G Debentures have not been paid for by InnVest within three business days after having been taken up; or
- (c) at any time before the expiration of 10 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 Issuer Bid Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Debentureholder to accept or reject the Offer (other than a change that is not within the control of InnVest or an affiliate of InnVest), in the event that such change occurs at or before the Expiration Time or after the Expiration 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 the waiver of a condition of the Offer or an increase in the consideration offered for the Series G Debentures where the time for

deposit of Series G Debentures is not extended for more than 10 days), is delivered to CDS & Co. as the registered holder of all of the outstanding Series G Debentures and only if such deposited Series G Debentures have not been taken up by the REIT at the date of the notice.

A notice of withdrawal must: (i) be signed by the CDS participant who tendered the Series G Debentures through CDSX in the same manner as the participant's name is listed on the applicable book-entry confirmation or be accompanied by evidence sufficient to the Depository that the person withdrawing the tender has succeeded to the beneficial ownership of the Series G Debentures, and (ii) specify the name of the person who deposited the Series G Debentures to be withdrawn and the principal amount of Series G Debentures to be withdrawn. A withdrawal of Series G Debentures deposited pursuant to the Offer can only be accomplished in accordance with the foregoing procedure. The withdrawal shall take effect only upon actual receipt by the Depository of a properly completed and executed notice of withdrawal in writing.

All questions as to form and validity (including, without limitation, time of receipt) of notices of withdrawal shall be determined by InnVest in its sole discretion and such determination shall be final and binding. There shall be no duty or obligation on InnVest, the Depository, the Dealer Manager, any Soliciting Dealer or any other person to give notice of any defect or irregularity in any notice of withdrawal and no liability shall be incurred by any of them for failure to give such notice.

Any Series G Debentures properly withdrawn will thereafter be deemed not validly deposited for the purposes of the Offer. However, withdrawn Series G Debentures may be re-deposited at any subsequent time prior to the Expiration Time by again following the procedures described in the section of the Offer to Purchase entitled "*Procedure for Depositing Series G Debentures*".

If InnVest extends the period of time during which the Offer is open, is delayed in taking up or paying for the Series G Debentures or is unable to take up or pay for Series G Debentures for any reason, then, without prejudice to InnVest's other rights under the Offer, the Depository may, subject to applicable law, retain on behalf of InnVest all Deposited Debentures, and such Series G Debentures may not be withdrawn except to the extent that Depositing Debentureholders are entitled to withdrawal rights as set forth herein or pursuant to applicable law.

Conditions of the Offer

Notwithstanding any other provision of the Offer, InnVest shall not be required to accept for purchase, to purchase or to pay for any Deposited Debentures, and may withdraw, terminate, cancel or amend the Offer or may postpone taking up and paying for any Deposited Debentures if, at any time before the payment of any such Series G Debentures, any of the following events shall have occurred (or shall have been determined by InnVest to have occurred) which, in InnVest's sole judgment in any such case and regardless of the circumstances, makes it inadvisable to proceed with the Offer:

- (a) Debentureholders shall not have approved the Indenture Amendments by passing the Extraordinary Resolution, as further described in the Information Circular;
- (b) the REIT shall not have obtained or received, on terms satisfactory to the REIT, in its sole discretion, all regulatory and third party approvals, consents, clearances, waivers, licenses, permits, reviews, orders, rulings, decisions and exemptions that, in the REIT's reasonable judgment, are necessary to complete the Offer;
- (c) there shall have been threatened, instituted or pending any action, suit or proceeding by any government or governmental authority or regulatory or administrative agency in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction: (i) challenging or

seeking to cease trade, make illegal, delay or otherwise directly or indirectly restrain or prohibit the making of the Offer, the acceptance for purchase for some or all of the Series G Debentures by InnVest or otherwise directly or indirectly relating in any manner to or affecting the Offer, or (ii) seeking material damages or that otherwise, in the sole judgment of InnVest, has or may have a material adverse effect on the Series G Debentures or the business, income, assets, liabilities, condition (financial or otherwise), properties, operations, results of operations or prospects of InnVest or its subsidiaries taken as a whole or has impaired or may materially impair the contemplated benefits of the Offer to InnVest;

- (d) there shall have been any action or proceeding threatened, pending or taken or approval withheld or any statute, rule, regulation, stay, decree, judgment or order or injunction proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer, InnVest or any of its subsidiaries by any court, government or governmental authority or regulatory or administrative agency in any jurisdiction that, in the sole judgment of InnVest might, directly or indirectly, result in any of the consequences referred to in clauses (i) or (ii) of paragraph (c) above or would or might prohibit, prevent, restrict or delay consummation of or materially impair the contemplated benefits to InnVest of the Offer;
- (e) there shall have occurred, developed or come into effect: (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in Canada or the United States, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in Canada or the United States (whether or not mandatory), (iii) any limitation by any governmental, regulatory or administrative authority or agency or any other event that, in the sole judgment of InnVest, might affect the extension of credit by banks or other lending institutions, (iv) a significant increase or decrease in the market price of the Series G Debentures or Units since the close of business on June 18, 2014, (v) any material change in short-term or long-term interest rates, (vi) any change in the general political, market, economic or financial conditions that, in the sole judgment of InnVest, has or may have a material adverse effect on InnVest's business, operations or prospects or the trading in, or value of, the Series G Debentures or the Units; (vii) any natural disaster or any acts or terrorism, sabotage, military action, police action or war (whether or not declared) or any escalation or worsening thereof; or (viii) any other calamity or crisis;
- (f) there shall have occurred, developed or come into effect or existence: (i) any event, action, state, condition or major financial occurrence of national or international consequence; (ii) any law, regulation, action, government regulation, inquiry or other occurrence of any nature whatsoever which, in the sole judgment of InnVest, materially adversely affects or involves the financial markets in Canada, the United States or elsewhere generally including any suspension of trading, or the financial condition, business, operations, assets, affairs or prospects of the REIT or any of its subsidiaries;
- (g) any change or changes shall have occurred (or any development shall have occurred involving any prospective change or changes) in the business, assets, liabilities, properties, condition (financial or otherwise), operations, results of operations or prospects of InnVest or its subsidiaries that, in the sole judgment of InnVest, has or may have material adverse significance with respect to InnVest or its subsidiaries taken as a whole;
- (h) any take-over bid or tender or exchange offer with respect to some or all of the securities of InnVest, or any merger, business combination or acquisition proposal, disposition of assets, or other similar transaction with or involving InnVest or any of its affiliates, other than the Offer, shall have been proposed, announced or made by any individual or entity other than InnVest;

- (i) Trimaven shall have withdrawn or amended the liquidity opinion provided by it to the REIT in connection with the Offer (see “*Liquidity of Market*” in the Issuer Bid Circular);
- (j) InnVest shall have determined, in its sole judgment, that there shall exist any prohibition at law against InnVest making the Offer or taking up and paying for deposited Series G Debentures; and
- (k) any change or proposed change to the Tax Act, any other applicable tax legislation or the interpretation of the provisions of the Tax Act or such other legislation that, in the sole judgment of the REIT, is or would be detrimental to the REIT or any of its subsidiaries or any of their conditions (financial or otherwise), properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses, operations, results of operations, or prospects.

Any waiver of a condition or the withdrawal of the Offer by the REIT shall be deemed to be effective on the date on which notice of such waiver or withdrawal is delivered or otherwise communicated to the Depositary. InnVest, after giving notice to the Depositary of any waiver of a condition or the withdrawal of the Offer, shall forthwith thereafter make a public announcement of such waiver or withdrawal and provide or cause to be provided notice of such waiver or withdrawal to the TSX and the applicable securities regulatory authorities. If the Offer is withdrawn, InnVest shall not be obligated to take up and pay for any Series G Debentures deposited under the Offer, and the Depositary will return Deposited Debentures and any related documents to the parties by whom they were deposited.

The foregoing conditions are for the sole benefit of InnVest and may be asserted by InnVest in its sole discretion regardless of the circumstances (including any action or inaction by InnVest) giving rise to any such conditions, or may be waived by InnVest, in its sole discretion, in whole or in part at any time.

The failure by InnVest at any time to exercise its rights under any of the foregoing conditions shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by InnVest concerning the events described in this section shall be final and binding on all parties.

Acceptance for Payment and Payment for Series G Debentures

Upon and subject to the terms and conditions of the Offer (including proration and the ability of InnVest to take-up such other principal amount as InnVest may determine it is willing to take-up and pay for), InnVest will become obligated to take up and pay for Series G Debentures duly and validly deposited to the Offer and not subsequently withdrawn not later than 10 days after the Expiration Time. InnVest will pay the Offer Price and the accrued and unpaid interest on Deposited Debentures taken up as soon as possible but, in any event, not later than three business days after taking up the Series G Debentures.

InnVest will be deemed to have taken up and accepted for payment Series G Debentures validly deposited and not withdrawn pursuant to the Offer as, if and when InnVest gives oral (to be confirmed in writing) or written notice to the Depositary to that effect.

If the principal amount of the Deposited Debentures on the Expiration Date that are deposited and not withdrawn exceeds in the aggregate \$28,750,000 (or such other principal amount as InnVest may determine it is willing to take-up and pay for), then the Series G Debentures to be purchased by InnVest will be purchased on a *pro rata* basis according to the number of Deposited Debentures (with adjustments to avoid the purchase of less than \$1,000 principal amount of Series G Debentures).

The Series G Debentures taken up and paid for by InnVest will be immediately cancelled by InnVest.

Payment for Series G Debentures accepted for purchase pursuant to the Offer will be made by depositing the aggregate Offer Price and any accrued and unpaid interest outstanding for such Series G Debentures with the Depositary (by bank transfer or other means satisfactory to the Depositary), who will act as agent for the depositing Debentureholders for the purposes of receiving payment from the REIT and transmitting such payment to CDS for the account of the CDS participants of the Depositing Debentureholders. Receipt by the Depositary from the REIT of payment for such Series G Debentures will be deemed to constitute receipt of payment by such Depositing Debentureholders. Other than as described above, under no circumstances will interest be paid by the REIT or the Depositary to Depositing Debentureholders by reason of any delay in paying for any Deposited Debentures or otherwise.

The Offer provides Debentureholders with the opportunity to sell their Series G Debentures without incurring brokerage fees or commissions. However, Debentureholders are cautioned to consult with their own investment dealers, brokers, bank, trust company or other nominees to determine whether any fees or commissions are payable to such persons in connection with a deposit of Series G Debentures pursuant to the Offer. InnVest will pay all fees and expenses of the Depositary in connection with the Offer.

Extension and Variation of the Offer

The Offer is open for acceptance up to and including, but not after, the Expiration Time.

InnVest expressly reserves the right, in its sole discretion, and regardless of whether or not any of the events specified under the section of the Offer entitled "*Conditions of the Offer*" shall have occurred, at any time and from time to time while the Offer is open for acceptance, to extend the Expiration Time or to vary the Offer by giving written or oral notice to be confirmed in writing of extension or variation to the Depositary and by causing the Depositary to provide, as soon as practicable thereafter, a copy of such notice in the manner set forth in the section of the Offer to Purchase entitled "*Notice*" below, to CDS & Co., as the registered holder of all Series G Debentures. InnVest 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 and provide or cause to be provided a copy of the notice thereof to the TSX and the applicable securities regulatory authorities. 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 to the Depositary at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied, the period during which Series G Debentures may be deposited pursuant to the Offer shall not expire before 10 days after the notice of variation has been given to Debentureholders unless otherwise permitted by applicable law and subject to abridgement or elimination of that period pursuant to such orders as may be granted by applicable securities regulatory authorities.

If on or before the Expiration Time, or after the Expiration 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 to Purchase or the Issuer Bid Circular, as amended from time to time, that would reasonably be expected to affect a decision of a Debentureholder to accept or reject the Offer (other than a change that is not within the control of InnVest or an affiliate of InnVest), InnVest 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 law, to provide as soon as practicable thereafter a copy of such notice in the manner set forth in the section of the Offer to Purchase entitled, "*Notice*", to CDS & Co., as the registered holder of all of the Series G Debentures. As soon as possible after giving notice of a change in information to the Depositary, InnVest will make a public announcement of the change in information and provide a copy of the notice thereof to the TSX and the applicable 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, the Offer may not be extended by InnVest if all of the terms and conditions of the Offer (other than those waived by the REIT) have been satisfied or complied with, unless InnVest first takes up and pays for all Deposited Debentures.

During any such extension or in the event of any variation, all Series G Debentures previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by InnVest in accordance with the terms of the Offer, subject to the section of the Offer to Purchase entitled “*Withdrawal Rights*”. An extension of the Expiration Time, a variation of the Offer or a change in information does not, unless otherwise expressly stated, constitute a waiver by InnVest of its rights under the section of the Offer to Purchase entitled “*Conditions of the Offer*”.

InnVest also expressly reserves the right, in its sole discretion: (i) to terminate the Offer and not to accept for purchase any Series G Debentures not theretofore accepted for purchase upon the occurrence of any of the events specified in the section of the Offer to Purchase entitled “*Conditions of the Offer*” or (ii) at any time, or from time to time, to amend the Offer in any respect.

Notice

Without limiting any other lawful means of giving notice under the Trust Indenture, any notice that the REIT or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given if it is mailed by first class mail or delivered by an overnight delivery service to CDS, unless otherwise specified by applicable securities legislation. The REIT understands that, upon receipt of any such notice, CDS will provide a notice to its CDS participants in accordance with the applicable CDS policies and procedures for the book-entry system then in effect.

These provisions apply notwithstanding any accidental omission to give notice and notwithstanding any interruption of mail services in Canada or the United States following mailing. In the event of an interruption of mail service following mailing, the REIT will use reasonable efforts to disseminate any notice required under applicable securities legislation by other means, such as publication. If post offices in Canada or the United States are not open for deposit of mail, or there is reason to believe there is or could be a disruption in all or any part of the postal service, any notice which the REIT or the Depositary may give or cause to be given under the Offer, and which is required to be given under applicable securities legislation, will be deemed to have been properly given and to have been received if it is issued by way of a news release and if it is published once in the *National Post* or *The Globe and Mail* and in *La Presse*.

Other Terms of the Offer

- (a) The Offer and all contracts resulting from acceptance hereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the 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 Ontario.
- (b) No broker, dealer or other person has been authorized to give any information or to make any representation on behalf of InnVest other than as contained herein or in the accompanying Issuer Bid Circular, and if any such information or representation is given or made, it must not be relied upon as having been authorized by InnVest.
- (c) The provisions of the Issuer Bid Circular and the Letter of Transmittal accompanying this Offer to Purchase, including the instructions contained therein, as applicable, form part of the terms and conditions of the Offer.

- (d) InnVest, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer and the validity of any acceptance of the Offer and the validity of any withdrawals of Series G Debentures.
- (e) The Offer is not being made to, nor will deposits be accepted from or on behalf of, Debentureholders residing in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. InnVest may, in its sole discretion, take such action as it may deem necessary to make the Offer in any jurisdiction and extend the Offer to Debentureholders in any such jurisdiction.
- (f) The REIT reserves the right to transfer to one or more persons affiliated or associated with it the right to purchase any portion of the Series G Debentures deposited pursuant to the Offer but any such transfer will not relieve the REIT of its obligations under the Offer and in no way will prejudice the rights of CDS or the depositing Debentureholders to receive payment for Series G Debentures validly deposited and accepted for payment pursuant to the Offer.

The accompanying Issuer Bid Circular constitutes the issuer bid circular required under Canadian securities legislation with respect to the Offer.

DATED this 18th day of June, 2014.

INNVEST REAL ESTATE INVESTMENT TRUST

(Signed) "*Anthony Messina*"

Anthony Messina
President and Chief Executive Officer



INNVEST REAL ESTATE INVESTMENT TRUST

ISSUER BID CIRCULAR

This Issuer Bid Circular is furnished in connection with the Offer by InnVest to purchase up to \$28,750,000 principal amount of the issued and outstanding Series G Debentures. Reference is made to the Offer to Purchase, which is incorporated into and forms a part of this Issuer Bid Circular, for details of the terms and conditions of the Offer.

InnVest

InnVest is an unincorporated open-ended real estate investment trust which is focused on the ownership and acquisition of hotel properties. InnVest also indirectly holds a 50% interest in Choice Canada, one of the largest franchisors of hotels in Canada, as measured by hotels under franchise. InnVest currently holds, directly and indirectly, 119 Canadian hotel properties, one of Canada's largest hotel portfolios as measured both by number of hotels and by number of guest rooms. The portfolio ranges from limited service to full service hotels and operates under 14 internationally recognized brands. Seventy-five of the 119 hotels in the portfolio are operated under franchise agreements with Choice Canada and 42 of the remaining 44 hotels are operated under franchise agreements with other franchisors.

Background to the Offer

Management of the REIT and the Board of Trustees regularly investigate and consider opportunities to improve the REIT's operations, including by seeking to use the REIT's financial resources in the most efficient manner, and thereby enhance unitholder value. As part of this regular review, in April 2014 management and the Board of Trustees began actively examining opportunities to optimize the capital structure of the REIT. On April 23, 2014, RBC Capital Markets was retained to act as dealer manager and as the REIT's financial advisor in connection with the Offer. After further investigation and consideration and receipt of financial advice from RBC Capital Markets, the Board of Trustees authorized management to take the necessary steps to proceed with the Offer and the Indenture Amendments, subject to final approval of the Board of Trustees.

On April 21, 2014 and subsequently on May 7, 2014, the Board of Trustees discussed and considered the proposed Offer and the Indenture Amendments and whether they would be in the best interests of the REIT. In evaluating the Offer and the Indenture Amendments, the Board of Trustees gave careful consideration to a number of factors, including the following:

- (a) management's analysis of the REIT's financial resources and requirements;
- (b) the advice of the REIT's financial advisors respecting the potential terms and structure of the Offer and the Indenture Amendments;
- (c) the markets for the Series G Debentures and the Units;
- (d) after giving effect to the Offer and the Indenture Amendments, the REIT will continue to have sufficient financial resources and working capital for its affairs and will not be precluded from pursuing its foreseeable business opportunities;
- (e) the Offer reduces potential future Unit dilution (to the extent Deposited Debentures are taken up pursuant to the Offer) arising both in the event that the REIT were to elect, in

accordance with the terms of the Series G Debentures, to satisfy its obligation to repay the principal amount on the Series G Debentures on redemption and/or maturity by the issuance of Units, and by reducing the outstanding principal amount of Series G Debentures which may be converted into Units from time to time by Debentureholders;

- (f) the interest expense associated with Deposited Debentures which are taken up by the REIT pursuant to the Offer will be eliminated following cancellation of the Deposited Debentures;
- (g) the Offer provides Debentureholders with an opportunity to realize on their investment in the Series G Debentures, should they desire liquidity in the short term, in quantities which might not otherwise be available in the market and without incurring brokerage commissions which might otherwise be payable on a sale of their Series G Debentures; and
- (h) subject to the approval and implementation of the Indenture Amendments, depositing Series G Debentures under the Offer is optional and available to all Debentureholders and, therefore, each Debentureholder is free to accept or reject the Offer.

After such discussion and consideration of the terms and conditions of the Offer and the Indenture Amendments, the Board of Trustees concluded that the Offer and the Indenture Amendments represent an effective use of the REIT's financial resources and are in the best interests of the REIT, subject to the review by the Board of Trustees of the definitive documentation to be provided to Debentureholders in connection with the Offer and the Indenture Amendments.

On June 10, 2014, the Board of Trustees further considered the terms and conditions of the Offer, the Meeting, the contents of this Circular and a draft opinion from Trimaven regarding the liquidity of the market for the Series G Debentures prior to and after completion of the Offer. The Board of Trustees approved the Offer, Meeting, Circular and the Indenture Amendments in principle and the details of the transactions contemplated thereby, subject to finalizing the funding arrangements for the Offer and, in connection therewith, the Board authorized certain members of management to finalize the terms of the Offer and related documentation within certain limits. In the view of the Board, based on the opinion of Trimaven described further below, the Board determined it was reasonable to conclude that, following the completion of the Offer, there will be a market for Debentureholders who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer (see "*Liquidity of Market*" below).

None of the REIT, its trustees and officers or any representatives thereof makes any recommendation to any Debentureholder as to whether to deposit or refrain from depositing Series G Debentures to the Offer. Each Debentureholder must make the decision whether to deposit Series G Debentures under the Offer based on their particular circumstances. The Offer provides Debentureholders who are considering the sale of their Series G Debentures with the opportunity to sell such securities (upon the terms and subject to the conditions set forth in the Offer to Purchase and the Letter of Transmittal) at a premium to recent market prices without the usual transaction costs associated with market sales. **Debentureholders are, however, urged to evaluate carefully all information in the Circular, including the income tax consequences of accepting the Offer or supporting the Indenture Amendments, and to consult their own investment and tax advisors and make their own decisions whether to deposit Series G Debentures to the Offer and, if so, what principal amount of Series G Debentures to deposit. See "*Valuation*" below and "*Certain Canadian Federal Income Tax Considerations*" in the Information Circular.**

Subject to applicable law, the REIT expressly reserves the absolute right, in its sole discretion from time to time in the future, to purchase any of the Series G Debentures, whether or not any Series G Debentures are purchased pursuant to the Offer, through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as the

REIT may determine, which may be more or less than the price to be paid pursuant to the Offer and could be for cash or other consideration.

Source of Funds

The funds required for payment of the Deposited Debentures, including payment of accrued and unpaid interest owing on the Deposited Debentures up to and including the date of take up, will be funded by the proceeds of pending asset sales and cash on hand and, if necessary, proceeds from available operating loans and bank financing and/or the Credit Agreement. See *"Interest of Informed Persons in Material Transactions"* in the Information Circular.

Liquidity of Market

As at June 18, 2014, the REIT had 115,000 Series G Debentures outstanding (each Series G Debenture representing \$1,000 in principal amount) of which approximately 114,980 comprises the "public float", which excludes Series G Debentures beneficially owned, or over which control or direction is exercised, by "related parties" of the REIT. For the purpose of the Offer, "related parties" on that date are the trustees and officers of InnVest and the parties that hold more than 10% of the Units set out under the heading *"Ownership of Securities"*. The REIT is offering to purchase a maximum of 28,750 Series G Debentures pursuant to the Offer, representing in aggregate approximately 25% of the principal amount of the outstanding Series G Debentures (including the public float). At a minimum, 86,250 Series G Debentures will remain outstanding on completion of the Offer. Series G Debentures purchased pursuant to the Offer will be cancelled. Assuming no "related parties" of the REIT tender to the Offer (other than as described under *"Acceptance of the Offer"*) and the Offer is fully taken up, the public float following completion of the Offer would be comprised of approximately 86,235 Series G Debentures.

The REIT is relying on the "liquid market exemption" in MI 61-101 from the requirements of MI 61-101 to prepare and publish in the Offer a valuation (and, if necessary, discretionary exemptive relief orders in certain other provinces from the requirement to obtain a formal valuation applicable to the Offer). The exemption is available where: (i) a liquid market for the Series G Debentures exists; and (ii) it is reasonable to conclude that, following the completion of the Offer, there will be a market for Debentureholders who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. "Liquid Market" is defined in MI 61-101 as one that either meets certain tests relating to, among other things, size of the public float and trading volumes, or, where such tests are not met (as in the REIT's case with respect to the Series G Debentures) a qualified and independent person provides an opinion that there is a liquid market in the Series G Debentures at the date that the transaction is publicly announced and that it is reasonable to conclude that, following the completion of the Offer, there will be a market for Series G Debentures that is not materially less liquid than the market that existed at the time of the making of the Offer.

The Board has received an opinion of Trimaven dated June 17, 2014, a copy of which is attached as Schedule "C" to the Circular, to the effect that a liquid market for trading of the Series G Debentures existed on June 17, 2014, the date the REIT announced its intention to make the Offer, and that it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for the Debentureholders who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

Based on the liquidity opinion provided by Trimaven, the Board has determined that it is reasonable to conclude that there was a liquid market for the Series G Debentures as at June 17, 2014 and that, following the completion of the Offer in accordance with its terms, there will be a market for Debentureholders who do not deposit Series G Debentures under the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

Credentials and Independence of Trimaven

Trimaven has been determined by the Board to be qualified and independent for the purposes of MI 61-101. Trimaven has represented to the Board that it is an independently-owned real estate investment bank which provides clients with highly specialized advice in investment banking, mergers and acquisitions, corporate finance, private equity, asset management, asset/portfolio advisory services and other investment and financial services. Trimaven has further represented to the Board that the liquidity opinion provided by it in respect of the Offer has been reviewed and approved for release by a group of Managing Directors of Trimaven, each of whom has considerable experience in the Canadian capital markets including underwriting real estate securities, including debt and convertible securities, mergers and acquisitions, divestitures, valuations, corporate finance and other financial matters, and that Trimaven's principals have over thirty years of combined financial experience at Trimaven and other Tier-1 Canadian investment banks. On the basis of the foregoing, the Board of Trustees believes, and Trimaven has represented to the Board of Trustees that, for the purposes of the opinion provided by it in connection with the Offer, Trimaven has appropriate qualifications within the meaning of MI 61-101.

Trimaven was engaged by Orange Capital in 2013 as a financial advisor in connection with Orange Capital's requisition of a special meeting of the holders of Units announced by the REIT on March 13, 2014, which engagement came to an end with the Settlement. The Board has considered, and Trimaven has represented that, it (i) is not an insider, issuer insider, associated entity or affiliated entity (as those terms are defined for the purposes of MI 61-101) of InnVest or any of its associates or affiliates; (ii) has not been engaged to act as an advisor to InnVest in respect of the Offer; (iii) will not receive compensation in respect of its services that depend in whole or in part on an agreement, arrangement or understanding that gives Trimaven a financial incentive in respect of the conclusion reached in the opinion or the outcome of the Offer; (iv) is not a manager or co-manager of a soliciting dealer group formed in respect of the Offer or a member of such a group performing services beyond the customary soliciting dealer's functions or receiving more than the per security or per security holder fees payable to other members of the group; and (v) is not the external auditor of the REIT. Trimaven will be paid a fixed fee for the preparation and delivery of its opinion to the Board and will be reimbursed for its reasonable out-of-pocket expenses. The fee is in respect of the opinion only and not for any alternative transaction. Trimaven has represented to the Board that the fee payable to Trimaven in respect of its services is not financially material to Trimaven. On the basis of the foregoing, the Board of Trustees believes, and Trimaven has represented to the Board that, for the purposes of the opinion provided by it in connection with the Offer, Trimaven is independent within the meaning of MI 61-101.

Prior Valuations

Pursuant to the provisions of MI 61-101, an issuer making an offer for its securities must, with certain limited exceptions, disclose every prior valuation or appraisal of its securities or any material asset made in the 24 months before the date of such offer, whether or not prepared by an independent valuator, which would reasonably be expected to affect the decision of a securityholder to retain or dispose of the securities affected by the offer. To the knowledge of the trustees and officers of the REIT no "prior valuations" (as defined in MI 61-101) regarding the REIT, its securities or material assets have been prepared within the 24 months preceding the date hereof.

Price Range and Trading Volumes

There is currently \$115,000,000 in aggregate principal amount of Series G Debentures outstanding, which are listed and posted for trading on the TSX under the symbol "INN.DB.G". The volume of trading and the high and low prices per \$100 principal amount of Series G Debentures on the TSX are set forth in the following table for the periods indicated:

Period	High	Low	Volume (\$, par value)
2013			
December	\$91.50	\$89.51	\$2,195,000
2014			
January	\$99.00	\$90.77	\$882,000
February	\$101.75	\$99.00	\$3,539,600
March	\$103.00	\$99.50	\$3,910,000
April	\$104.34	\$101.50	\$1,726,500
May	\$104.00	\$101.01	\$1,177,500
June (1 to 16)	\$102.25	\$100.50	\$3,130,000

Source: Thomson Financial

The closing price of the Series G Debentures on the TSX on June 16, 2014, the last full day on which the Series G Debentures traded prior to the announcement of the REIT's intention to make the Offer, was \$102 per \$100 principal amount of Series G Debentures. **Debentureholders are urged to obtain current market quotations for the Series G Debentures.**

Previous Purchases and Sales

Other than the redemption on June 3, 2014 of all of the REIT's outstanding 5.85% convertible debentures series C (being an aggregate principal amount of \$70,000,000) at a redemption price equal to \$1,019.55 per \$1,000 principal amount (plus accrued and unpaid interest), the REIT has not purchased any of its securities during the twelve-month period prior to the date hereof.

Excluding securities purchased or sold pursuant to the exercise of employee stock options, warrants and conversion rights, the following table sets out certain information regarding any securities of the REIT issued during the twelve-month period prior to the date hereof:

Date	Securities	Price Per Security	Number of Securities	Purpose
June 2, 2014	Units	\$5.22	24,411	Credit Agreement
June 2, 2014	Units	\$5.21	789	Credit Agreement
May 15, 2014	Units	\$5.11	67,927	DRIP
May 1, 2014	Units	\$5.21	4,736	Credit Agreement
April 25, 2014	Units	\$5.23	573,361	Credit Agreement
April 15, 2014	Units	\$4.46	55,534	DRIP
April 14, 2014	Units	\$5.26	7,244	Trustee Compensation
March 26, 2014	Units	\$4.67	40,000	Executive Incentive Plan
March 17, 2014	Units	\$5.25	7,006	DRIP
February 18, 2014	Units	\$5.23	7,745	DRIP
January 15, 2014	Units	\$4.71	9,360	DRIP
January 13, 2014	Units	\$4.62	9,617	Trustee Compensation
January 9, 2014	Units	\$4.67	4,988	Executive Incentive

<u>Date</u>	<u>Securities</u>	<u>Price Per Security</u>	<u>Number of Securities</u>	<u>Purpose</u>
				Plan
December 16, 2013	Units	\$4.52	9,864	DRIP
November 15, 2013	Units	\$4.18	11,228	DRIP
October 24, 2013	Units	\$4.16	9,564	Trustee Compensation
October 15, 2013	Units	\$4.05	11,557	DRIP
September 16, 2013	Units	\$4.11	11,392	DRIP
August 15, 2013	Units	\$4.08	11,119	DRIP
July 15, 2013	Units	\$4.23	10,120	DRIP
July 11, 2013	Units	\$4.14	793	Trustee Compensation
July 10, 2013	Units	\$4.14	9,979	Trustee Compensation
June 17, 2013	Units	\$4.45	9,505	DRIP

Distribution Policy

The REIT may distribute such percentage of its estimated distributable income for the month then ended as the Board determines in its discretion. To the extent possible, distributions are paid in equal monthly cash distributions to holders of Units, on or about the 15th day of each month (with the January 15th distribution being payable as of the preceding December 31st). In addition, the Board may at any time declare an extraordinary distribution of cash, Units or other property of the REIT.

Distributions to holders of Units are approved by the Board. In exercising its discretion to approve the level of distributions, the Board utilizes internal forecasts prepared by management and other financial information to determine if sufficient cash flow will be available to fund distributions. Such financial information is subject to continual change due to the nature of the Canadian hotel industry, which is difficult to predict even in the short-term.

Distributable income is determined after deduction of a reserve for replacement of furniture, fixtures and equipment and capital improvements. Each year, InnVest sets between 4% and 5% of total hotel revenue at each hotel and certain amounts required for hotel acquisitions for replacing furniture, fixtures and equipment and capital improvements.

Distributions may be adjusted for amounts paid in prior periods if the actual distributable income for the prior periods is greater than or less than the Board's estimates for the prior periods. The distributions for any month will be payable to the holders of Units of record at the close of business on the last business day of the month. Distributions of distributable income are made in cash. InnVest has historically permitted holders of Units to reinvest distributions in Units through the REIT's distribution reinvestment plan.

The table below summarizes distributions paid to holders of Units over the past two years from the date of the Offer.

Period	Total Distributions Declared (in millions)	Distributions Declared per Unit
Fiscal 2012	\$37.4	\$0.3996
Fiscal 2013	\$37.5	\$0.3996
Fiscal 2014 (to date)	\$15.7	\$0.1665

The REIT's debt obligations do not restrict its ability to pay distributions as long as the REIT is in compliance with its lending arrangements. The REIT does not have any current plan or intention to alter its distribution policy.

Interim Financial Statements

The unaudited interim financial statements of InnVest for the three month period ended March 31, 2014 are available on SEDAR and may be obtained by Debentureholders, without charge, upon request from the Vice President, Investor Relations of the REIT at 7th Floor, 5090 Explorer Drive, Mississauga, Ontario L4W 4T9.

Ownership of Securities

Other than as set out in the table and notes below, none of the following persons beneficially owns, or controls or directs outstanding securities of any class of the REIT: (a) the trustees and officers of InnVest; and (b), to the knowledge of the REIT, after reasonable enquiry, (i) insiders of InnVest, other than the trustees or officers of InnVest; (ii) each associate or affiliate of an insider of InnVest; (iii) each associate or affiliate of InnVest; and (iv) each person or company acting jointly or in concert with InnVest.

Name	Relationship with REIT	Number of Units (%)	Aggregate \$ Series G Debentures (%)
Majid Mangalji	Trustee and Chair of the Board	8,463,765 ¹ (8.9%)	Nil
Edward Boomer	Trustee	4,141 (<0.1%)	Nil
Heather-Anne Irwin	Trustee	Nil	Nil
Daniel Lewis	Trustee	9,749,300 ² (10.3%)	Nil
Jon E. Love	Trustee	9,080,987 ³ (9.5%)	Nil
Fereed Mangalji	Trustee	8,419,509 ¹ (8.9%)	Nil
Robert McFarlane	Trustee	39,900 (<0.1%)	Nil
Edward Pitoniak	Trustee and Managing Director	9,500 (<0.1%)	Nil
Robert Wolf	Trustee	20,000 (<0.1%)	Nil
Anthony Messina	President and Chief Executive Officer	48,000 (<0.1%)	Nil
George Kosziwka ⁴	Chief Financial Officer	12,198 (<0.1%)	Nil
Chantal Nappert ⁵	Vice President Finance and Investor Relations	6,000 (<0.1%)	\$20,000 (<0.1%)
Brad Pollock ⁶	Vice President Taxation	Nil	Nil

Name	Relationship with REIT	Number of Units (%)	Aggregate \$ Series G Debentures (%)
Orange Capital	>10% Insider	9,749,300 ² (10.4%)	Nil
Beutel Goodman & Company Ltd.	>10% Insider	12,746,700 ⁷ (13.5%)	Nil

Notes:

- 1 2,748,237 Units are held by Westmont, 4,564,632 Units are held through Maple Leaf Investment Holdings, LP, an affiliate of Westmont, and 1,106,400 Units are held through another Westmont affiliate, over which each of Majid Mangalji and Fereed Mangalji exercise control or direction.
- 2 These Units are beneficially owned by Orange Capital and are held by Orange Capital Master I, Ltd., over which Mr. Lewis exercises control or direction.
- 3 9,053,787 Units are held by KingSett Capital, over which Mr. Love exercises control or direction.
- 4 In addition to the securities reported in the above table, Mr. Kosziwka also holds 28,371 restricted units of the REIT pursuant to the REIT's equity-based compensation plan.
- 5 In addition to the securities reported in the above table, Ms. Nappert also holds 7,644 restricted units of the REIT pursuant to the REIT's equity-based compensation plan as well as \$19,000 in aggregate principal amount (<0.1%) of the REIT's 6.75% Series D convertible debentures.
- 6 In addition to the securities reported in the above table, Mr. Pollock also holds 12,060 restricted units of the REIT pursuant to the REIT's equity-based compensation plan.
- 7 As reported in its alternative monthly report dated June 4, 2014 and filed pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*, Beutel Goodman & Company disclaimed beneficial ownership of its reported securities but stated that, as investment manager, it maintains exclusive power to exercise investment control or direction over such securities for its client accounts as the beneficial owners.
- 8 After reasonable enquiry, associates of insiders beneficially own, or control or direct, an aggregate of \$80,000 principal amount of Series G Debentures representing less than 0.1% of the outstanding Series G Debentures.

Acceptance of the Offer

Ms. Chantal Nappert, the Vice President Finance and Investor Relations of the REIT, holds \$20,000 in principal amount of Series G Debentures and has indicated to InnVest her current intention to accept the Offer and vote **FOR** the Indenture Amendments. After reasonable enquiry, associates of insiders holding in aggregate \$80,000 in principal amount of Series G Debentures have also indicated their current intention to accept the Offer and vote **FOR** the Indenture Amendments.

Commitments to Acquire Securities

Except as set forth herein, InnVest has no agreements, commitments or understandings to acquire securities of the REIT. To the knowledge of InnVest, after reasonable enquiry, no person named under the section of the Issuer Bid Circular entitled, "*Ownership of Securities*", has any agreements, commitments or understandings to purchase securities of the REIT.

Benefits from the Offer

No person named under the section of the Issuer Bid Circular entitled "*Ownership of Securities*" will receive any direct or indirect benefit from accepting or refusing to accept the Offer, other than the consideration available to any Debentureholder who accepts the Offer.

Material Changes in the Affairs of InnVest

Except as may otherwise be described or referred to in the Circular, neither the Board nor management of the REIT are aware of any plans or proposals for any material changes in the affairs of the REIT including, for example, any contract or agreement under negotiation, any proposal to liquidate the REIT, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

From time to time, the REIT explores potential strategic opportunities and transactions. These opportunities and transactions may include the acquisition or disposition of material assets and other similar opportunities or transactions. Such opportunities or transactions may have a significant effect on the price or value of the REIT's securities.

Arrangements or Understandings with Securityholders

There are no agreements, commitments or understandings made or proposed to be made between InnVest and any securityholder of the REIT relating to the Offer.

Certain Canadian Federal Income Tax Considerations

For a general description of the federal income tax consequences in Canada of the Offer to the REIT and Debentureholders, see "*Certain Canadian Federal Income Tax Considerations*" in the Information Circular, which is incorporated into and forms a part of this Issuer Bid Circular.

Previous Distribution

A total of \$100,000,000 principal amount of Series G Debentures were initially distributed on February 27, 2013, at a price of \$1,000 per Series G Debenture for aggregate gross proceeds to the REIT of \$100,000,000. On March 6, 2013, the REIT distributed a further \$15,000,000 principal amount of Series G Debentures pursuant to the exercise of an over-allotment option for additional aggregate gross proceeds to the REIT of \$15,000,000.

Depository

Computershare Investor Services Inc. has been retained as the Depository for the Offer. The Depository may contact Debentureholders by mail, telephone, facsimile, email and personal interview and may request banks, brokers, dealers and other nominees to forward materials relating to the Offer to beneficial owners of Series G Debentures.

Solicitation and Information Agent

InnVest has appointed Kingsdale Shareholder Services to act as the Solicitation and Information Agent with respect to the Offer and the Meeting. The Solicitation and Information Agent will assist with the mailing of the Circular and related materials to Debentureholders, respond to inquiries of and provide information to Debentureholders in connection with the Offer and the Meeting and provide other similar advisory services as the REIT may request from time to time.

Fees and Expenses

In depositing their Series G Debentures, Debentureholders will not be obligated to pay brokerage fees or commissions to the REIT, the Dealer Manager or the Depository; however, Debentureholders should consult with their investment dealer, stock broker, bank, trust company or other nominee regarding whether fees or commissions payable to such persons will apply in connection with a deposit of Series G Debentures under the Offer. Investment dealers, stock brokers, banks, trust companies or other nominees will, upon request, be reimbursed by the REIT for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers.

The Depository will receive reasonable and customary compensation from the REIT for its services in connection with the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith.

RBC Capital Markets has been retained by the REIT to act as Dealer Manager in connection with the Offer. The Dealer Manager has also acted as financial advisor to the REIT. InnVest has agreed to

reimburse the Dealer Manager for certain reasonable out-of-pocket expenses incurred in connection with the Offer and to indemnify the Dealer Manager against certain liabilities. The Dealer Manager will also receive a fee from the REIT in payment for services rendered as dealer manager and financial advisor.

The Dealer Manager has undertaken to form a soliciting dealer group comprising members of the Investment Industry Regulatory Organization of Canada and participating organizations of the TSX (the “**Soliciting Dealer Group**”) to solicit proxies and voting instructions voted **FOR** the Extraordinary Resolution. Each member of the Soliciting Dealer Group, including the Dealer Manager, is referred to herein as a “**Soliciting Dealer**”.

Subject to the terms and conditions described below, InnVest has agreed to pay a fee of \$8 per \$1,000 principal amount of Series G Debentures that are voted **FOR** the Extraordinary Resolution, payable to the Soliciting Dealer who solicits the proxy or voting instruction voted **FOR** the Extraordinary Resolution. The aggregate amount payable to a Soliciting Dealer with respect to any single beneficial owner of Series G Debentures will be a maximum of \$1,500, provided that no fees will be paid in respect of Series G Debentures that are beneficially owned by insiders of the REIT or by a Soliciting Dealer for its own account. InnVest will not be required to pay a fee to more than one Soliciting Dealer in respect of any one beneficial owner of Series G Debentures. InnVest may require the Soliciting Dealers to furnish evidence of beneficial ownership satisfactory to InnVest at the time of deposit.

The obligations of the REIT to pay any fees to Soliciting Dealers are subject to the conditions that: (a) the Extraordinary Resolution be approved by holders of at least 66⅔% of the principal amount of Series G Debentures, present or represented by proxy at the Meeting; (b) the Supplemental Indenture becoming effective and binding on the REIT; and (c) the absence of any law, regulation or securities regulatory or stock exchange rule, and the absence of any pending or threatened injunction or other proceeding (if adversely determined), that would make unlawful or invalid or enjoin the implementation of the Indenture Amendments or the entering into of the Supplemental Indenture or the payment of the fees to Soliciting Dealers. The foregoing payment conditions are for the benefit of the REIT, and such conditions may be asserted by the REIT, regardless of the circumstances giving rise to such payment conditions, and the REIT may waive any of the payment conditions, in whole or in part. Any determination by the REIT described in this paragraph shall be final and binding upon all persons.

The REIT has also entered into an agreement with the Solicitation and Information Agent pursuant to which, among other things, the Solicitation and Information Agent has agreed to solicit proxies to be used at the Meeting on behalf of the REIT and answer questions from the Debentureholders with respect to the Offer and the Indenture Amendments. Pursuant to this agreement, the Solicitation and Information Agent will receive a fee of \$80,000 in connection with these services, plus reimbursement of expenses related to the solicitation. The Solicitation and Information Agent may contact Debentureholders by mail, telephone, facsimile or email, and may request banks, brokers, dealers and other nominees to forward materials relating to the Offer and the Meeting to beneficial owners.

Trimaven has been retained by the REIT to deliver a liquidity opinion in connection with the Offer to the REIT for which it has received a fee from the REIT. The REIT has also agreed to reimburse Trimaven for certain reasonable out-of-pocket expenses incurred in connection with the Offer and to indemnify Trimaven against certain liabilities to which it may become subject as a result of its engagement. The fee payable to Trimaven is fixed and will be payable whether or not the Offer is successful.

The REIT is expected to incur aggregate expenses of up to approximately \$1.4 million in connection with the Offer and the Meeting, which includes filing fees, mailing costs, and the fees and expenses attributable to each of legal, accounting, the Depositary, the Solicitation and Information Agent, the Dealer Manager (including in its capacity as financial advisor), Soliciting Dealers, Trimaven (in respect of the liquidity opinion), translation and printing fees. Such fees and expenses will be paid by InnVest from available cash on hand.

Statutory Rights

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

* * *

CONSENT OF NORTON ROSE FULBRIGHT CANADA LLP

To the Trustees of InnVest Real Estate Investment Trust

We hereby consent to the inclusion of our name under the heading "*Certain Canadian Federal Income Tax Considerations*" in the Information Circular accompanying the Issuer Bid Circular of InnVest Real Estate Investment Trust dated June 18, 2014 and the reference to our opinion contained therein.

June 18, 2014

(Signed) "*Norton Rose Fulbright Canada LLP*"

CONSENT OF TRIMAVEN CAPITAL ADVISORS INC.

To the Trustees of InnVest Real Estate Investment Trust

We hereby consent to the inclusion of our liquidity opinion dated June 17, 2014 as Schedule "C" to the Circular dated June 18, 2014, which schedule is incorporated by reference in the Circular and consent to the inclusion of our name and references to our liquidity opinion contained therein.

June 18, 2014

(Signed) "*Trimaven Capital Advisors Inc.*"

APPROVAL BY INNVEST REAL ESTATE INVESTMENT TRUST AND CERTIFICATE

June 18, 2014

The Board of Trustees of InnVest Real Estate Investment Trust has approved the contents of the Circular dated June 18, 2014 and the sending, communicating or delivery of the Circular to the Debentureholders. The Circular 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 light of the circumstances in which it was made.

(Signed) "*Anthony Messina*"
President and Chief Executive Officer

(Signed) "*George Kosziwka*"
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) "*Edward Pitoniak*"
Managing Director and Trustee

(Signed) "*Daniel Lewis*"
Trustee

SCHEDULE A EXTRAORDINARY RESOLUTION

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

- 1 InnVest Real Estate Investment Trust (“**InnVest**”) and Computershare Trust Company of Canada (the “**Trustee**”) be and are hereby authorized to enter into and perform their respective obligations under a supplemental indenture (the “**Supplemental Indenture**”) to be entered into between InnVest and the Trustee pursuant to which the trust indenture governing the 5.75% convertible unsecured subordinated debentures, Series G (the “**Series G Debentures**”) of InnVest shall be supplemented and amended to:
 - (a) increase the rate of interest payable per annum on the Series G Debentures from 5.75% to 6.25% effective September 30, 2014; and
 - (b) increase the conversion price for each Unit to be issued upon the conversion of one Series G Debenture from \$5.80 to \$8.00 per Unit (subject to adjustment as provided in the Trust Indenture),

such Supplemental Indenture to be substantially in the form attached as Schedule B to the combined management information circular, offer to purchase and issuer bid circular of InnVest dated June 18, 2014, subject to such changes and amendments as may be approved by the persons referred to in paragraph 3 hereof and such approval to be evidenced conclusively by their execution and delivery of such Supplemental Indenture (as changed or amended), and the Supplemental Indenture (as changed or amended, if applicable) as signed is that which is hereby approved;

- 2 notwithstanding that this extraordinary resolution has been duly passed, the board of trustees of InnVest may, without further notice to or approval of the holders of Series G Debentures, revoke this extraordinary resolution at any time prior to InnVest entering into the Supplemental Indenture; and
- 3 any single trustee or officer of InnVest be and is hereby authorized, for and on behalf of InnVest, to execute and deliver the Supplemental Indenture and to execute and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such trustee or officer may be necessary or desirable to implement this resolution, the Supplemental Indenture and the matters authorized hereby and thereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

**SCHEDULE B
SUPPLEMENTAL INDENTURE**

(Begins on the next page)

INVEST REAL ESTATE INVESTMENT TRUST

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF ●, 2014

THIS FIRST SUPPLEMENTAL INDENTURE dated as of the ● day of ●, 2014,

BETWEEN:

INVEST REAL ESTATE INVESTMENT TRUST,

an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario,

(hereinafter called the “**REIT**”),

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA,

a trust company incorporated under the federal laws of Canada,

(hereinafter called the “**Trustee**”),

WHEREAS by a trust indenture dated February 27, 2013 between the REIT and the Trustee (the “**Original Indenture**”) the REIT authorized the creation and issuance of debentures of the REIT in one or more series, unlimited as to aggregate principal amount but issuable only upon the terms and subject to the conditions and limitations therein provided;

AND WHEREAS pursuant to the Original Indenture, the REIT issued a series of debentures in the aggregate principal amount of \$115,000,000 designated as 5.75% Convertible Unsecured Subordinated Debentures, Series G (the “**Initial Debentures**”);

AND WHEREAS the REIT has not issued any other series of debentures pursuant to the Original Indenture as of the date hereof;

AND WHEREAS an Extraordinary Resolution was passed at a meeting of the holders of the Initial Debentures, which authorizes the REIT and the Trustee to amend the Original Indenture and the Initial Debentures without novation in the manner specified in this First Supplemental Indenture and to enter into and perform their respective obligations hereunder;

AND WHEREAS Section 17.1 of the Original Indenture provides that the REIT and the Trustee may execute and deliver indentures that are supplemental to the Original Indenture for the purpose of, *inter alia*, giving effect to any Extraordinary Resolution passed, as provided in Article 14 of the Original Indenture;

AND WHEREAS all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed to authorize the execution and delivery of this First Supplemental Indenture, and to make the same effective and binding upon the REIT and the Trustee;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the REIT and not by the Trustee;

NOW THEREFORE it is hereby covenanted, agreed and declared as follows:

Article 1 INTERPRETATION

1.1 Interpretation

This First Supplemental Indenture is supplemental to the Original Indenture and shall be read in conjunction therewith. Except only insofar as the Original Indenture may be inconsistent with the express provisions of this First Supplemental Indenture, in which case the terms of this First Supplemental Indenture shall govern and supersede those contained in the Original Indenture only to the extent of such inconsistency, this First Supplemental Indenture shall henceforth have effect so far as practicable as if all of the provisions of the Original Indenture and this First Supplemental Indenture were contained in one instrument. The expressions used in this First Supplemental Indenture which are defined in the Original Indenture shall, except as otherwise provided herein, have the respective meanings ascribed to them in the Original Indenture. The term **“this First Supplemental Indenture”** and similar expressions refer to this First Supplemental Indenture and not to any particular Article, Section, Subsection or other portion hereof, and include any and every instrument supplementary or ancillary hereto. Unless otherwise stated, any reference in this First Supplemental Indenture to an Article, Section, Subsection, paragraph, or Schedule shall be interpreted as a reference to the stated Article, Section, Subsection, paragraph of, or Schedule to, this First Supplemental Indenture. The division of this First Supplemental Indenture into Articles, Sections, Subsections and other portions thereof and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this First Supplemental Indenture or the Original Indenture, as amended and supplemented hereby.

Article 2 AMENDMENTS AND SUPPLEMENTS

2.1 Certain Amendments and Supplements

Effective on the date of this First Supplemental Indenture, the Original Indenture and, if applicable, the Initial Debentures, shall be amended without novation as follows:

- (a) by adding the following new definitions in Section 1.1 in alphabetical and alphanumerical order:
 - (i) “(u.1) **“First Amendment Date”** shall mean ●, 2014;”
 - (ii) “(u.2) **“First Supplemental Indenture”** shall mean that certain first supplemental indenture entered into between the Trustee and the REIT on ●, 2014;”
- (b) by deleting the definition of “Conversion Price” and replacing it with the following:

“**“Conversion Price”** means: (i) in respect of Debentures (other than the Initial Debentures), the dollar amount expressed in Canadian dollars determined at the time of issuance of each series of Debentures for which each REIT Unit may be issued from time to time upon the conversion of Debentures of such series which are by their terms convertible in accordance with the provisions of Article 6; and (ii) in respect of the Initial Debentures, the dollar amount expressed in Canadian dollars that is set out in Section 2.5(f), subject in each case to adjustment pursuant to Section 6.5;”
- (c) by deleting the definition of “Initial Debentures” and replacing it with the following:

“**“Initial Debentures”** means the Debentures originally designated as “5.75% Convertible Unsecured Subordinated Debentures, Series G”, as the same have been amended by the First Supplemental Indenture, and as described in Section 2.5, which Debentures

shall be, from and after the First Amendment Date, re-designated as “6.25% Convertible Unsecured Subordinated Debentures, Series G”.

- (d) by deleting Section 2.4 in the Original Indenture and replacing it with the following:

“On February 27, 2013, the REIT created and authorized for immediate issue the Initial Debentures pursuant hereto in an aggregate principal amount of not more than \$115,000,000. The Initial Debentures are issuable only in denominations of \$1,000 and integral multiples thereof.”

- (e) by deleting Subsection 2.5(a) of the Original Indenture and replacing it with the following:

“Interest. The Initial Debentures shall bear interest: (i) for the period from and including February 27, 2013 to but excluding September 30, 2014, at the rate of 5.75% per annum, and (ii) for the period from and including September 30, 2014 to but excluding March 31, 2019, at the rate of 6.25%, which shall be payable in two equal semi-annual payments in arrears on March 31 and September 30 in each year, the first such payment to fall due on September 30, 2013 and the last such payment to fall due on March 31, 2019, payable after as well as before maturity and after as well as before default, demand and judgment, with interest on amounts in default at the rate applicable when payment was due, compounded semi-annually. The first interest payment will include interest accrued from and including February 27, 2013 to but excluding September 30, 2013.”

- (f) by deleting Subsection 2.5(f) of the Original Indenture and replacing it with the following:

“Conversion Price. The Conversion Price for each REIT Unit to be issued upon the conversion of an Initial Debenture shall be equal to \$8.00 per REIT Unit, such that approximately 125 REIT Units are issued for each \$1,000 principal amount of Initial Debentures so converted. No adjustment to the Conversion Price will be made for dividends or distributions on REIT Units issuable upon conversion. Holders converting their Initial Debentures on an Interest Payment Date will receive such interest payment. The Conversion Price applicable to and the REIT Units, securities or other property receivable on the conversion of the Initial Debentures are subject to adjustment pursuant to the provisions of Section 6.5.”

- (g) by deleting Schedule A, Schedule B, Schedule C, Schedule D, Schedule E, Schedule F and Schedule G of the Original Indenture in their entireties and replacing them respectively with Schedule A, Schedule B, Schedule C, Schedule D, Schedule E, Schedule F and Schedule G to this First Supplemental Indenture.

Article 3 MISCELLANEOUS

3.1 Confirmation of Original Indenture

- (a) The Original Indenture, as amended without novation and supplemented by this First Supplemental Indenture, shall continue in full force and effect and is hereby confirmed in all respects. The Initial Debentures shall continue in full force and effect as originally issued pursuant to the Original Indenture, except as amended without novation and supplemented hereunder, and are in all respects hereby confirmed. Replacement certificates representing such Initial Debentures shall be in the form attached hereto as Schedule “A”.
- (b) As of the date hereof, a reference in the Original Indenture and the Debentures to (i) the “Original Indenture”, the “Indenture” or any similar reference shall be construed as a

reference to the Original Indenture as amended without novation and supplemented by this First Supplemental Indenture, and (ii) the “Debentures”, the “Series G Debentures”, the “Initial Debentures”, the “Global Debentures” or any similar reference shall be construed as a reference to the Debentures as amended without novation and supplemented by this First Supplemental Indenture.

3.2 Benefit of the First Supplemental Indenture

The REIT and the Trustee confirm that all of the provisions of this First Supplemental Indenture are for the benefit of the holders of the Initial Debentures as long as any Initial Debentures remain outstanding.

3.3 Acceptance of Trust

The Trustee hereby accepts the trusts in this First Supplemental Indenture declared and provided and agrees to perform the same upon the terms and conditions contained herein.

3.4 Formal Date

For the purposes of convenience, this First Supplemental Indenture may be referred to as bearing a formal date of ●, 2014 irrespective of the actual date of execution hereof.

3.5 Waiver, Modification

No provision of this First Supplemental Indenture: (a) may be waived, except by an instrument in writing signed by the parties hereto; and (b) may be supplemented, modified or changed, except by supplemental trust indenture duly executed and delivered pursuant to Article 17 of the Original Indenture signed by the parties hereto.

3.6 Successors and Assigns

The obligations of the REIT as set forth in this First Supplemental Indenture and the rights and obligations associated therewith shall be binding upon the REIT and its successors and permitted assigns and shall enure to the benefit of Trustee and its successors and permitted assigns.

3.7 Governing Law

This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

3.8 Further Assurances

The parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this First Supplemental Indenture, and each party shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of this First Supplemental Indenture and carry out its provisions.

3.9 Counterparts

This First Supplemental Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

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IN WITNESS whereof the parties hereto have executed these presents under their respective corporate seals and the hand of their proper officers in that behalf.

INVEST REAL ESTATE INVESTMENT TRUST

Per: _____
Name: ●
Title: ●

Per: _____
Name: ●
Title: ●

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: _____
Name: ●
Title: ●

Per: _____
Name: ●
Title: ●

SCHEDULE A

FORM OF DEBENTURE FOR THE INITIAL DEBENTURES

No. ●

CUSIP #●

This Debenture is a Global Debenture within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to INNVEST REAL ESTATE INVESTMENT TRUST or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

INNVEST REAL ESTATE INVESTMENT TRUST

(A trust governed by the laws of Ontario)

6.25% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES, SERIES G DUE MARCH 31, 2019

INNVEST REAL ESTATE INVESTMENT TRUST (the "REIT"), for value received, hereby acknowledges itself indebted and, subject to the provisions of the Trust Indenture dated February 27, 2013 (as may be amended, restated, supplemented, or otherwise modified from time to time, the "Indenture") between the REIT and Computershare Trust Company of Canada (the "Trustee"), promises to pay to the registered holder hereof on March 31, 2019 (the "Maturity Date") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of _____ DOLLARS in lawful money of Canada (subject to adjustment in accordance with the Schedule of Adjustments attached hereto) on presentation and surrender of this Initial Debenture at the main branch of the Trustee in Toronto, Ontario, in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from and including February 27, 2013, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the Applicable Rate (as defined below), in like money in arrears in equal semi-annual instalments (less any amounts in respect of taxes required by law to be deducted) in arrears on March 31 and September 30 in each year commencing on September 30, 2013 and, should the REIT at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. "Applicable Rate" means (i) for the period from and including February 27, 2013 to but excluding September 30, 2014, 5.75% per annum, and (ii) for the period from and including September 30, 2014 to but excluding March 31, 2019, 6.25%.

Interest hereon shall be payable by cheque mailed to the registered holder hereof or by other means and, subject to the provisions of the Indenture, the mailing of such cheque or the making of such payment by such other means shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Initial Debenture. The REIT may, upon and subject to the provisions and conditions of the Indenture, elect, from time to time, to satisfy its Interest Obligations on the Initial Debentures on any Interest Payment Date by delivering REIT Units to the Trustee.

This Initial Debenture is one of the Initial Debentures of the REIT issued or issuable in one or more series under the provisions of the Indenture. The Initial Debentures are limited to an aggregate principal amount of not more than \$115,000,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Initial Debentures are or are to be issued and held and the rights and remedies of the holders of the Initial Debentures and of the REIT and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Initial Debenture by acceptance hereof assents.

The Initial Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Initial Debentures of any denomination may be exchanged for an equal aggregate principal amount of Initial Debentures in any other authorized denomination or denominations.

The whole, or if this Initial Debenture is in a denomination in excess of \$1,000 any part of which is \$1,000 or an integral multiple thereof, of the principal amount of this Initial Debenture is convertible, at the option of the holder hereof, upon surrender of this Initial Debenture at any office of the Trustee at any time but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Initial Debenture, into REIT Units (without adjustment for interest accrued hereon or for dividends or distributions on REIT Units issuable upon conversion) at a conversion price of \$8.00 (the "**Conversion Price**") per REIT Unit, being a rate of approximately 125 REIT Units for each \$1,000 principal amount of Initial Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional REIT Units will be issued on any conversion but in lieu thereof, the REIT will satisfy such fractional interest by a cash payment to the holder of such Initial Debenture of an amount equal to the fractional interest in the REIT Unit which would have been issuable multiplied by the Conversion Price on the Date of Conversion.

The Initial Debentures may be redeemed at the option of the REIT on the terms and conditions set out in the Indenture at the redemption price therein set out. This Initial Debenture is not redeemable prior to March 31, 2016, except in the event of the satisfaction of certain conditions after the occurrence of a Change of Control. On or after April 1, 2016 and prior to March 31, 2018, this Initial Debenture is not redeemable unless the REIT shall file with the Trustee on the day that notice of redemption of this Initial Debenture is first given, an Officer's Certificate of the REIT certifying that the Current Market Price on the date on which such notice is given, is at least 125% of the Conversion Price. On or after April 1, 2018 and prior to March 31, 2019, the Initial Debentures shall be redeemable in whole or in part at the option of the REIT.

Upon the occurrence of a Change of Control, each holder of Initial Debentures shall have the right (the "**Put Right**") to require the REIT to purchase all or any part of such holder's Initial Debentures at a price equal to 101% of the principal amount of such Initial Debentures plus accrued and unpaid interest, if any, up to, but excluding, the date the Initial Debentures are so repurchased. If 90% or more of the principal amount of all Initial Debentures outstanding on the date the REIT provides notices of a Change of Control to the Trustee have been tendered for purchase pursuant to the Put Right, the REIT shall have the right to purchase all the remaining outstanding Initial Debentures on the same date and at the same price.

If an Offer for all of the outstanding Initial Debentures (other than Initial Debentures held by or on behalf of the Offeror) is made and (a) within the time provided in the Offer for its acceptance or within 45 days after the date the Offer is made, whichever period is shorter, the Offer is accepted by holders of the Initial Debentures representing at least 90% of the outstanding principal amount of all the Initial Debentures (other than Initial Debentures held at the date of the takeover bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror), (b) the Offeror is bound to take up and pay for, or has taken up and paid for the Initial Debentures of the Debentureholders who accepted the Offer, and (c) the Offeror complies with Sections 13.3 and 13.5 of the Indenture, the Offeror shall be entitled to acquire, and the Dissenting Debentureholders shall be required to sell to the Offeror, the Initial Debentures held by the Dissenting Debentureholders for the same consideration per Debenture payable or paid, as the case may be, under the Offer.

The REIT may, on notice as provided in the Indenture, at its option and subject to the provisions and conditions of the Indenture and any applicable regulatory approval, elect to satisfy the obligation to repay the principal amount of this Initial Debenture on the Maturity Date or on redemption by the issue of that number of Freely Tradeable REIT Units obtained by dividing the principal amount of this Initial Debenture or the Redemption Price, as applicable, by 95% of the Current Market Price of the REIT Units on the Maturity Date or the date fixed for redemption, as the case may be.

The indebtedness evidenced by this Initial Debenture, and by all other Initial Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the REIT, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Initial Debentures outstanding hereunder (or in certain circumstances, specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Initial Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of REIT Units or the trustees, officers or agents of the REIT in respect of any obligation or claim arising out of the Indenture or this Initial Debenture.

This Initial Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the REIT with the approval of the Trustee may designate. No transfer of this Initial Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Initial Debenture for cancellation. Thereupon a new Initial Debenture or Initial Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Initial Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this Initial Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

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IN WITNESS WHEREOF INNVEST REAL ESTATE INVESTMENT TRUST has caused this Initial Debenture to be signed by its authorized signatory as of the ____ day of _____, 2014.

INNVEST REAL ESTATE INVESTMENT TRUST

Per: _____
 Name: ●
 Title: ●

TRUSTEE'S CERTIFICATE		
This Initial Debenture is one of the 6.25% Convertible Unsecured Subordinated Debentures, Series G of the REIT due March 31, 2019 referred to in the Indenture within mentioned. Computershare Trust Company of Canada By: _____ (Authorized Officer)		
REGISTRATION PANEL		
(No writing hereon except by Trustee or other registrar)		
Date of Registration	In Whose Name Registered	Signature of Trustee or Registrar

SCHEDULE OF ADJUSTMENTS TO GLOBAL DEBENTURE NO. ●

INVEST REAL ESTATE INVESTMENT TRUST

6.25% Convertible Unsecured Subordinated Debentures, Series G, due March 31, 2019

Date of Issue: ●, 2014

CUSIP: ●

Date	Amount of Increase	Amount of Decrease	Principal Amount Outstanding	Signature of Authorized Officer of Trustee

ASSIGNMENT NOTICE

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Initial Debenture (or \$_____ principal amount hereof) of INNVEST REAL ESTATE INVESTMENT TRUST (the "REIT") standing in the name(s) of the undersigned in the register maintained by the REIT with respect to such Initial Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Initial Debenture in such register, with full power of substitution in the premises.

Date: _____

Address of Transferee: _____

(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable:

If less than the full principal amount of the within Initial Debenture is to be transferred, indicate in the space provided the principal amount which must be \$1,000 or a multiple thereof, to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this initial debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member firm of a recognized stock exchange in Canada. Notarized or witnessed signatures are not acceptable as guaranteed signatures.
2. The registered holder of this Initial Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Initial Debenture.

Signature of Guarantor

Authorized Officer

Signature of Transferring
Registered Holder

Name of Institution

The signature(s) on this form must be guaranteed by one of the following methods:

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".

Canada: A Signature Guarantee obtained from a major Canadian Schedule I chartered bank. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program.

Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed

SCHEDULE B

FORM OF REDEMPTION NOTICE FOR THE INITIAL DEBENTURES

INNVEST REAL ESTATE INVESTMENT TRUST

6.25% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES, SERIES G

REDEMPTION NOTICE

To: Holders of 6.25% Convertible Unsecured Subordinated Debentures, Series G (the "Initial Debentures") of InnVest Real Estate Investment Trust (the "REIT") due March 31, 2019

Note: All capitalized terms used herein have the meaning ascribed thereto in the Trust Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the Trust Indenture dated February 27, 2013 (as may be amended, restated, supplemented or otherwise modified from time to time, the "Indenture") between the REIT and Computershare Trust Company of Canada (the "Trustee"), that the aggregate principal amount of all Initial Debentures outstanding will be redeemed as of ● (the "Redemption Date"), upon payment of a redemption amount of \$● for each \$1,000 principal amount of Initial Debentures, being equal to the aggregate of (i) \$1,000, and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date (collectively, the "Redemption Price").

The Redemption Price will be payable upon presentation and surrender of the Initial Debentures called for redemption at the following corporate trust office:

100 University Avenue, 8th Floor
Toronto, Ontario, M5J 2Y1
Attention: Manager, Corporate Trust

The interest upon the principal amount of Initial Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price shall not be made on presentation for surrender of such Initial Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price pursuant to the Indenture.

Pursuant to Section 4.6 of the Indenture, the REIT hereby irrevocably elects to satisfy its obligation to pay to holders of Initial Debentures the Redemption Price by issuing and delivering to the holders that number of Freely Tradeable REIT Units obtained by dividing the Redemption Price by 95% of the then Current Market Price of the REIT Units (the "REIT Unit Redemption Right").

No fractional Freely Tradeable REIT Units shall be delivered upon the exercise of the REIT Unit Redemption Right but, in lieu thereof, the REIT shall pay to the Trustee for the account of the holders, at the time contemplated in Section 4.6(d), the cash equivalent of the fractional REIT Unit component thereof (less any amount in respect of taxes required by law to be deducted, if any), determined on the basis of multiplying such fraction by the Current Market Price on the Redemption Date.

In this connection, upon presentation and surrender of the Initial Debentures for payment on the Redemption Date, the REIT shall, on the Redemption Date, make the delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, of certificates representing the Freely Tradeable REIT Units to which holders are entitled together with the cash equivalent of the fractional REIT Unit component thereof.

DATED: ●

INNVEST REAL ESTATE INVESTMENT TRUST

Per:

Name: ●

Title: ●

SCHEDULE C

FORM OF MATURITY NOTICE FOR THE INITIAL DEBENTURES

INNVEST REAL ESTATE INVESTMENT TRUST

6.25% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES, SERIES G

MATURITY NOTICE

To: Holders of 6.25% Convertible Unsecured Subordinated Debentures, Series G (the “**Initial Debentures**”) of InnVest Real Estate Investment Trust (the “**REIT**”) due March 31, 2019

Note: All capitalized terms used herein have the meaning ascribed thereto in the Trust Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.10(b) of the Trust Indenture dated February 27, 2013 (as may be amended, restated, supplemented or otherwise modified from time to time, the “**Indenture**”) between the REIT and Computershare Trust Company of Canada, as trustee (the “**Trustee**”), that the Initial Debentures are due and payable as of March 31, 2019 (the “**Maturity Date**”) and the REIT hereby advises the holders of Initial Debentures that it will deliver Freely Tradeable REIT Units equal to the number obtained by dividing the principal amount of such Initial Debentures by 95% of the then Current Market Price of REIT Units on the Maturity Date. Upon presentation and surrender of the Initial Debentures, the REIT shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent of the fractional REIT Unit component thereof (less any amount in respect of taxes required by law to be deducted, if any), determined on the basis of the Current Market Price on the Redemption Date, and shall, on the Maturity Date, send to the Trustee certificates representing the Freely Tradeable REIT Units to which the holder is entitled.

DATED: ●

INNVEST REAL ESTATE INVESTMENT TRUST

Per: _____

Name: ●

Title: ●

SCHEDULE D

FORM OF NOTICE OF CONVERSION FOR THE INITIAL DEBENTURES

CONVERSION NOTICE

TO: INNVEST REAL ESTATE INVESTMENT TRUST

Note: All capitalized terms used herein have the meaning ascribed thereto in the Trust Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 6.25% Convertible Unsecured Subordinated Debentures, Series G (the "**Initial Debentures**") of InnVest Real Estate Investment Trust (the "**REIT**") due March 31, 2019 bearing Certificate No. ● irrevocably elects to convert such Initial Debentures (or \$● principal amount thereof) in accordance with the terms of the Trust Indenture referred to in such Initial Debentures and tenders herewith the Initial Debentures, and, if applicable, directs that the REIT Units issuable upon a conversion be issued and delivered to the person indicated below. (If REIT Units are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned.)

Dated: _____

(Signature of Registered Holder)

* If less than the full principal amount of the Initial Debentures, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof).

NOTE: If REIT Units are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or a member firm of a recognized stock exchange in Canada.

(Print name in which REIT Units are to be issued, delivered and registered)

Name:

(Address) (City, Province and Postal Code)

Name of guarantor:

Authorized signature:

The signature(s) on this form must be guaranteed by one of the following methods:

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".

Canada: A Signature Guarantee obtained from a major Canadian Schedule I chartered bank. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program.

Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

SCHEDULE E

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: COMPUTERSHARE TRUST COMPANY OF CANADA
 as trustee and registrar
 for the ●% ● Debentures and REIT Units of
 InnVest Real Estate Investment Trust (the "REIT"), Toronto, Ontario

The undersigned (A) represents that the sale of the securities of the REIT to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "1933 Act"), and (B) certifies that (1) it is not an "affiliate" (as defined in Rule 405 under the 1933 Act) of the REIT, (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the Toronto Stock Exchange or any other designated offshore securities market and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States and (3) neither the seller nor any person acting on its behalf engaged in any directed selling efforts in connection with the offer and sale of such securities. Terms used herein have the meanings given to them by Regulation S under the 1933 Act.

Dated: _____

By: _____
Name:
Title:

The signature(s) on this form must be guaranteed by one of the following methods:

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".

Canada: A Signature Guarantee obtained from a major Canadian Schedule I chartered bank. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program.

Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

SCHEDULE F

FORM OF NOTICE OF PUT EXERCISE FOR THE INITIAL DEBENTURES

PUT EXERCISE NOTICE

TO: INNVEST REAL ESTATE INVESTMENT TRUST

Note All capitalized terms used herein have the meaning ascribed thereto in the Trust Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 6.25% Convertible Unsecured Subordinated Debentures, Series G (the "**Initial Debentures**") of InnVest Real Estate Investment Trust (the "REIT") due March 31, 2019 bearing Certificate No. ● irrevocably elects to put such Initial Debentures (or \$● principal amount thereof) to the REIT to be purchased by the REIT on ● (the "**Put Date**") in accordance with the terms of the Trust Indenture referred to in such Initial Debentures at a price of \$1,010 for each \$1,000 principal amount of Initial Debentures plus all accrued and unpaid interest hereon to, but excluding, the Put Date (collectively, the "**Total Put Price**") and tenders herewith the Initial Debentures.

Dated: _____

(Signature of Registered Holder)

* If less than the full principal amount of the Initial Debentures, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof).

The Total Put Price will be payable upon presentation and surrender of the Initial Debentures with this form on or after the Put Date at the following corporate trust office:

100 University Avenue, 8th Floor
Toronto, Ontario, M5J 2Y1
Attention: Manager, Corporate Trust

The interest upon the principal amount of Initial Debentures put to the REIT shall cease to be payable from and after the Put Date unless payment of the Total Put Price shall not be made on presentation for surrender of such Initial Debentures at the above mentioned corporate trust office on or after the Put Date or prior to the setting aside of the Total Put Price pursuant to the Trust Indenture dated February 27, 2013 (as may be amended, restated, supplemented or otherwise modified from time to time) between the REIT and Computershare Trust Company of Canada, as trustee.

The signature(s) on this form must be guaranteed by one of the following methods:

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".

Canada: A Signature Guarantee obtained from a major Canadian Schedule I chartered bank. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program.

Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

SCHEDULE G

FORM OF INDEMNITY AGREEMENT OF CONVERTING NON-RESIDENT HOLDER

MEMORANDUM OF AGREEMENT made on the [Conversion Date].

BETWEEN:

●

(the "Holder")

- and -

INVEST REAL ESTATE INVESTMENT TRUST
(the "REIT")

WHEREAS the Holder is the holder of a Debenture or Debentures (the "**Holder's Debentures**") issued pursuant to the trust indenture dated February 27, 2013 between the REIT and Computershare Trust Company of Canada (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Indenture**").

AND WHEREAS the Holder is a non-resident of Canada who is converting the Holder's Debentures pursuant to Article 6 of the Indenture.

THIS AGREEMENT WITNESSES THAT in consideration of the property described in Article 6 of the Indenture (it being hereby acknowledged by the Holder that in the absence of making this agreement it would have no entitlement to such property) and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Holder) the Holder hereby agrees with the REIT as follows:

1. Interpretation

The definitions and rules of interpretation in Article 1 of the Indenture shall be applied in construing this Agreement including the recitals. In this Agreement, "Losses", in respect of any matter, means all losses, damages, liabilities, diminution in value, deficiencies, costs and expenses, including all legal and other professional fees and disbursements, goods and services taxes, sales taxes or other similar taxes (for greater certainty, net of all available input tax credits or other available refunds or rebates), interest, penalties and amounts paid in settlement.

2. Indemnification by the Holder

On and after the Date of Conversion, the Holder agrees to indemnify and save harmless the REIT from all Losses suffered or incurred by the REIT as a result of or arising directly or indirectly out of or in connection with the conversion of Holder's Debentures giving rise to or being subject to any obligation of the REIT to withhold tax under the Tax Act.

3. Notice of Claim

In the event that the REIT shall become aware of any claim, action, demand, assessment, reassessment, letter of a taxing authority or proceeding in respect of which the Holder could be required to make a payment under this Agreement (a "**Claim**") the REIT shall promptly give written notice thereof to the Holder. Such notice shall specify with reasonable particularity (to the extent that the information is available) the factual basis for the Claim and the amount of the Claim if known, and provide a copy of any related correspondence of the Canada Revenue Agency.

4. Claims

With respect to any Claim, the Holder shall have the right, at its expense, to participate in or assume (to the extent permitted by applicable laws) control of the negotiation, settlement or defence of the Claim and, in such event, the Holder shall reimburse the REIT for all the REIT's out-of-pocket expenses as a result of such participation or assumption. If the Holder elects to assume such control, the REIT shall have the right to participate in the negotiation,

settlement or defence of such Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the REIT unless the Holder consents to the retention of such counsel (such consent not to be unreasonably withheld or delayed) or unless the named parties to any actions or proceedings relating to the Claim include both the Holder and the REIT and the representation of both the Holder and the REIT by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Holder, having elected to assume control of the proceedings, thereafter fails to defend the Claim within a reasonable time, the REIT shall be entitled to assume such control at the Holder's expense, and the Holder shall be bound by the results obtained by the REIT with respect to such Claim. If any Claim is of a nature such that (a) it would give rise to a statutory penalty or obligation to pay statutory interest or (b) the REIT is required by any applicable laws or the order of any court, tribunal or regulatory body having jurisdiction to make a payment to any governmental authority with respect to the Claim, before the completion of settlement negotiations or related legal proceedings, as the case may be, the REIT may elect to make such payment, in which event the Holder shall, forthwith after demand by the REIT, provide the REIT with immediately available funds for the making of such payment, and the REIT shall thereupon make such payment. If the amount of any liability of the REIT under the Claim in respect of which such payment was made, as finally determined, is less than the amount which was paid by the Holder to the REIT, the REIT shall, forthwith after receipt of the difference (plus any statutory interest thereon) from the governmental authority, pay the amounts so received to the Holder.

5. Settlement of Claims

If the Holder fails to assume control of the defence of any Claim, the REIT shall have the exclusive right to contest, settle or pay the amount claimed at the Holder's expense. Whether or not the Holder assumes control of the negotiation, settlement or defence of any Claim, the Holder shall not settle any Claim without the written consent of the REIT which consent shall not be unreasonably withheld or delayed; provided, however, that the liability of the Holder shall be limited to the proposed settlement amount if any such consent is not provided, except for the reason that the proposed settlement will cause a disruption to or give rise to a cost to or a payment from or by the REIT or its unitholders.

6. Co-operation

The REIT and the Holder shall co-operate fully with each other with respect to Claims, and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

7. Governing Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable in that province, and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

8. Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and their respective successors and permitted assigns. None of the parties may assign any of its rights or obligations hereunder without the prior written consent of the other parties.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF the parties have executed this Agreement on the date first above written.

●

Per: _____
Name: ●
Title: ●

INVEST REAL ESTATE INVESTMENT TRUST

Per: _____
Name: ●
Title: ●

**SCHEDULE C
LIQUIDITY OPINION**

(Begins on the next page)

TRIMAVEN CAPITAL ADVISORS INC.

9 Temperance Street, Suite 400, Toronto, Ontario M5H 1Y6
416.602.6414 ♦ 1.855.830.9198
www.trimavencap.com

A Real Estate Investment Bank

The Board of Trustees of InnVest REIT
5090 Explorer Drive, 7th Floor
Mississauga, ON
L4W 4T9

June 17, 2014

To the Members of the Board of Trustees:

Trimaven Capital Advisors Inc. (“**Trimaven**”) understands that InnVest Real Estate Investment Trust (“**InnVest**”) intends to undertake a substantial issuer bid (“**Issuer Bid**”) with regard to the REIT’s Series G 5.75% Convertible Debentures due March 31, 2019 (the “**Convertible Debentures**”). We also understand that the Issuer Bid will be for cash, up to a maximum amount of \$28,750,000 representing 25% of the aggregate principal amount of Convertible Debentures outstanding. As of the date hereof, the face amount of the Convertible Debentures outstanding is \$115.0 million. The offer price under the Issuer Bid will be \$1,060 per \$1,000 principal amount of the Convertible Debentures. Trimaven also understands that, among other things, it will be a condition of InnVest taking up and paying for Convertible Debentures tendered pursuant to the Issuer Bid that beneficial holders of Convertible Debentures approve certain amendments to the trust indenture governing the Convertible Debentures, as set forth in the combined management information circular, offer to purchase and issuer bid circular of InnVest dated June 18, 2014 (the “**Circular**”), which contains the full terms and conditions of the Issuer Bid. Capitalized terms used in this letter which are used or defined in the Circular and not otherwise defined herein will have the same meaning as used in the Circular.

Engagement of Trimaven

Pursuant to an agreement entered into as of May 16, 2014 (the “**Engagement Agreement**”), Trimaven was engaged by InnVest to prepare and deliver an opinion (the “**Opinion**”) to the Board of Trustees of InnVest (the “**Board of Trustees**”) as to whether (i) a liquid market exists for the Convertible Debentures at the time of making the Issuer Bid; and (ii) it is reasonable to conclude that, following the completion of the proposed Issuer Bid, there will be a market for holders of the Convertible Debentures who do not tender to the Issuer Bid that is not materially less liquid than the market that existed at the time of the making of the Issuer Bid. The Opinion is being delivered to assist the Board of Trustees in making its determination that the Issuer Bid qualifies for an exemption from the valuation requirements in Multilateral Instrument 61-101 (*Protection of Minority Security Holders in Special Transactions*) (“**MI 61-101**”) that may otherwise apply. This Opinion is addressed to the Board of Trustees and is for the sole use and benefit of the Board of Trustees in determining the availability of an exemption from the formal valuation requirements of MI 61-101 in respect of the Issuer Bid and may not be relied upon by any other person, and may not be referred to, summarized, circulated, publicized or reproduced or disclosed to or used or relied upon by any party without the express written consent of Trimaven.

Trimaven is entitled to a fee for the preparation and delivery of the Opinion to the Board of Trustees. The fee to be received by Trimaven is in respect of the Opinion and not any alternative transaction. InnVest has also agreed to reimburse Trimaven for its reasonable out-of-pocket expenses and to indemnify Trimaven in respect of certain liabilities that might arise out of its engagement.

Credentials of Trimaven

Trimaven is qualified and independent within the meaning of MI 61-101. Trimaven is an independently owned real estate investment bank that provides clients with specialized advice in investment banking, mergers and acquisitions, corporate finance, private equity, asset management, asset/portfolio advisory services and other investment and financial services. The Opinion is the opinion of Trimaven, the form and content herein has been reviewed and approved for release by a group of Managing Directors of Trimaven, each of whom has considerable experience in the Canadian capital markets including underwriting real estate securities, including debt and convertible securities, mergers and acquisitions, divestitures, valuations, corporate finance and other financial matters. Trimaven's principals have over thirty years of combined financial experience at Trimaven and other Tier-1 Canadian investment banks.

Independence of Trimaven

Neither Trimaven nor any of its affiliated entities is an insider, issuer insider, associated entity or affiliated entity (as those terms are defined for the purposes of MI 61-101) of InnVest or any of its associates or affiliates. Neither Trimaven nor any of its affiliated entities has been engaged to act as an advisor to InnVest in respect of the Issuer Bid, or in the past 24 months, to act as a lead or co-lead underwriter of a distribution of securities of InnVest or any of its associates or affiliates. Trimaven is not a manager or co-manager of a soliciting dealer group formed in respect of the Issuer Bid (or a member of such a group performing services beyond the customary soliciting dealer's functions or receiving more than the per security or per security holder fees payable to other members of the group).

The fee payable to Trimaven pursuant to its engagement is not financially material to Trimaven. Moreover, the amount payable to Trimaven pursuant to its engagement in connection with the Issuer Bid does not depend in whole or in part on an agreement, arrangement or understanding that gives Trimaven a financial incentive in respect of the conclusions reached in the Opinion or the outcome of the Issuer Bid, and is payable regardless of whether the Issuer Bid is successful.

Based on the foregoing, Trimaven is of the view that it is "independent" of InnVest and other interested parties within the meaning of MI 61-101.

Trimaven and its shareholders, directors, officers and employees may in the future, in the ordinary course of its business, acquire, hold or sell, for their own account and the accounts of third parties, equity, debt and other securities and financial instruments of InnVest or any other companies that may be involved, or have an interest in, InnVest, as well as provide investment banking and other financial services to such companies. Trimaven and its shareholders, officers and employees may have interests, or be engaged in a broad range of transactions involving interests, that differ from those of InnVest. As of the date hereof, Trimaven does not conduct research on securities and does not provide research reports on InnVest and neither Trimaven, nor its shareholders, directly hold any Convertible Debentures.

Scope of Review

In connection with our Opinion, we have reviewed and relied upon, among other things, the following:

- (i) the final, or near final, draft of the Circular;
- (ii) the trailing twelve month trading activity, volumes and price history of the Convertible Debentures on the Toronto Stock Exchange ("**TSX**") and any other exchanges on which the Convertible Debentures trade;

- (iii) the trailing twelve month trading activity and volumes of convertible debentures of not less than 10 other comparable real estate investment trusts and/or real estate operating companies on the TSX and other exchanges on which such convertible debentures trade;
- (iv) the depth and breadth of the REIT and REOC convertible debenture market in Canada including number of issues outstanding, average face (par) amount outstanding and where the Convertible Debentures rank in terms of relative size to other convertible debenture issues;
- (v) the distribution and ownership of the Convertible Debentures, to the extent available;
- (vi) the parameters set out in MI 61-101 that quantify the basis on which a “liquid market” is deemed to exist in respect of a class of securities in the context of issuer bids;
- (vii) precedent issuer bids that we considered relevant;
- (viii) the number of Convertible Debentures proposed to be purchased under the Issuer Bid relative to i) the number of outstanding Convertible Debentures less ii) the number of Convertible Debentures owned by related parties to InnVest and Convertible Debentures or blocks thereof that are known by us to be not freely tradeable;
- (ix) the customary difference (i.e., the “spread”) between bid and ask prices in trading activity of the Convertible Debentures;
- (x) public information with respect to InnVest; and
- (xi) such other information as we considered necessary or appropriate in the circumstances.

Trimaven has also conducted such other analysis and reviewed such other quantitative and qualitative information we considered appropriate in the circumstances for the purpose of arriving at the Opinion.

Assumption and Limitations

The opinion of Trimaven is subject to the assumptions, qualifications and limitations set forth below. Our role is limited to the preparation and delivery of the Opinion. We have not been asked to prepare, nor have we prepared, a formal valuation or appraisal of the Convertible Debentures or any other assets, liabilities or securities of InnVest, or any of its affiliates and our Opinion should not be construed as such.

In providing the Opinion, we have relied upon the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, and/or provided to us by InnVest, its subsidiaries, or their respective trustees, directors, officers, associates, affiliates, consultants, advisors and representatives (collectively, the “**Information**”). The Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. We have not been requested to, nor, subject to the exercise of professional judgment, have we attempted to verify independently the completeness, accuracy or fair presentation of the Information. In preparing the Opinion, Trimaven has made a number of assumptions, including that all of the conditions required to complete the Issuer Bid will be met and that there shall be no significant change in the distribution of the holdings of the Convertible Debentures as a result of the Issuer Bid other than as a result of purchases by InnVest under the Issuer Bid. In addition, several other assumptions were made with respect to industry performance, general business, capital market and economic conditions. Trimaven is not a legal, tax or

accounting expert and we express no opinion concerning any legal, tax or accounting matters concerning the Issuer Bid. Trimaven also expresses no opinion as to the value at which the Convertible Debentures may trade following completion of the Issuer Bid. The Opinion is rendered relying on the state of the securities market (including, but not limited to, trading volumes), economic, and general business and financial conditions prevailing as at the date hereof and affecting InnVest and the Convertible Debentures at the date hereof. Trimaven disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Trimaven after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Trimaven reserves the right to change, modify or withdraw the Opinion. The preparation of an Opinion is a complex process and is not necessarily capable of being partially analyzed or summarized. Trimaven believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, may create an incomplete view of the process underlying the Opinion. The Opinion should be read in its entirety. The Opinion is not to be construed as a recommendation to any holder of Convertible Debentures as to whether to tender their Convertible Debentures to the Issuer Bid. The Opinion does not constitute an opinion concerning the fairness, from a financial point of view, of the consideration offered to holders of Convertible Debentures pursuant to the Issuer Bid.

Definition of “Liquid Market”

For purposes of the Opinion the phrase “liquid market” has the meaning ascribed thereto in MI 61-101.

Conclusion

Based upon and subject to the foregoing, Trimaven is of the opinion that, as of the date hereof: (i) a liquid market exists for the holders of the Convertible Debentures at the time of the announcement of the Issuer Bid; and (ii) it is reasonable to conclude that, following the completion of the Issuer Bid in accordance with its terms, there will be a market for holders of the Convertible Debentures who do not tender to the Issuer Bid that is not materially less liquid than the market that existed at the time of the making of the Issuer Bid.

Yours very truly,

(signed) *“Trimaven Capital Advisors Inc.”*

Trimaven Capital Advisors Inc.

Any questions and requests for assistance may be directed to the

Proxy Solicitation and Information Agent:



KINGSDALE
Shareholder Services

The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2
www.kingsdaleshareholder.com

North American Toll Free Phone:

1-888-518-6832

Email: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272

The Depository for this Offer is:


Computershare Investor Services Inc.

By Regular Mail:

Computershare Investor Services Inc.
P.O. Box 7021
31 Adelaide Street East
Toronto, Ontario
M5C 3H2
Attention: Corporate Actions

By Hand, Courier or Registered Mail

Computershare Investor Services Inc.
100 University Avenue
8th Floor
Toronto, Ontario
M5J 2Y1
Attention: Corporate Actions

Toll Free: 1-800-564-6253

E-Mail: corporateactions@computershare.com