



NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

and

MANAGEMENT INFORMATION CIRCULAR

**ANNUAL AND SPECIAL MEETING OF UNITHOLDERS
TO BE HELD ON JUNE 5, 2013**

May 8, 2013

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

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NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

TO: THE UNITHOLDERS OF INNVEST REAL ESTATE INVESTMENT TRUST

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

on **Wednesday, June 5, 2013**
at **4:00 p.m. (Toronto time)**
at the **St. Andrew's Club & Conference Centre, 150 King Street West, 16th Floor (Conservatory Suite) Toronto, Ontario M5H 1J9**

for the following purposes:

- to receive the consolidated financial statements of the REIT for the year ended December 31, 2012 and the auditors' report thereon;
- to appoint the auditors of the REIT and authorize the trustees of the REIT ("Trustees") to fix the remuneration of the auditors;
- to consider, and if thought appropriate, pass a resolution fixing the number of Trustees at seven and authorizing the Board of Trustees to change the number of Trustees from time to time within the minimum and maximum specified in the declaration of trust governing the business and affairs of the REIT;
- to elect five Trustees;
- to consider, and if thought appropriate, pass a resolution to approve certain amendments to and the continuation of the REIT's unitholder rights plan, as described more fully in the management information circular accompanying this notice;
- to consider, and if thought appropriate, pass a resolution authorizing an amendment to the declaration of trust governing the business and affairs of the REIT to provide the REIT with the option to use "notice-and-access" and other delivery processes permitted by Canadian securities laws to send proxy-related materials to unitholders, as described more fully in the management information circular accompanying this notice; and
- to transact any other business properly before the meeting.

Unitholders of record as of the close of business on April 30, 2013 will be entitled to vote at the Meeting or at any adjournment thereof.

Whether or not you plan to attend the Meeting in person, please complete the enclosed form of proxy and return it in the postage prepaid envelope to Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1. To be effective, your proxy must be received by Computershare Trust Company of Canada no later than 4:00 p.m. (Toronto time) on Monday June 3, 2013 or such later time as the Chairman of the Meeting may determine.

By order of the Board of Trustees,

(signed) *Anthony Messina*

Anthony Messina
President and Chief Executive Officer

Toronto, Ontario
May 8, 2013

GLOSSARY OF TERMS

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

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

"Board" means the board of trustees of the REIT;

"CBCA" means the *Canada Business Corporations Act*, as may be amended from time to time;

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

"CEO" means the Chief Executive Officer of InnVest;

"CFO" means the Chief Financial Officer of InnVest;

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

"Circular" means this management information circular dated May 8, 2013 and the schedules hereto;

"CSA" means the Canadian Securities Administrators;

"CSA Governance Requirements" means, collectively, NI 58-101 and National Policy 58-201 — *Corporate Governance Guidelines* adopted by the CSA;

"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;

"Distributable Income" means, for any period, the net income of the REIT and its consolidated subsidiaries for that period determined in accordance with IFRS, adjusted (i) by adding back depreciation and amortization, amortization of fair value debt adjustments and deferred income tax expenses, (ii) by excluding any gains or losses on the disposition of any real property and any deferred income tax benefits, (iii) by deducting the amount calculated for the reserve for replacement of furniture, fixtures and equipment and capital improvements and the interest on convertible debentures that is not included in the computation of net income, and (iv) to reflect any other adjustments determined by the Board in its discretion;

"DOT Amendment Resolution" means the special resolution authorizing and approving amendments to the Declaration of Trust to provide the REIT with the option to use "notice-and-access" and other delivery processes permitted by Canadian securities laws to send proxy-related materials to Unitholders, the text of which is set out at "Business of the Meeting – VI – Amendment to the Declaration of Trust";

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

"Executive Officers" means the CEO and CFO of the REIT;

"IFRS" means International Financial Reporting Standards adopted from time to time by the International Accounting Standards Board;

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

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

"IOT" means InnVest Operations Trust, an open-ended unit trust established under the laws of the Province of Ontario;

"IOT Unit" means a non-voting trust unit of IOT;

"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;

"MD&A" means a completed Form 51-102F1 – *Management's Discussion and Analysis*;

"Meeting" means the annual and special meeting of Unitholders to be held on June 5, 2013, including any adjournment(s) or postponement(s) thereof, to conduct the business described in the Notice;

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

"Named Executive Officers" has the meaning given to that term in Form 51-102F6 – *Statement of Executive Compensation* adopted by the CSA;

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

"NI 52-110" means National Instrument 52-110 – *Audit Committees* adopted by the CSA;

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

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

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

"Notice" means the public notice of the Meeting accompanying this Circular;

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

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

"Stapled Securities Rules" means the changes announced by the Minister of Finance on July 20, 2011 in respect of the treatment under the *Income Tax Act* (Canada) of issuers of "stapled" securities (such as the Stapled Units);

"Stapled Unit" means one Unit and one IOT Unit, which traded together from January 1, 2011 through July 1, 2012;

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

"Trustee Resolution" means the ordinary resolution fixing the number of Trustees at seven and authorizing the Board to change the number of Trustees from time to time within the minimum and maximum and other limitations specified in the Declaration of Trust, the text of which is set out at "Business of the Meeting – III – Authorization of Changes to the Number of Trustees;

"Trustees" means the trustees of the REIT from time to time.

"TSX" means the Toronto Stock Exchange;

"Unit" means a trust unit of the REIT;

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

"URP Amendment Resolution" means the ordinary resolution authorizing and approving amendments to the Unitholder Rights Plan to extend the term of the Unitholder Rights Plan for another three years so that it will expire on June 5, 2016, the text of which is set out at "Business of the Meeting – V – Renewal and Amendment of the Unitholder Rights Plan";

"Westmont" means Westmont Hospitality Group, Inc.; and

"2012 Reorganization" means the series of transactions whereby, among other things, substantially all of IOT's assets and liabilities were transferred to the REIT and the Stapled Unit structure of the REIT and IOT was unwound effective on July 1, 2012, so that IOT became a wholly-owned subsidiary of the REIT, as further described in InnVest's management information circular dated December 31, 2011 and as approved by the Unitholders at the joint special meeting of the REIT and IOT held on February 23, 2012.

**INVEST REAL ESTATE INVESTMENT TRUST
MANAGEMENT INFORMATION AND PROXY CIRCULAR**

Unless otherwise indicated, all information contained herein is given as at May 8, 2013 and all dollar amounts are expressed in Canadian dollars.

SOLICITATION OF PROXIES AND VOTING AT THE MEETING

Solicitation of Proxies

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

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

The Board has fixed the close of business on April 30, 2013 as the record date for the Meeting, being the date for the determination of registered holders of Units entitled to receive notice of the Meeting. Duly executed and completed proxies must be received by the transfer agent, Computershare Trust Company of Canada, at the address set out below no later than 4:00 p.m. (Toronto time) on June 3, 2013 or, if the Meeting is postponed or adjourned, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Ontario) before the time of the Meeting.

Appointment of Proxies

Registered Unitholders

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

To be valid, the enclosed form of proxy must be dated and executed by the registered Unitholder or the officer or attorney of such registered Unitholder, duly authorized in writing. If the proxy is executed by an attorney, a copy of the instrument appointing the attorney must accompany the proxy. Proxies to be used at the Meeting may be deposited with the REIT's transfer agent, Computershare Trust Company of Canada, by no later than 4:00 p.m. (Toronto time) on June 3, 2013, or, if the Meeting is postponed or adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, unless otherwise determined by the Chairman of the Meeting in his sole discretion. Proxies may be delivered to Computershare Trust Company of Canada as follows:

In person or by courier or mail: Computershare Trust Company of Canada 100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

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

Non-Registered Unitholders

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

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

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

Non-Registered Holders who have not waived the right to receive Meeting Materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Units they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the meeting in person (or have another person attend and vote on its behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the internet. If a Non-Registered Holder wishes to attend and vote at the meeting in person (or have another person attend and vote on his or her behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions on the form and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder.
- **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Units beneficially owned by the Non-Registered Holder but which is otherwise not complete. If a Non-Registered Holder wishes to attend and vote at the meeting in person (or have another person attend and vote on its behalf), the Non-Registered Holder must insert the Non-Registered Holder's (or such other person's) name in the blank space provided. The Non-Registered Holder must complete, sign and return the form of proxy to the REIT's transfer agent, Computershare Trust Company of Canada, by no later than 4:00 p.m. (Toronto time) on June 3, 2013, or, if the Meeting is postponed or adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, unless otherwise determined by the Chairman of the Meeting in his sole discretion. Proxies may be delivered to Computershare Trust Company of Canada as follows:

In person or by courier or mail: Computershare Trust Company of Canada 100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

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

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

Revocation of Proxies

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

A Non-Registered Holder may revoke a voting instruction form (or a waiver of the right to receive the Meeting Materials and to vote) given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation that is not received by the Intermediary at least seven days prior to the Meeting.

Voting of Units Represented by Proxies

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

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

Voting at Meeting and Quorum

On May 8, 2013, there were 93,718,862 Units issued and outstanding. Each Unit entitles its holder to one vote at meetings of Unitholders. Holders of Units of record at the close of business on April 30, 2013, the record date established for notice of the Meeting, will be entitled to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, either in person or by proxy.

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the REIT, filed with securities commissions or similar authorities in Canada, are specifically incorporated by reference in this Circular:

- (a) the annual information form of the REIT dated March 22, 2013;
- (b) the audited consolidated balance sheets of the REIT as at December 31, 2012 and December 31, 2011 and the audited consolidated statements of net income (loss) and comprehensive income (loss), changes in unitholders' equity (deficit) and cash flows of the REIT for the years ended December 31, 2012 and December 31, 2011 and the respective notes thereto and auditors' reports thereon; and
- (c) the MD&A of the REIT for the year ended December 31, 2012.

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

INFORMATION REGARDING INNVEST REAL ESTATE INVESTMENT TRUST

Principal Holders of Units

To the knowledge of the Trustees and the Executive Officers, there is no direct or indirect beneficial owner of, nor any person who exercises control or direction over, Units carrying more than 10% of the votes attached to the outstanding Units.

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

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

BUSINESS OF THE MEETING

I - Financial Statements

The consolidated financial statements for the fiscal year ended December 31, 2012, together with the auditor's report thereon, were mailed to the Unitholders who requested them with the Notice and this Circular. No vote by the Unitholders is required with respect to this matter.

II - Appointment of Auditors

The Board proposes that Deloitte LLP be re-appointed as the auditors of the REIT to hold office until the close of the next annual meeting of Unitholders and that the Board be authorized to fix the remuneration of the auditors. Deloitte LLP were first appointed as auditors of the REIT on July 18, 2002.

III - Authorization of Changes to the Number of Trustees

The Declaration of Trust provides that the REIT shall have a minimum of five and a maximum of nine Trustees. The number of Trustees may be changed within such limits by the Unitholders or, if authorized by the Unitholders, by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders.

The number of Trustees is currently six. As described below under the heading "IV – Election of the Board", it is proposed that the number of Trustees be increased to seven. Additionally, the Board is seeking the flexibility to change the number of Trustees from time to time, and to appoint additional Trustees between meetings of Unitholders (within the limitations specified in the Declaration of Trust), where the Board believes such changes or appointments are in the best interest of the REIT and the Unitholders. The ability of the Board to increase the number of Trustees by up to one-third between meetings of Unitholders is consistent with the corporate governance provisions of the CBCA.

Accordingly, Unitholders are being asked to consider and, if thought fit, to pass, with or without variation, the Trustee Resolution, fixing the number of Trustees at seven and authorizing the Board to change the number of Trustees from time to time within the minimum and maximum specified in the Declaration of Trust.

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

Trustee Resolution

"BE IT RESOLVED THAT:

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

IV - Election of the Board

Term of Office

The Declaration of Trust provides that the REIT shall have a minimum of five and a maximum of nine Trustees and that a majority of the Trustees must be resident Canadians and independent. Pursuant to the Declaration of Trust, Westmont has the right to appoint one Trustee provided that it owns, in the aggregate, at least 5% of the outstanding Units. The Manager also has the right, under the Declaration of Trust, to appoint one Trustee provided that the Management Agreement is in effect and the appointment would not result in a majority of the Trustees not being independent Trustees. Westmont owns more than 5% of the outstanding Units and the Management Agreement is currently in effect. As a result, each of Westmont and the Manager has the right to appoint one Trustee. See "Interests of Informed Persons in Material Transactions – Master Hotel Management Agreement and Other Agreements". The remaining Trustees are required to be elected by a plurality of the votes cast at a meeting of Unitholders. Westmont is entitled to vote its Units for the election of the remaining Trustees.

As of the date of this Circular, there are six Trustees: Majid Mangalji (Chairman), Fereed Mangalji, Frank Anderson, Morton G. Gross, Michael P. Kitt and Minhas N. Mohamed. One of the Trustees, Majid Mangalji, is an appointee of Westmont pursuant to the Declaration of Trust and, as such, is deemed not to be an independent Trustee. He will remain a Trustee for an indefinite term until he resigns, he is replaced by Westmont or the ownership threshold specified in the Declaration of Trust is no longer met. Fereed Mangalji was appointed as a Trustee by the Manager pursuant to the Declaration of Trust and is also deemed not to be an independent Trustee. He will remain a Trustee until he resigns, he is replaced by the Manager, the Management Agreement ceases to remain in effect or his appointment would result in a majority of Trustees not being independent Trustees.

At the Meeting, it is proposed that five Trustees be elected by the Unitholders so that there are a total of seven Trustees. There are presently four elected Trustees, Messrs. Anderson, Gross, Kitt and Mohamed, each of whom ceases to hold office until the conclusion of the Meeting. Two of the current Trustees, Messrs. Anderson and Gross, are seeking re-election at the Meeting. Messrs. Kitt and Mohamed are not seeking re-election. In addition, it is proposed that three new nominees, Edward W. Boomer, Laurence S. Geller and Fernand Perreault be elected as Trustees. All nominees elected at the Meeting will, subject to the majority voting policy described below, hold office from the conclusion of the Meeting until the next annual meeting or until their successors are elected or appointed.

Majority Voting Policy

As part of its ongoing review of corporate governance practices, on April 18, 2013, the Board adopted a "majority voting policy" providing that in an uncontested election of Trustees, any nominee who receives a greater number of votes "withheld" than votes "for" will tender his or her resignation to the Chairman of the Board promptly following the Unitholders' meeting. The REIT's Compensation and Corporate Governance Committee will consider the offer of resignation and will make a recommendation to the Board on whether to accept it. In considering whether or not to recommend acceptance of the resignation, the Compensation and Corporate Governance Committee will consider all factors deemed relevant by its members. The Board will be expected to accept the resignation except in situations where considerations would warrant the applicable Trustee continuing to serve on the Board. The Board will make its final decision and announce it in a press release within 90 days following the Unitholders' meeting. A Trustee who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board or the Compensation and Corporate Governance Committee at which the resignation is considered.

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

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

Management Nominees

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

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

Name and Municipal Address	Current Principal Occupation	Date First Appointed	Units Beneficially Owned or Controlled as at May 8, 2013 (#)
Frank Anderson, FCA ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Ontario, Canada	Chairman and Chief Executive Officer, Preferred One Inc.	June 5, 2002	10,278
Edward W. Boomer ⁽⁴⁾ Ontario, Canada	Chief Investment Officer, Partners Real Estate Investment Trust	N/A	Nil
Laurence S. Geller ⁽⁴⁾ Illinois, USA	Corporate Director	N/A	Nil
Morton G. Gross, Q.C. ⁽¹⁾⁽³⁾⁽⁴⁾ Ontario, Canada	Senior partner of Borden Ladner Gervais LLP (Toronto office), a law firm	June 5, 2002	37,223
Fernand Perreault ⁽⁴⁾ Quebec, Canada	Corporate Director	N/A	Nil

Notes:

(1) Member of Investment Committee.

(2) Member of Audit Committee.

(3) Member of Compensation and Corporate Governance Committee.

(4) Independent Trustee.

Appointed Trustees Continuing in Office

The persons named below are the Trustee appointed by Westmont and the Trustee appointed by the Manager, respectively.

Name and Municipal Address	Current Principal Occupation	Date First Appointed	Units Beneficially Owned or Controlled as at May 8, 2013 (#)
Majid Mangalji ⁽¹⁾⁽²⁾ Wimbledon, England	Founder and President of Westmont, a private hotel owner and operator	June 5, 2002	8,452,652 ⁽³⁾⁽⁴⁾
Fereed Mangalji ⁽¹⁾ Singapore, Singapore	Executive Director of Westmont, a private hotel owner and operator	April 18, 2006	8,414,507 ⁽³⁾

Notes:

- (1) Member of Investment Committee.
- (2) Chairman of the Board.
- (3) Includes 2,743,235 Units controlled through Westmont, 1,106,640 Units controlled through another Westmont affiliate and 4,564,632 Units controlled through Maple Leaf Investment Holdings, L.P. Majid Mangalji and Fereed Mangalji, together, have the decision-making authority for these entities.
- (4) Majid Mangalji directly owns 38,145 Units.

Trustee Profiles

Further background information with respect to the management nominees and appointed Trustees is set forth below:

Frank Anderson, FCA is currently the Chairman and CEO of Preferred One Inc., a marketing company, and was a senior partner in a major accounting firm until his retirement in 1999. He specialized in the retail, consumer products, real estate and advertising industries. Mr. Anderson was Executive Vice-President of Hy & Zel's, a discount drug store chain, from July 2002 until January 2003 and, until February 2007, the President of LIN Solutions Inc., a consulting company. From March 2007 until June 2009 Mr. Anderson was a Senior Officer of DundeeWealth Inc., a financial services company, latterly as Vice-Chairman, Financial Administration and Operations. He was a member of the Board of DundeeWealth Inc. from June 2003 until August 2009 and the Chair of its Audit Committee from June 2003 until February 2007. Mr. Anderson is a member of the Board of Directors of the University of Toronto Press, is a governor of Portage and is the Founding Chairman of Cornerstone 52 Foundation, a charitable organization dedicated to funding children's charities. He is a Past Chair of the Heart and Stroke Foundation of Ontario. Mr. Anderson was previously a member of the boards and Chair of the Audit Committees of O. & Y. REIT and Counsel Corporation and previously a member of the board of IPICO Inc., of which he was Executive Chairman from March 2006 until December 2006. Mr. Anderson obtained an undergraduate degree in Social Economics from the University of Glasgow, his C.A. designation from the Institute of Chartered Accountants of Scotland and was elected a Fellow of the Institute of Chartered Accountants of Ontario in 1997.

Edward W. Boomer is the Chief Investment Officer of Partners Real Estate Investment Trust. Mr. Boomer has over 20 years of experience in commercial real estate including as the Founder and President of Reference Realty Inc. Prior to establishing Reference Realty Inc. in 2001, Mr. Boomer held leadership positions including as Managing Director, Canadian Operations for Kimco Realty Corp. and Vice-President & Territory Risk Manager for GE Real Estate and currently sits on the Board of Directors and Audit Committee of Timbercreek Mortgage Investment Corporation. Mr. Boomer holds a LLB from Queen's University and a Bachelor of Arts (Economics) from Glendon College. Mr. Boomer has been a Member of The Law Society of Upper Canada since 1991.

Laurence S. Geller has over 40 year of experience in the lodging industry most recently as President and Chief Executive Officer of Strategic Hotels, a company he founded in 1997. Prior to Strategic Hotel Capital, L.L.C., Mr. Geller was Chairman and Chief Executive Officer of Geller & Co., a gaming, tourism and lodging advisory company he founded in 1989. Geller & Co. specialized in domestic and international hotel, corporate and real estate development, financing and structuring. Previously, Mr. Geller held positions as Executive Vice President and Chief Operating Officer of Hyatt Development Corporation, Senior Vice President of Holiday Inns, Inc. and Director of Grand Metropolitan Hotels in London. Mr. Geller is a former Vice Chairman of the Urban Land Institute's Commercial and Retail Council and has held the position of Chairman of the Industry Real Estate Financing Advisory Council of the American Hotel and Lodging Association. Mr. Geller serves on the boards of Children's Memorial Hospital, the American Jewish Committee and the Chicago Convention & Tourism Bureau. He also serves on the President's Council of the Midwest Region of the U.S. Fund for UNICEF. Mr. Geller is Chairman of the Board of Trustees for the Churchill Centre and serves on its Executive Committee. Mr. Geller is Ambassador for North America for the Hotel and Catering Institutional Management Association of the U.K. Mr. Geller is a graduate of Ealing Technical College's school of hotel management and catering and in May 2011 was appointed Chancellor of West London University, the successor to Ealing Technical College. On December 31, 2011, Mr. Geller was named a Commander of the Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II. Mr. Geller previously served on the Board of Directors and Audit Committee of Gaylord Entertainment from 2002 until July 2006.

Morton G. Gross, Q.C. is a senior partner in the Toronto office of the law firm of Borden Ladner Gervais LLP, where he practises in the areas of commercial and real estate law, including in the area of hotels and hospitality. Mr. Gross is the Chair of his firm's Public Private Partnership Group and formerly Chair of the National Real Estate Practice Group. Mr. Gross was Director and Chair of Corporate Governance and Human Resources Committee of Cadillac Fairview Corporation from 1996 to 2002. Mr. Gross holds a Bachelor of Laws degree from the University of Toronto and was called to the Ontario Bar in 1967.

Fernand Perreault has over 30 years of experience in the field of real estate. From 1995 to December 2009, Mr. Perreault held senior managerial positions at the Caisse de dépôt et placement du Québec including serving as Interim President and Chief Executive Officer where he supervised real estate investments and coordinated activities of its real estate subsidiaries where he sat as Chairman of each subsidiary's board of directors. From 1987 to 1995 Mr. Perreault was President and Chief Executive Officer of SITQ's Real Estate group where he was instrumental in its growth, playing a key role in propelling it to the rank of leader in Quebec. He also spent several years at the Canada Mortgage and Housing Corporation. Mr. Perreault studied at the University of Ottawa where he obtained a law degree. Mr. Perreault is a Trustee of BTB Real Estate Investment Trust.

Majid Mangalji is Founder and President of the Westmont Group, which started its hospitality business approximately 30 years ago. Mr. Mangalji has been involved in all aspects of the development of the Westmont Group. During this period, it has grown from a single hotel to become one of the largest private hotel owner/operators in the world with a significant presence in North America, Europe, and Asia. As the head of this global hotel group, Mr. Mangalji has developed an extensive knowledge of international hospitality markets, investing and operating in these markets and has created strong relationships with major international hotel brands, leading financial institutions, and investment funds. Mr. Mangalji sits on the boards of the principal hospitality companies in which the Westmont Group invests. He is the Chairman of the REIT and has a seat on the board of IREFAC (Industry Real Estate Financing Advisory Council). Mr. Mangalji holds a business degree with a double major in accounting and marketing from the University of Bradford, England.

Fereed Mangalji is a Principal and Executive Director of Westmont Group, and has been with the company for approximately 20 years. Mr. Mangalji oversees all facets of the company with a primary focus on the company's US and Canadian portfolios including overseeing all of Westmont's substantial investment projects and asset management group. During his tenure, Mr. Mangalji has been one of the key players in the dramatic growth of Westmont from a hotel owner/operator into one of the world's largest global hotel real estate investment companies. Mr. Mangalji has extensive familiarity and experience in both the real estate and hospitality industries and has a strong background in complex deal structuring, public to private acquisitions, mezzanine debt acquisitions, operational repositioning and asset work-outs. Mr. Mangalji holds a degree from Harvard University. Prior to joining the Westmont team, Mr. Mangalji worked in the real estate group at Bankers Trust in New York. Mr. Mangalji is also a member of the Young Presidents Organization.

Corporate Cease Trade Orders or Bankruptcies

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

Mr. Frank Anderson was a director of IPICO Inc. when it filed a proposal under the *Bankruptcy and Insolvency Act* (Canada) on February 18, 2011. The proposal was approved by an order of the Ontario Superior Court of Justice on March 17, 2011. Mr. Anderson resigned as a director of IPICO Inc. on March 24, 2011.

V – Renewal and Amendment of Unitholder Rights Plan

In order to ensure, to the extent possible, that Unitholders are treated fairly in connection with any take-over bid and to ensure that the Board is provided with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to maximize Unitholder value, the REIT entered into a fourth amended and restated unitholder rights plan agreement (the "**Unitholder Rights Plan**") with Computershare Trust Company of Canada, as rights agent, on July 1, 2012.

The Unitholder Rights Plan will expire in accordance with its terms on June 16, 2013 unless it is amended to permit an extension of its term as provided in the URP Amending Agreement referred to below. Accordingly, as required by the rules of the TSX, the REIT is seeking the approval of the extension of the term of the Unitholder Rights Plan for another three years to June 5, 2016. Other than some minor housekeeping items that are not material, the terms of the Unitholder Rights Plan will remain unchanged. The Board has determined that it is in the best interests of Unitholders and the REIT that the Unitholder Rights Plan be amended so that the benefits to Unitholders pursuant to the plan continue.

Unitholders are being asked to consider and, if thought fit, to pass, with or without variation, the URP Amendment Resolution, authorizing and approving amendments to the Unitholder Rights Plan following the Meeting to extend the term of the Unitholder Rights Plan for another three years so that it will expire on June 5, 2016. As noted above, the operative terms of the Unitholder Rights Plan will otherwise remain unchanged.

The proposed amendments to the Unitholder Rights Plan would be effected by the execution of an amending agreement substantially in the form attached as Schedule C (the "**URP Amending Agreement**") to this Circular and would require the approval of a majority of the votes cast by Independent Unitholders (as defined in the Unitholder Rights Plan) represented at the Meeting, present in person or by proxy. At the date of this Circular, the REIT believes that all Unitholders are Independent Unitholders. If the URP Amendment Resolution is approved by Unitholders at the Meeting, the REIT will submit the URP Amending Agreement to the TSX for approval. The text of the URP Amendment Resolution is set out below. **Unless the Unitholder specifies in the accompanying form of proxy that persons named therein are to vote against the URP Amendment Resolution, such persons intend to vote for the URP Amendment Resolution. The Trustees unanimously recommend that Unitholders vote in favour of the URP Amendment Resolution.**

URP Amendment Resolution

"BE IT RESOLVED THAT:

1. InnVest Real Estate Investment Trust (the "**REIT**") is hereby authorized to extend the term of the fourth amended and restated unitholder rights plan between the REIT and Computershare Trust Company of Canada, as rights agent, dated July 1, 2012 (the "**Unitholder Rights Plan**") for three years so that it will expire on June 5, 2016;
2. any trustee or officer of the REIT (an "Authorized Person") are hereby authorized and directed to enter into, execute and deliver an amending agreement in respect of the proposed extension of the term of the Unitholder Rights Plan, substantially in the form of the amending agreement attached as Schedule C to the management information circular of the REIT dated May 8, 2013, with such changes as such Authorized Person may deem necessary or advisable to carry out the intention of the resolution set forth in paragraph 1, such determination to be conclusively evidenced by the execution and delivery of such amending agreement; and
3. any Authorized Person is hereby authorized to enter into, execute or cause to be executed on behalf of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, or cause to be done all such other acts and things, as such Authorized Person shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing.

VI – Amendment to the Declaration of Trust

Unitholders are being asked to consider and, if thought fit, to pass, with or without variation, the DOT Amendment Resolution, authorizing and approving amendments to the Declaration of Trust following the Meeting to provide the REIT with the option to use "notice-and-access" and other delivery processes permitted by Canadian securities laws to send proxy-related materials to Unitholders in connection with future Unitholder meetings.

On February 11, 2013, amendments to NI 51-102 and NI 54-101 came into force that permit reporting issuers to make proxy-related materials (such as the Meeting Materials) available to securityholders using "notice-and-access" delivery processes. Under the notice-and-access regime, a reporting issuer is not required to deliver paper copies of its management information circular (and, if applicable, other proxy-related materials) to all securityholders entitled to receive notice of a meeting if it:

- (a) files the information circular (and other proxy-related materials) on SEDAR (www.sedar.com) and posts them on a website that is not SEDAR; and
- (b) sends to all registered and beneficial securityholders entitled to receive notice of the meeting:
 - (i) a notice that (A) contains basic information about the meeting and the matters to be voted on, (B) explains in plain language the notice-and-access process, including how to access the electronically posted materials, and (C) explains how to obtain a paper copy of the information circular (and, if applicable, the reporting issuer's annual financial statements and annual MD&A); and
 - (ii) a form of proxy or voting instruction form for use at the meeting.

Use of the notice-and-access regime can save a reporting issuer significant printing and mailing costs while ensuring that proxy-related materials remain easily accessible to securityholders.

The ability of a reporting issuer to access the notice-and-access regime is subject to the requirements of its governing documents and/or legislation, which in the case of the REIT is the Declaration of Trust. While the REIT is not governed by any corporate legislation, the corporate governance provisions of the Declaration of Trust are modeled on the corporate governance provisions in the CBCA. In particular, section 14.7 of the Declaration of Trust requires that:

"Prior to each annual and special meeting of Unitholders, the Trustees shall provide the Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the *Canada Business Corporations Act* and as required by applicable tax and securities laws."

Unlike the corporate statutes in many of the Canadian provinces, such as Ontario, Quebec and British Columbia, the CBCA does not currently permit securityholder documents, such as information circulars and other proxy-related materials, to be delivered electronically except with the prior consent of the applicable securityholder. On February 15, 2013, Industry Canada, which administers the CBCA, announced that corporations governed by the CBCA can apply for an exemption to permit them to use the notice-and-access regime. Since the REIT is not a corporation governed by the CBCA it cannot apply for such an exemption. Accordingly, the REIT proposes to amend the Declaration of Trust to permit the use of notice-and-access delivery processes or other delivery process permitted under applicable securities laws in effect from time to time in connection with future Unitholder meetings, notwithstanding the requirements of the CBCA.

The proposed amendments to the Declaration of Trust would be effected by the execution of an amending agreement substantially in the form attached as Schedule D to this Circular and would require the approval of two-thirds of the votes cast by Unitholders represented at the Meeting, present in person or by proxy. The text of the DOT Amendment Resolution is set out below. **Unless the Unitholder specifies in the accompanying form of proxy that persons named therein are to vote against the DOT Amendment Resolution, such persons intend to vote for the DOT Amendment Resolution. The Trustees unanimously recommend that Unitholders vote in favour of the DOT Amendment Resolution.**

DOT Amendment Resolution

"BE IT RESOLVED THAT:

1. any amendments to the fourth amended and restated declaration of trust (the "**Declaration of Trust**") of InnVest Real Estate Investment Trust (the "**REIT**") dated July 1, 2012 to permit the REIT to make proxy-related materials of the REIT available to securityholders using "notice-and-access" procedures or other procedures, in each case that are permitted under applicable securities laws that are in effect from time to time, are hereby authorized and approved;
2. the trustees of the REIT (the "**Trustees**") are hereby authorized and directed to enter into, execute and deliver an amending agreement in respect of the Declaration of Trust, substantially in the form of the amending agreement attached as Schedule D to the management information circular of the REIT dated May 8, 2013, with such changes as the Trustees may deem necessary or advisable to carry out the intention of the resolution set forth in paragraph 1, such determination to be conclusively evidenced by the execution and delivery of such amending agreement; and
3. any Trustee or officer of the REIT is hereby authorized to enter into, execute or cause to be executed on behalf of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, or cause to be done all such other acts and things, as such Trustee or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing."

**INFORMATION REGARDING THE
BOARD OF TRUSTEES**

Number of Board and Committee Meetings held during Fiscal 2012

Board or Committee	Number of Meetings
Board	14
Audit Committee	5
Compensation and Corporate Governance Committee	3
Investment Committee	0
Independent Trustees	8
Total Number of Meetings Held	30

Compensation of the Trustees

For fiscal 2012, compensation for all Trustees was composed of (i) annual board retainer fees, (ii) annual retainers for the Chairman and Chairs of committees of the Board, and (iii) meeting fees. The annual board retainer fee for all Trustees is \$45,000. In addition, the annual retainer fee for the Chairman and Chairs of committees of the Board is \$10,000, except for the Chair of the Audit Committee whose annual retainer fee is \$12,500. Trustees are paid a fee of \$1,000 per board or committee meeting attended in person and \$500 per telephone meeting. Trustees are not granted restricted units nor are Trustees entitled to annual cash bonuses.

Under the Declaration of Trust, the Trustees' compensation can only be changed by unanimous consent of the Trustees. Trustees who are employees of, and who receive salary from, the REIT or any of its subsidiaries are not entitled to receive any remuneration for their services as Trustees but are entitled to reimbursement of their out-of-pocket expenses. Other than the payment of one-half of the annual retainer fees in Units as described below, all other fees paid to Trustees are paid in cash. For the year ended December 31, 2012, all fees in relation to Trustee compensation totalled \$413,500.

Trustees are paid 50% of their annual retainer fees in Units (based on the then-current market price of REIT, calculated as the volumetric weighted average trading price of REIT over the last five trading days of each fiscal quarter). InnVest has reserved a maximum of 350,000 Units for this purpose. The balance in this reserve account as at May 8, 2013 is 189,942 Units. An aggregate of 160,058 Units (being equal to approximately 0.2% of the issued and outstanding Units as of the date hereof) have been issued as annual compensation to the Trustees to date.

Following the announcement of the Stapled Securities Rules in July 2011, the REIT suspended the issuance from treasury of additional Units in payment of the Trustees' annual compensation because further issuances of Units to the Trustees could have jeopardized IOT's grandfathering from the Stapled Securities Rules during the applicable transition period. Accordingly, from July 2011 until July 2012, the REIT satisfied its obligations by cash payment of 100% of the Trustees' compensation. The REIT resumed issuing Units to the Trustees in respect of 50% of their compensation following completion of the 2012 Reorganization in July 2012.

The following chart summarizes the compensation paid to each Trustee for services as a trustee of the REIT during the financial year ended December 31, 2012.

Trustee	Cash-based compensation (\$)	Unit-based compensation (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Frank Anderson	\$62,438	\$21,562	-	-	-	-	\$84,000
Morton G. Gross	51,875	20,625	-	-	-	-	72,500
Michael P. Kitt ⁽¹⁾	50,125	16,875	-	-	-	-	67,000
Minhas N. Mohamed ⁽¹⁾	51,125	16,875	-	-	-	-	68,000
Majid Mangalji	44,875	20,625	-	-	-	-	65,500
Fereed Mangalji	39,625	16,875	-	-	-	-	56,500
Totals	\$300,063	\$113,437	-	-	-	-	\$413,500

Notes:

(1) Not seeking re-election at the Meeting.

None of the Trustees has options or other unvested unit-based awards outstanding as at December 31, 2012, nor have any such equity-based awards vested during the year then ended.

InnVest's Trustee compensation program supports the REIT's ability to attract and retain high quality individuals to serve as members of the Board and promotes alignment of interests with Unitholders through the use of unit-based compensation.

Trustee Attendance Record

Trustees	Board Meetings Attended	Committee	Committee Meetings Attended	Independent Trustee Meetings Attended	Total Meetings Attended
Frank Anderson ⁽¹⁾	14 of 14	Audit Governance	5 of 5 3 of 3	7 of 8	29
Morton G. Gross ⁽¹⁾	14 of 14	Governance	3 of 3	8 of 8	25
Michael P. Kitt ⁽¹⁾⁽²⁾	14 of 14	Audit Governance	5 of 5 3 of 3	8 of 8	30
Minhas N. Mohamed ⁽¹⁾⁽²⁾	12 of 14	Audit Governance	5 of 5 3 of 3	8 of 8	28
Majid Mangalji	12 of 14				12
Fereed Mangalji	12 of 14				12

Notes:

(1) Independent Trustee.

(2) Not seeking re-election at the Meeting.

Independent Trustee Matters

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

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

Committees of the Board

There are currently the following three Committees of the Board: the Investment Committee, the Audit Committee and the Compensation and Corporate Governance Committee. The composition of each Committee will change following the Meeting as Michael P. Kitt and Minhas N. Mohamed are not seeking re-election at the Meeting and it is proposed that three new nominees, Edward W. Boomer, Laurence S. Geller and Fernand Perreault, will be elected.

Investment Committee

All of the Trustees were members of the Investment Committee for the fiscal year ended December 31, 2012. The Investment Committee's primary duties and responsibilities include (i) reviewing and approving or rejecting proposed acquisitions and dispositions of investments by the REIT, (ii) authorizing proposed transactions, and (iii) approving all financing arrangements and the assumption or granting of any mortgage.

Audit Committee

The current members of the Audit Committee are Frank Anderson (chair), Michael P. Kitt and Minhas N. Mohamed, all of whom are independent Trustees. The Audit Committee's primary duties and responsibilities include (i) reviewing the REIT's internal control procedures with the auditors and management, (ii) reviewing the engagement and the independence of the REIT's auditors, (iii) reviewing and recommending to the Trustees for their approval the annual and quarterly financial statements and management's discussion and analysis of financial condition and results of operations, (iv) reviewing and discussing changes to the application of accounting principles with management and the auditors, (v) overseeing the work of the external auditors in respect of the consolidated financial statements of the REIT, (vi) reviewing and discussing other financial disclosure with management and the auditors, and (vii) reviewing related party transactions.

Information about the REIT's Audit Committee, including the full text of the Audit Committee's charter, the composition of the Audit Committee, the relevant education and experience of members of the Audit Committee and other information regarding the Audit Committee's functions and policies, and a summary of the fees paid by the REIT for external auditor services are set out under the heading "Audit Committee" in the REIT's annual information form for the year ended December 31, 2012, dated March 22, 2013, available under the REIT's profile at www.sedar.com, and such information is incorporated by reference herein.

Compensation and Corporate Governance Committee

The current members of the Compensation and Corporate Governance Committee are Morton G. Gross (chair), Michael P. Kitt, Minhas N. Mohamed and Frank Anderson, all of whom are independent Trustees. The primary duties and responsibilities of the Compensation and Corporate Governance Committee include (i) developing the corporate governance policy of the Board, and (ii) developing the REIT's human resources and compensation policies.

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

	Independent	Relevant Skills and Experience
Morton G. Gross, Chair	Yes	Senior law partner and previous board member and Chair of Corporate Governance and Human Resources Committee of another public company
Frank Anderson	Yes	Experience as President and CEO and previous board member of other public companies
Michael P. Kitt	Yes	Experience as an executive at several large real estate companies
Minhas N. Mohamed	Yes	Experience as President and CEO and previous board member of other public companies

STATEMENT OF EXECUTIVE COMPENSATION

This Statement of Executive Compensation describes the compensation programs of InnVest in respect of its Named Executive Officers. For the year ended December 31, 2012, InnVest's Named Executive Officers were:

- Anthony Messina, President and CEO
- George Kosziwka, CFO
- Kenneth Gibson, former President and CEO
- Tamara Lawson, former CFO

Mr. Messina was named interim CFO effective July 4, 2012 following the resignation of Ms. Lawson. Upon the retirement of Mr. Gibson on December 7, 2012, Mr. Messina was named interim President and CEO and George Kosziwka, who formerly held the role of Vice President, Finance, was named CFO.

Compensation Discussion & Analysis

Compensation Decision-Making Process

It is the responsibility of the Compensation and Corporate Governance Committee to review and recommend to the Board annually the compensation proposed to be paid to the CEO and the CFO of InnVest and to make recommendations to the Board concerning annual bonus levels and grants under InnVest's long-term incentive plan. The Compensation and Corporate Governance Committee also reviews such human resources and compensation issues as it considers appropriate, and retains consultants from time to time to provide advice regarding InnVest's compensation strategy and programs. In March 2013, the Compensation and Corporate Governance Committee engaged Hugessen Consulting Inc. ("HCI"), professional compensation consultants, to perform a review of executive compensation within peer real estate investment trusts in Canada and the U.S. and aid InnVest in the development and analysis of a new compensation program for its CEO. In April 2013, HCI presented its report to the Compensation and Corporate Governance Committee. This report will be used in finalizing the CEO's compensation program. See "- Named Executive Officer Employment Agreements", below. During 2011 and 2012, HCI did not provide any services to InnVest or any of its Board committees and was not paid any fees by InnVest or its affiliates.

For additional information about the Compensation and Corporate Governance Committee, see "Board – Committees of the Board – Compensation and Corporate Governance Committee", above.

Objectives of InnVest's Compensation Program

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

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

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

Name and Position	Base Salary	Annual Cash Bonus	Equity-Based Incentives	Total Direct Compensation
Anthony Messina ⁽¹⁾ President and Chief Executive Officer	50%	25%	25%	100%
George Kosziwka ⁽¹⁾ Chief Financial Officer	80%	20%	N/A ⁽²⁾	100%
Kenneth Gibson Former President and Chief Executive Officer	42%	29%	29%	100%
Tamara Lawson Former Chief Financial Officer	50%	25%	25%	100%

Notes:

- (1) Mr. Messina and Mr. Kosziwka's 2012 compensation target mix are based on their previous roles as CFO (effective July 2012) and Vice President, Finance, respectively, through December 7, 2012.
- (2) Mr. Kosziwka did not have a specified target for equity-based incentives in his role as Vice President, Finance in 2012. Annual awards, if any, were at the discretion of the Board.

Attract, Motivate and Retain Key Personnel

Compensation is a key tool in attracting, retaining and motivating individuals with the skills and commitment needed to enhance Unitholder value. The key elements of InnVest's executive compensation program that are designed to achieve this objective include:

- InnVest provides competitive overall compensation to attract and retain qualified executives. Base salary, annual cash bonus and equity-based incentives for executives were benchmarked with reference to similar positions in a comparator group at the time of the REIT's formation in 2002 and had been increased in line with inflation through 2008. The base salary paid for the CEO role has not been increased since 2008. The base salary for the CFO role was not increased in 2009 and 2010 given the challenging economic environment. In 2011, the CFO was awarded a salary increase to reflect efforts achieved to improve the REIT's balance sheet and address changes in accounting and corporate requirements. The base salary for the Vice President, Finance was not increased in 2010. Inflationary-based salary increases were awarded in 2011 and 2012.
- The three and four year vesting periods of equity-based compensation awards for Named Executive Officers promote the retention of key personnel. Unvested awards are forfeited in the event of voluntary resignation.
- Both the short-term and equity-based incentives seek to motivate Named Executive Officers by rewarding performance. Under the short-term cash bonus, the percentage of the target cash bonus actually paid is based on the performance of the REIT against pre-determined financial targets as well as personal performance goals for each Named Executive Officer.

Link Executive Compensation to Overall Performance of InnVest

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

- The amount of the annual cash bonus and the value of the restricted units awarded are based on the achievement of certain pre-determined financial targets as well as personal performance goals for each Named Executive Officer with each financial target and performance goal being established to motivate management to positively impact InnVest's overall performance.

- The Board has the discretion to alter the cash bonus and restricted unit awards as warranted in its professional judgment. The Board exercised its discretion for cash bonuses and restricted units awarded for the years 2010 and 2011. For 2010 and 2011, the Board awarded a higher level of restricted units to the CFO than the entitlement. For 2011, the Board awarded a lower level of restricted units to the CEO as compared to his entitlement. For 2012, the Board elected to award a higher cash bonus and grant of restricted units to the CEO in recognition of his efforts and appointment as CEO during the year. In addition, the Board elected to waive the vesting schedule for the restricted units awarded with such restricted units vesting immediately upon grant.

Motivate Officers to Act in the Best Interest of Unitholders

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

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

Components of Compensation

Base Salary

Annual base salary levels for the Named Executive Officers were established by the REIT at its initial public offering in 2002 following benchmarking studies performed by independent advisors. Since that time, salaries have been adjusted to reflect inflation or efforts achieved. The base salaries paid to Named Executive Officers over the past three years are set out under – "Summary Compensation Table for Named Executive Officers". In light of difficult economic and industry conditions in the last several years, the base salary paid for the CEO role has not been increased since 2008. The base salary for the CFO role was not increased in 2009 and 2010. In 2011, the CFO and Vice President, Finance were awarded salary increases to reflect efforts achieved to improve the REIT's balance sheet and address changes in accounting and corporate requirements. Salaries were not increased in 2012.

The Board is in the process of reviewing and finalizing employment agreements with the new CEO and CFO, which are expected to provide for a specified minimum annual salary subject to such increases as deemed appropriate. See "Named Executive Officer Employment Agreements". Future base salary compensation levels for the CEO and CFO may differ materially from levels in prior years.

Annual Cash Bonus

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

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

A target bonus is established for each Named Executive Officer. In 2012, the CEO role's target annual cash bonus was 70% of base salary, the CFO role's target annual cash bonus was 50% of base salary and the Vice President, Finance's target annual cash bonus was 25% of base salary. These target bonuses are reviewed by the Compensation and Corporate Governance Committee annually. The target incentive as a percentage of base salary is unchanged since 2010 for the Named Executive Officers.

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

The following table outlines the allocation of award based on the achievement of individual targets:

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

The targets for the 2012 annual cash performance bonus awarded to the Named Executive Officers were based on two criteria:

- 75% on achievement of the 2012 budgeted Distributable Income of \$0.502 per Unit.
- 25% on certain personal performance goals. Individual goals for the former CEO in 2012 included (i) improving the portfolio's market share and margins to enhance the portfolio profitability, (ii) implementing a capital investment program and disposing of non-core assets to improve the portfolio's real estate value and (iii) maintaining strong relationships and communication with investors as well as the financial and business community to achieve long-term Unit price growth. Individual goals for the CFO role in 2012 included (i) executing a financing plan to address debt maturities, (ii) implementing the 2012 Reorganization to unwind the stapled REIT corporate structure and minimize the impact of tax changes, (iii) developing and implementing a cash flow management program to improve InnVest's balance sheet liquidity, and (iv) maintaining strong relationships and communication with investors as well as the financial and business community to achieve long-term Unit price growth. Individual goals for the Vice President, Finance in 2012 included (i) assisting in the refinancing of debt maturities and the development of a cash flow management program, (ii) supporting the 2012 Reorganization to unwind the stapled REIT corporate structure, and (iii) coordinating the REIT's disposition program.

All compensation plan targets, including budgeted Distributable Income per Unit and personal performance goals, are approved by the Board at the beginning of the fiscal year at a level which, if achieved, will help generate value for Unitholders. For 2012, InnVest achieved 86% of the Distributable Income per Unit target established for the payment of annual bonuses. Certain personal performance goals were also achieved in 2012. The annual cash bonus paid to Named Executive Officers for 2012 is set out under "Statement of Executive Compensation – Summary Compensation Table for Named Executive Officers". Cash bonuses in respect of 2012 are expected to be paid in May 2013.

The following table sets out the total percentage of the target cash performance bonus achieved for each Named Executive Officer in respect of fiscal 2012.

Name and Position	Target Cash Performance Bonus (% of base salary)	Payout Range (% of base salary)	Actual 2012 Cash Performance Bonus (% of base salary)
Anthony Messina ⁽¹⁾ President and Chief Executive Officer	50%	0-50%	138%
George Kosziwka ⁽¹⁾ Chief Financial Officer	25%	0-25%	22%
Kenneth Gibson Former President and Chief Executive Officer	70%	0-70%	48%
Tamara Lawson Former Chief Financial Officer	50%	0-50%	n/a

Notes:

(1) Mr. Messina and Mr. Kosziwka's 2012 targets are based on their previous roles as CFO (effective July 2012) and Vice President, Finance, respectively, through December 7, 2012.

The Board is in the process of reviewing and finalizing employment agreements with the new CEO and CFO, which are expected to provide a target annual cash bonus based on pre-established goals. See "Named Executive Officer Employment Agreements". Future target bonus levels for the CEO and CFO may differ materially from levels in prior years. .

Equity-Based Incentives

Long-term equity-based incentives compensation, in the form of restricted units, have comprised a significant portion of the overall compensation for InnVest's CEO and CFO. The Compensation and Corporate Governance Committee believes this is appropriate as it aligns the interests of the CEO and CFO with those of Unitholders. In addition, InnVest considers retention of the CEO and CFO to be important to its long-term performance. The award of restricted units supports InnVest's retention goals because the three and four year vesting periods encourage the CEO and CFO to remain employed by InnVest over the long-term.

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

Typically, all payments made in respect of vested restricted units under the Executive Incentive Plan are satisfied through the issuance of Units. However, as a result of the Staped Securities Rules, in July 2011 InnVest suspended the issuance from treasury of additional Units in payment of vested restricted units because further issuances of Units under the Executive Incentive Plan could have jeopardized IOT's grandfathering from the Staped Securities Rules during the transition period. Accordingly, between July 2011 and July 2012 the REIT satisfied its obligations on the vesting of restricted units by cash payment in lieu of the issuance of Units. Following the completion of the 2012 Reorganization, InnVest resumed issuing Units in payment of vested restricted units.

Each year, the Compensation and Corporate Governance Committee recommends the value of restricted units to be granted to each of the Named Executive Officers, as a percentage of their base compensation, based on their achievement of predetermined criteria. Board discretion also allows for consideration of management's contribution to drivers of long term value, as well as less quantifiable indications of effort, commitment and retention. Consideration is also given to the number of restricted units granted in the previous year when granting current year restricted units. In 2012, the CEO's target for equity-based incentive compensation under the Executive Incentive Plan was 70% of base salary and the CFO's target for equity-based incentive compensation under the Executive Incentive Plan was 50% of base salary. These target awards are reviewed by the Compensation and Corporate Governance Committee annually. The 2012 target incentive as a percentage of base salary was unchanged from 2011.

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

For 2012, the value of restricted units awarded to the Named Executive Officers was based on the same criteria as described under "—Annual Cash Bonus".

The following table sets out the total percentage of the target equity-based incentive bonus achieved for each Named Executive Officer in fiscal 2012.

Name and Position	Target Restricted Units Award (% of base salary)	Payout Range (% of base salary)	Actual 2012 Restricted Units Award (% of base salary)
Anthony Messina ⁽¹⁾ President and Chief Executive Officer	50%	0-50%	55%
George Kosziwka ⁽¹⁾⁽²⁾ Chief Financial Officer	N/A ⁽²⁾	N/A ⁽²⁾	18%
Kenneth Gibson Former President and Chief Executive Officer	70%	0-70%	34% ⁽³⁾
Tamara Lawson Former Chief Financial Officer	50%	0-50%	n/a

Notes:

- (1) Mr. Messina and Mr. Kosziwka's 2012 targets are based on their previous roles as CFO (effective July 2012) and Vice President, Finance, respectively, through December 7, 2012.
- (2) Mr. Kosziwka did not have a specified target for equity-based incentives in his role as Vice President, Finance in 2012. Annual awards, if any, were at the discretion of the Board.
- (3) Mr. Gibson received an annual award of restricted units in respect of his contribution in 2012. In accordance with his retirement agreement, these restricted units vested in January 2013.

For 2012, InnVest achieved 86% of the Distributable Income per Unit target established for the payment of equity-based incentive bonuses. Certain personal performance goals were also achieved in 2012. The value of the restricted units awarded to Named Executive Officers for 2012 is set out under "— Summary Compensation Table for Named Executive Officers".

The Board is in the process of reviewing and finalizing employment agreements with the new CEO and CFO, which are expected to provide a target equity-based incentive award based on pre-established goals. See "Named

Executive Officer Employment Agreements". Future compensation levels for the CEO and CFO may not be comparable to the levels awarded to these roles in prior years.

Determination of the number of restricted units awarded is based on the market price of the Units as at the date of grant. For performance achieved in 2012, an aggregate of 32,355 restricted units were awarded to Named Executive Officers.

Compensation Program Risk Assessment

The Board, primarily through the Compensation and Corporate Governance Committee, is responsible for approving, monitoring and amending InnVest's principal compensation programs (as described above). While InnVest's compensation plans contain a significant component of variable compensation for the Named Executive Officers, InnVest's compensation plans are balanced between short-term and long-term incentives, with limits on bonuses awarded. The basic metric used by InnVest is Distributable Income for all Named Executive Officers.

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

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

InnVest issues relatively modest levels of restricted units (restricted units historically have represented less than 30% of Named Executive Officers' annual compensation packages) which vest equally over three and four years from the date of grant thus encouraging longer-term consistent improvement in net earnings.

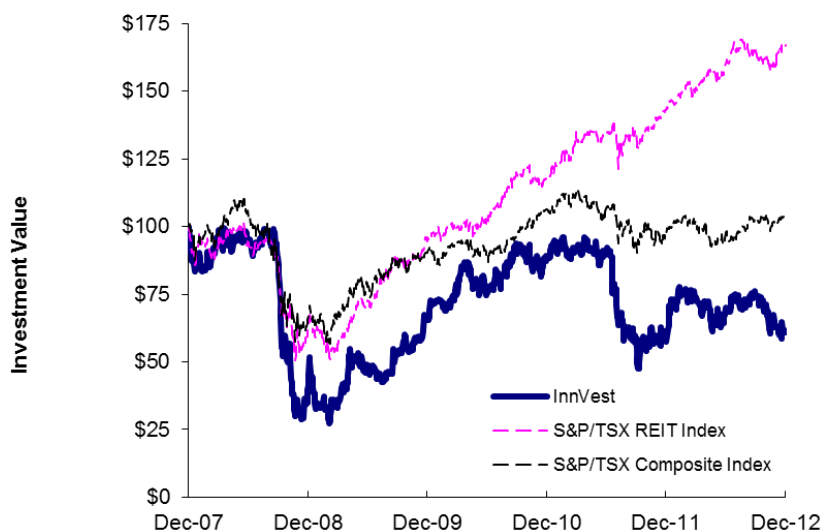
Furthermore, risk is mitigated by InnVest's strong ethical culture and the prevention of speculation in financial instruments such as hedges. As a result of the foregoing checks and balances, the Board has not identified any risks arising from InnVest's compensation policies and practices that are likely to have a material adverse effect on InnVest.

Unit Performance Graph

Since July 26, 2002, the Units have been listed and posted for trading on the TSX under the symbol "INN.UN". The following graph compares the cumulative total Unitholder return for \$100 invested in Units from December 31, 2007 (assuming distributions are reinvested in Units on the day of the distribution) with the total returns for the S&P/TSX Composite Index and the S&P/TSX REIT Index. In this section, the term "Units" refers to the Units before December 31, 2010 and after July 1, 2012, and the Stapled Units from January 1, 2011 to July 1, 2012.

	December 31					
	2007	2008	2009	2010	2011	2012
InnVest	\$100	\$42	\$66	\$89	\$58	\$61
S&P/TSX Composite Index	\$100	\$67	\$90	\$106	\$97	\$104
S&P/TSX REIT Index	\$100	\$62	\$96	\$117	\$143	\$167

**Comparison of Cumulative Total Return for Period
(December 31, 2007 to December 31, 2012)**



InnVest's Unit price improved considerably in 2009 and 2010 reflecting expectations of a recovery for the lodging industry. This growth followed unprecedented global capital markets volatility in 2008. InnVest's Unit price experienced significant declines in July 2011 following the announcement of the Stapled Securities Rules.

InnVest was one of a limited number of issuers of stapled securities impacted by the Stapled Securities Rules. In addition, investments in economically-sensitive sectors such as the lodging industry were disproportionately affected by the economic uncertainty following 2008. As a result, the Units have underperformed the broader TSX Composite and REIT Indices over the past five years, driven by the relative under-performance in (i) late 2007 through 2009, a period of significant economic uncertainty and (ii) July 2011 owing to the announcement of the Stapled Securities Rules.

Demand in the lodging industry historically has a high correlation with the economy given that spending on leisure and business travel tends to be discretionary. Intuitively, a strong economy leads to increasing corporate profits and wages, and encourages spending on business and leisure travel. Conversely, during a period of economic decline (or

even based on the fear of a decline) both business and personal customers will scale back travel spending as part of their efforts to reduce their costs. The Canadian lodging industry began seeing early signs of a recovery in late 2009 and early 2010 contributing to growth in the Unit price. This recovery stalled mid-2010 as a result of global economic uncertainty, driven by debt concerns in Greece. The Canadian lodging industry's performance was relatively stable in 2012 as compared to 2011 which translated into a stable Unit price for InnVest during the year.

The REIT's financial performance from 2007 to 2008 was relatively stable with Distributable Income per Unit, on a diluted basis, varying from \$1.102 in 2007 to \$1.115 in 2008. Financial performance in 2009 reflected the challenges posed by economic and credit market uncertainty, with Distributable Income declining to \$0.666 per Unit on a diluted basis. Notwithstanding relatively stable hotel earnings realized in 2010 as compared to the prior year, the issuance of additional Units in 2009 for the repayment of debt contributed to a further decline in Distributable Income per Unit in 2010 to \$0.469 on a diluted basis, which reflected additional Units and convertible debentures issued over the period. Financial performance improved modestly in 2011 and 2012 with Distributable Income of \$0.492 and \$0.470 per Unit on a diluted basis.

For 2008, the base salaries of the Named Executive Officers increased modestly in line with inflation. The base salary paid for the CEO role has not been increased since 2008. The base salaries for the CFO role and the Vice President, Finance were not increased in 2009 and 2010 given the challenging economic environment. In 2011, the CFO was awarded a salary increase to reflect efforts achieved to improve the REIT's balance sheet and address changes in accounting and corporate requirements. No base salary increase was awarded in 2012. Inflationary-based salary increases were awarded in 2011 and 2012.

In determining 2008 cash bonuses and the restricted units to be awarded, the Board considered the general state of the economy and expectations for 2009, resulting in reduced incentive awards to the Named Executive Officers in 2008. Similarly, in awarding cash bonuses and restricted units for 2009 the Board considered the difficult economic environment, the hotels' relative performance compared to the broader lodging industry and efforts achieved to improve the REIT's balance sheet. Bonuses awarded for the years 2010, 2011 and 2012 reflected the REIT's achievement of pre-established objectives at the beginning of each year. Bonuses awarded to the CEO in 2012 also reflected his efforts and appointment to his role during the year.

Summary Compensation Table for Named Executive Officers

The table below sets forth the compensation paid by the REIT to the Named Executive Officers for services rendered in all capacities to the REIT in respect of the years ended December 31, 2010 through December 31, 2012.

Name & Principal Position	Year	Salary ⁽³⁾ (\$)	Unit-based awards ⁽⁴⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other comp (\$)	Total comp (\$)
					Annual ⁽⁵⁾ (\$)	Long-Term			
Anthony Messina ⁽¹⁾	2012	\$72,579	\$38,800	-	\$100,000	-	-	-	\$211,379
President and Chief Executive Officer	2011	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
George M. Kosziwka ⁽²⁾	2012	\$225,089	\$44,484	-	\$50,000	-	-	-	\$319,573
Chief Financial Officer and Corporate Secretary	2011	227,380	29,859	-	50,600	-	-	-	307,839
	2010	222,922	31,939	-	45,000	-	-	-	299,861
Kenneth D. Gibson ⁽⁶⁾	2012	\$193,403	\$93,480	-	\$100,000	-	-	\$1,014,104	\$1,400,987
Former President and Chief Executive Officer	2011	206,650	106,709	-	107,400	-	-	31,493	452,252
	2010	206,650	130,171	-	100,000	-	-	35,608	472,429
Tamara L. Lawson ⁽⁷⁾	2012	\$69,578	-	-	-	-	-	-	\$69,578
Former Chief Financial Officer and Corporate Secretary	2011	139,155	87,350	-	58,500	-	-	-	285,005
	2010	129,155	75,797	-	52,000	-	-	-	256,952

Notes:

- (1) Anthony Messina was named interim CFO effective July 4, 2012. He was subsequently appointed to the role of interim President and CEO on December 7, 2012.
- (2) George Kosziwka was appointed as CFO effective December 7, 2012. He previously served as Vice President, Finance of InnVest.
- (3) In their former roles as CEO and CFO, respectively, Mr. Gibson and Ms. Lawson were required to devote at least 50% of their time to managing the affairs of InnVest in accordance with their employment agreements. The salaries disclosed for Mr. Gibson and Ms. Lawson reflects this 50% allocation. The salary disclosed for Mr. Messina reflects the same base salaries and 50% allocation to the REIT as of the former CEO and CFO for the period of his appointments in each role. Future compensation for his role as CEO may differ materially from compensation levels for this role in prior years. Prior to his appointment as CFO, Mr. Kosziwka dedicated 100% of his time to the management of InnVest. In connection with his appointment as CFO, Mr. Kosziwka also took on a role with the Manager and is thereafter required to devote at least 50% of his time to managing the affairs of InnVest. The salary disclosed for Mr. Kosziwka in his role as CFO reflects the same base salary and 50% allocation to the REIT as of the former CFO for the period of his appointments. Future compensation for his role as CFO may differ materially from compensation levels for this role in prior years. See "—Allocation of Executive Compensation to InnVest" and "—Named Executive Officer Employment Agreements".
- (4) Represents the dollar amount of restricted units awarded for services performed for the corresponding calendar year plus the value of the cash distributions paid on restricted units, assuming the reinvestment of distributions paid during the year. The amounts in this column represent the grant date fair value of restricted units granted and may not represent the amounts the Named Executive Officers will actually realize from the awards. Restricted units awarded for the year were valued based on a fair value of \$4.85 per Unit for 2012 awards, \$4.72 per Unit for 2011 awards and \$6.72 per Unit for 2010 awards (\$6.79 per Unit for George Kosziwka in his capacity as Vice President, Finance). The restricted unit awards for 2012, 2011 and 2010 were valued based on the Unit closing price on the TSX on each grant date. For each of the years presented, restricted units awarded through the assumed reinvestment of distributions were valued based on the closing Unit price on the date of distributions in each month.
- (5) Non-equity incentive plan compensation includes the annual cash bonus paid to the Named Executive Officers. Such bonuses, by their terms and subject to the discretion of the Board, are typically payable in the first half of the year following the fiscal year to which they relate.
- (6) Kenneth Gibson retired as President and CEO on December 7, 2012. All Other Compensation for 2012 includes \$971,741 in retirement payments awarded to Mr. Gibson, which will be paid in the first five months of 2013. All Other Compensation for the years presented also includes equalization payments made to compensate for the personal taxation difference between what his after-tax income would be in the United States of America as opposed to Canada. The equalization payment is a benefit to which Mr. Gibson was entitled as a result of his employment agreement with InnVest.
- (7) Tamara Lawson resigned as CFO effective July 4, 2012.

Allocation of Executive Compensation to InnVest

The current and former CEO and the former CFO of InnVest were or are, as applicable, also employed by the Manager. They were or are, as applicable, compensated separately by InnVest and the Manager for their respective roles. The total base salary paid by InnVest presupposes that each of those individuals allocates 50% of his or her time to management of InnVest. The base salary amounts indicated in the above summary compensation table for the current and former CEO and the former CFO represent only amounts allocated to InnVest. This approach ensures that the CEO and CFO are appropriately compensated for their performance at InnVest and provides better alignment between the Unitholders' interests and those of the applicable executive.

Prior to his appointment as CFO on December 7, 2012, Mr. Kosziwka dedicated 100% of his time to the management of InnVest and was paid directly by InnVest. In connection with his appointment as CFO, Mr. Kosziwka also took on a role with the Manager and is required to allocate 50% of his time to management of the Manager. The base salary amount indicated in the above summary compensation table for Mr. Kosziwka represents 100% of his salary as Vice President, Finance and a 50% allocation of his salary since his appointment as CFO. Upon finalization of his new employment agreement (see "–Named Executive Officer Employment Agreements"), Mr. Kosziwka's compensation allocation may change to reflect the change in the allocation of his time to the management of InnVest.

Incentive Plan Awards

Outstanding Unit-Based Awards Table for Named Executive Officers

The unit-based awards and incentive plan awards made for each Named Executive Officer of the REIT during the year ended December 31, 2012 are summarized in the table below.

	Option-based awards				Unit-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of units that have not vested ⁽¹⁾ (#)	Market or payout value of unit-based awards that have not vested ⁽²⁾ (\$)	Market or payout value of vested unit-based awards not paid out or distributed (\$)
Anthony Messina	-	-	-	-	-	-	-
George M. Kosziwka	-	-	-	-	16,607	\$ 68,587	-
Kenneth D. Gibson	-	-	-	-	82,066	338,934	-
Tamara L. Lawson	-	-	-	-	-	-	-

Notes:

(1) As at December 31, 2012. Includes the restricted units accumulated through distributions since the restricted units were granted.

(2) Calculation is based on a Unit price of \$4.13 which is the closing price on December 30, 2012 on the TSX.

Incentive Plan Awards – Value Vested or Earned During the Year

	Option-based awards – Value vested during the year (\$)	Unit-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Anthony Messina	-	-	\$100,000
George M. Kosziwka	-	\$ 19,930	50,000
Kenneth D. Gibson	-	108,369	100,000
Tamara L. Lawson	-	52,792	-

Notes:

(1) Calculation is based on a Unit price of \$4.91 which was the five day weighted average Unit price on the TSX at January 16, 2012, the date the restricted units vested. The amounts reflect the vesting of 50% of the restricted units granted in each of 2008 and 2009 as well as restricted units granted in respect of distributions paid on such vested restricted units.

Named Executive Officer Employment Agreements

The Board is in the process of finalizing an employment agreement with Mr. Messina to formalize his appointment as CEO (Mr. Messina was appointed interim CEO in December 2012). Mr. Messina does not currently have a formal employment agreement with the REIT. Mr. Messina's employment agreement is expected to provide for an annual base salary, an annual cash performance bonus, an annual restricted units award, entitlement provisions in the event of a termination or change of control and any other entitlements as approved by the Board. Mr. Messina's employment agreement is also expected to address the proportionate allocation of his working day to managing the affairs of the REIT.

Mr. Kosziwka was appointed as CFO effective December 7, 2012. Prior to his appointment, Mr. Kosziwka served as the REIT's Vice President, Finance. The Board is reviewing Mr. Kosziwka's existing employment agreement in light of his change in responsibilities. This review is expected to result in changes to Mr. Kosziwka's employment agreement, which made include changes to his annual cash performance bonus and annual restricted units award eligibility, entitlement provisions in the event of a termination or change of control and any other entitlements as approved by the Board. Mr. Kosziwka's employment agreement is also expected to address the proportionate allocation of his working day to managing the affairs of the REIT.

The report on executive compensation practices presented by HCI to the Compensation and Corporate Governance Committee in April 2013 will be used by the Board in finalizing the compensation program under the CEO's new employment agreements.

As no changes to Mr. Kosziwka's existing employment agreement have yet been agreed to by Mr. Kosziwka or the Board as of the date of this Circular, the discussion below reflects the terms of Mr. Kosziwka's existing employment agreement.

Salary and Bonus Entitlements

Mr. Kosziwka's existing employment agreement provides for an annual base salary, subject to any increase which the Board may determine from time to time following their annual review of Mr. Kosziwka's base salary.

In addition to his annual base salary, Mr. Kosziwka is eligible for an annual cash performance bonus up to 25% of base salary. The performance criteria and target performance levels are established by the Board in consultation with Mr. Kosziwka prior to the beginning of each financial year.

Termination and Change of Control Entitlements

Based on his existing employment agreement, if Mr. Kosziwka is terminated by the REIT without cause, Mr. Kosziwka is entitled to receive any accrued and unpaid base salary, vacation pay, pro-rated annual bonus based on the previous year amount paid and unpaid reimbursements and a lump-sum amount equal to a minimum of 1.5 times his then current base salary, less any amounts owing by Mr. Kosziwka to InnVest. Mr. Kosziwka is also eligible to participate in and receive benefits under any employee benefit plans of InnVest for eighteen months after the REIT terminates his employment without cause. As described under "Securities Authorized for Issuance Under Equity Compensation Plans – Description of Executive Incentive Plan", those restricted units previously granted to Mr. Kosziwka and which vest no later than one year following the date of the termination notice will continue to be outstanding and, unless otherwise agreed, all other restricted units will be immediately forfeited. At December 31, 2012, the incremental payments and benefits that would be triggered as a result of Mr. Kosziwka being terminated by the REIT without cause are estimated to approximate \$450,000. Such estimates are based on Mr. Kosziwka's base salary and benefits earned in 2012, as well as the number of restricted units vesting through December 31, 2013 (based on the closing Unit price on December 30, 2012). There are no conditions to Mr. Kosziwka receiving such benefits upon termination without cause.

Mr. Kosziwka is not entitled to any payment in connection with termination for cause or resignation, except prorated annual bonus payment based on the previous year's bonus payment. Similarly, a change in control of InnVest does not automatically trigger a termination payment to Mr. Kosziwka. Upon retirement, Mr. Kosziwka is entitled to continue to participate in the Executive Incentive Plan with respect to restricted units previously granted pursuant to the plan. At December 31, 2012, the value of Mr. Kosziwka's unvested restricted units totalled \$68,587 (assuming the closing Unit price on December 30, 2012).

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The table below sets forth the securities of InnVest which were authorized for issuance under InnVest's equity compensation plans as at December 31, 2012.

Plan Category	Number of Units to be issued upon exercise of outstanding options, warrants and rights	Weighted-average price of outstanding options, warrants and rights	Number of Units remaining available for future issuance under equity compensation plans
Equity compensation plans approved by Unitholders ⁽¹⁾	100,790	N/A ⁽²⁾	848,815
Equity compensation plans not approved by Unitholders	N/A	N/A	N/A

Note:

- (1) The only equity compensation plans of InnVest in existence as at December 31, 2012 were (a) the Executive Incentive Plan and (b) section 2.9 of the Declaration of Trust which provides that 50% of the annual compensation of the Trustees shall be paid in Units. As at December 31, 2012, 642,266 Units remained available for future issuance under the Executive Incentive Plan and 206,549 Units remained available for issuance as Trustee compensation.
- (2) Restricted units granted under the Executive Incentive Plan do not have an exercise price. Instead, recipients are entitled to receive, on the vesting date of a restricted unit, an amount, payable in Units, based on the then current market value of one Unit plus the value of all distributions which would have been paid on such Unit from the date of grant of the applicable restricted unit, assuming the reinvestment of these distributions in Units.

Description of Executive Incentive Plan

The Executive Incentive Plan provides for the grant of restricted units to any officer or senior employee of the REIT or a subsidiary of the REIT who has been designated by the Compensation and Corporate Governance Committee and who has agreed to participate in the Executive Incentive Plan on terms specified by the REIT (each such

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

A maximum of 1,000,000 Units have been reserved for issuance under the Executive Incentive Plan, representing approximately 1.1% of the outstanding Units at the date of this Circular. Any increase in this maximum or other amendment to the Executive Incentive Plan is subject to regulatory approval and to Unitholder approval, if required. As at the date of this Circular, 358,173 (December 31, 2012 – 357,734) restricted units had been granted under the Executive Incentive Plan, of which 14,729 (December 31, 2012 – 100,790) were unvested, representing less than 0.1% of the outstanding Units as at the date of this Circular. The Named Executive Officers are not involved in setting or amending the Executive Incentive Plan. Previous restricted units awarded are not taken into account when considering the award of new restricted units.

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

Restricted units are not Units and do not confer on the Participant any rights associated with Units, including voting rights, entitlements to distributions or rights on liquidation. A Participant may not assign any of his or her restricted units.

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

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

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

The Compensation and Corporate Governance Committee may, in its sole discretion, at any time and from time to time amend, suspend or terminate the Executive Incentive Plan or amend the terms of any restricted unit granted

under the Executive Incentive Plan; provided, however, that the REIT must obtain any required approvals under applicable law or the TSX Company Manual. In addition, no amendment or termination shall be made at any time which materially adversely affects the existing rights of a Participant under the Executive Incentive Plan without his or her written consent, unless the REIT acquires the existing rights under the Participant's restricted units for an amount equal to the fair market value of such rights at such time, as verified by an independent valuator.

In connection with the 2012 Reorganization, the REIT amended and restated the Executive Incentive Plan as of July 1, 2012 to restore the Executive Incentive Plan as nearly as possible to the form that existed prior to the implementation of the Stapled Unit structure on December 31, 2010. None of the amendments required Unitholder approval in accordance with the terms of the Executive Incentive Plan or the rules of the TSX.

Description of Trustee Compensation Plan

Pursuant to section 2.9 of the Declaration of Trust, 50% of the Trustees' annual compensation is payable in Units (based on the then-current market price), subject to the receipt of all required regulatory approvals. Under section 2.9, the Trustees may, from time to time, unanimously adjust the amount of annual compensation payable to the Trustees without Unitholder approval; however, any amendment to section 2.9, including the obligation of the REIT to pay 50% of the Trustees' annual compensation in Units, requires the approval of two-thirds of the votes cast at a meeting of Unitholders called for that purpose. See "Board of Trustees – Compensation of the Board of Trustees" for a description of InnVest's current trustee compensation practices.

A maximum of 350,000 Units have been reserved for payment of the Trustees' annual compensation, representing approximately 0.4% of the outstanding Units as at the date of this Circular. As at the date of this Circular, 160,058 (December 31, 2012 – 143,451) Units had been granted under the Trustee Compensation Plan, representing approximately 0.2% of the outstanding Units as at the date of this Circular.

In connection with the 2012 Reorganization, the REIT amended and restated the Declaration of Trust as of July 1, 2012. The amended and restated Declaration of Trust provides that the unit-based portion of the Trustees' annual compensation will be payable in Units only, rather than Stapled Units. The amendment and restatement of the Declaration of Trust was approved by Unitholders at the joint special meeting of the REIT and IOT held on February 23, 2012.

INDEBTEDNESS OF TRUSTEES, EXECUTIVE OFFICERS AND SENIOR OFFICERS

As at the date of this Circular and during the REIT's financial year ended December 31, 2012, no current or former Executive Officer, Trustee or employee of the REIT, and no proposed nominee for election as Trustee, or any of their associates, was indebted to (i) the REIT or any of its subsidiaries, or (ii) any other entity where the indebtedness is, or was at any time during the REIT's financial year ended December 31, 2012, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the REIT or any of its subsidiaries.

TRUSTEES' AND OFFICERS' INSURANCE AND INDEMNIFICATION

The REIT maintains insurance for the benefit of the Trustees and officers against liability in their respective capacities as Trustees and officers. The annual premium paid and expensed by the REIT in respect of such insurance was approximately \$170,000. There is a per-loss deductible of \$100,000, a securities claim deductible of \$100,000, and no deductible for claims under this insurance policy for Trustees and officers as it relates to non-indemnifiable claims. As of the date of this Circular, no claim has ever been presented or paid under this policy.

The Declaration of Trust provides that the REIT shall indemnify the Trustees against all liabilities, damages, losses, debts and claims whatsoever, including costs, charges and expenses in connection therewith, incurred by the Trustee in respect of any action to which the Trustee was made a party in relation to the execution of his or her duties as a Trustee, if the Trustee acted honestly and in good faith with a view to the best interests of the REIT or, in the case of

a criminal or administrative action or proceeding that is enforced by monetary penalty, the Trustee had reasonable grounds for believing that his or her conduct was lawful.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

General

The Declaration of Trust contains "conflict of interest" provisions that are intended to provide certain protections to Unitholders 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 CBCA, 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 66% of the independent Trustees who have no interest in such transaction.

Management Agreement

In connection with the 2012 Reorganization, the Operator and InnVest entered into a second amended and restated Management Agreement with the Manager on July 1, 2012 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 expires on July 25, 2017 and is subject to one five-year renewal term thereafter, subject to the consent of the Manager and approval by the Operator. If the REIT acquires any additional hotels during the term of the Management Agreement, the Manager will manage such additional hotels in accordance with the Management Agreement for the balance of the term of the Management Agreement. The Management Agreement is subject to non-competitive arrangements for limited service hotels in Canada, essentially restricting the Manager's ability to acquire and manage competitive limited service hotels in Canada.

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, including renewal periods, in an amount equal to 3.375% of gross revenues from the REIT's hotel portfolio, calculated and payable monthly. In addition, the Manager is entitled to an annual incentive fee equal to the sum of:

- (a) 15% of the amount by which 90% of Distributable Income in any year exceeds the "First Incentive Fee Hurdle" (as described below) but is less than or equal to the "Second Incentive Fee Hurdle" (as described below);
- (b) 20% of the amount by which 90% of Distributable Income exceeds the Second Incentive Fee Hurdle but is less than or equal to the "Third Incentive Fee Hurdle" (as described below); and
- (c) 25% of the amount by which 90% of Distributable Income exceeds the Third Incentive Fee Hurdle.

The "First Incentive Fee Hurdle" is an amount equal to the product of \$1.125 per Unit multiplied by the weighted average number of Units outstanding during the relevant period. The "Second Incentive Fee Hurdle" is an amount equal to the product of \$1.275 per Unit multiplied by the weighted average number of Units outstanding during the relevant period. The "Third Incentive Fee Hurdle" is an amount equal to the product of \$1.425 per Unit multiplied by the weighted average number of Units outstanding during the relevant period. The incentive fee hurdle calculations are subject to customary anti-dilution provisions, primarily to protect the Manager, in the event of certain events including, without limitation, splits and consolidations of the Units and distributions to holders of the Units other than in the ordinary course of business resulting from, among other things, refinancings or asset sales. For example, such a distribution would lead to a proportional reduction in the incentive fee hurdles and, conversely, a consolidation of the Units would lead to a proportional increase in the incentive fee hurdles.

In addition to the base management fee and incentive fee, the Manager is entitled to (i) reasonable fees based on a percentage of the cost of purchasing certain goods and supplies for the hotel businesses and of certain construction costs and certain capital expenditures, and (ii) fees for accounting services. 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 otherwise are approved in writing by the Operator prior to being incurred by the Manager.

In consideration for services rendered in 2012, the Manager was paid approximately \$12.0 million in management fees and approximately \$6.5 million for other services.

The Manager's address is 5090 Explorer Drive, Mississauga, Ontario.

CORPORATE GOVERNANCE PRACTICES

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

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

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

EXPERTS

The audited consolidated balance sheets of the REIT as at December 31, 2012 and December 31, 2011 and the audited consolidated statements of net income (loss) and comprehensive income (loss), changes in unitholders' equity (deficit) and cash flows of the REIT for the year ended December 31, 2012 and 2011 incorporated by reference in this Circular have been audited by Deloitte LLP who have advised that they are independent with respect to the REIT within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the REIT is available on SEDAR at www.sedar.com. Financial information is provided in the REIT's comparative financial statements and MD&A for the financial year ended December 31, 2012.

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

- (a) its 2012 annual report, including management's discussion and analysis of financial and operating results;
- (b) its annual information form dated March 22, 2013, together with a copy of any document, or pertinent pages of any document, incorporated therein by reference;
- (c) its comparative financial statements for the year ended December 31, 2012, together with the notes thereto and report of its auditors thereon, and any interim financial statements subsequently filed; and
- (d) any other document incorporated by reference in this Circular under the caption "Documents Incorporated by Reference".

The REIT's Executive Director, Investor Relations may be reached at:

5090 Explorer Drive, 7th Floor
Mississauga, ON L4W 4T9
Attn: Executive Director, Investor Relations
Phone: 905-206-7100
Facsimile: 905-206-7114
Toll Free: 1-877-209-3429 (Canada & U.S.)

Website: www.innvestreit.com

BOARD OF TRUSTEES' APPROVAL

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

(signed) *Anthony Messina*

Anthony Messina
President and Chief Executive Officer

Toronto, Ontario
May 8, 2013

SCHEDULE A

CHARTER OF THE BOARD OF TRUSTEES

GENERAL

1. PURPOSE AND RESPONSIBILITY OF THE BOARD

Pursuant to the Declaration of Trust, the Trustees are responsible for supervising the activities and managing the investments and affairs of InnVest Real Estate Investment Trust (the "**Trust**").¹ The responsibilities of the Trustees described herein are pursuant to, and subject to, the Declaration of Trust and do not impose any additional responsibilities or liabilities on the Trustees at law or otherwise.

2. REVIEW OF CHARTER

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

3. DEFINITIONS AND INTERPRETATION

Definitions

In this Mandate:

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

¹ Declaration of Trust – sections 3.1 and 3.2

Interpretation

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

CONSTITUTION OF THE BOARD

4. ELECTION AND REMOVAL OF TRUSTEES

Number of Trustees

The Trust will have a minimum of five Trustees and no more than nine.

Election of Trustees

Trustees shall be elected (including the reappointment of incumbent Trustees) at each annual meeting of the Unitholders, and may be elected at a special meeting of the Unitholders, in each case to hold office, except as otherwise provided herein, for a term expiring at the close of the next annual meeting of the Unitholders following such an appointment or until their successors are elected or appointed.²

Vacancies

A quorum of Trustees may fill a vacancy among the Trustees, to the extent permitted under the Declaration of Trust.³

Ceasing to be a Trustee⁴

A Trustee will cease to hold office when:

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

5. CRITERIA FOR TRUSTEES

Qualification of Trustees

Every Trustee shall be an individual who is at least 18 years of age, has not been determined by a court to be of unsound mind and does not have the status of bankrupt.⁵

Residency

² Declaration of Trust – s. 2.3

³ Declaration of Trust – s. 2.1

⁴ Declaration of Trust – s. 2.6

⁵ Declaration of Trust – s. 2.4

A majority of the Trustees shall be resident Canadians.⁶

Independence of Trustees

At least a majority of the Trustees shall be independent.

Other Criteria

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

6. BOARD CHAIR

Chair to Be Appointed Annually

The Board shall appoint the Chair annually at the first meeting of the Board after a meeting of the Trust's unitholders at which Trustees are elected. If the Board does not so appoint a Chair, the Trustee who is then serving as Chair shall continue as Chair until his or her successor is appointed.

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

Remuneration

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

Retaining and Compensating Advisors

Individual Trustees shall have the authority to retain at the expense of the Trust outside counsel and any other external advisors from time to time as appropriate with the approval of the Chair.

Information

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

MEETINGS OF THE BOARD

8. MEETINGS OF THE BOARD

Time and Place of Meetings

Meetings of the Board shall be called in the manner and at the location contemplated in the Declaration of Trust.⁷

⁶ Declaration of Trust – s. 2.4

⁷ Declaration of Trust – Article 7

Frequency of Board Meetings

The Board shall meet at least four times per year.

Quorum

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

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

Secretary of the Meeting

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

Right to Vote

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

Invitees

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

9. CONFLICTS OF INTEREST

Disclosure of Interest

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

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

Time of Disclosure

(a) Each Trustee shall disclose such interest to the Board at the first opportunity to disclose such interest. For example, the Trustee shall disclose such interest at the meeting at which the contract or transaction is first considered or, if the Trustee becomes interested at a later time, at the first meeting after which the Trustee becomes so interested or, if an interested individual later becomes a Trustee, at the first meeting after he or she becomes a Trustee.

(b) If a material contract or transaction, whether entered into or proposed, is one that, in the ordinary course of the Trust's business, would not require approval by the Trustees, a Trustee shall disclose, in writing to the Trust, the nature and extent of such Trustee's interest immediately after he or she becomes aware of the contract or transaction.

Voting

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

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

Continuing Disclosure

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

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

10. *IN CAMERA* SESSIONS

In Camera Sessions of Independent Trustees

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

Business Transacted at In Camera Sessions

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

DELEGATION OF DUTIES AND RESPONSIBILITIES

11. DELEGATION AND RELIANCE

Delegation of Powers

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

Requirement of Certain Committees

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

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

Composition of Committees

The Board will appoint and maintain in office members of each of its committees such that the composition of each such committee is in compliance with all applicable legal and stock exchange requirements and with such recommendations of relevant securities regulatory authorities and stock exchanges as the Board may consider appropriate and shall require the Compensation and Corporate Governance Committee to make recommendations to it with respect to such matters.

Review of Charters

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

Reliance on Management

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

Reliance on Others

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

Oversight

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

DUTIES AND RESPONSIBILITIES

12. RESPONSIBILITY FOR SPECIFIC MATTERS

Responsibility for Specific Matters

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

Delegation to Committees

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

13. GOVERNANCE GENERALLY

Governance Practices and Principles

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

Governance Disclosure

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

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

Delegation to Compensation and Corporate Governance Committee

The Board may direct the Compensation and Corporate Governance Committee to consider the matters contemplated in this Section 13 and to report and make recommendations to the Board with respect to these matters.

14. RESPONSIBILITIES RELATING TO MANAGEMENT

Integrity of Management

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

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

Succession Planning

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

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

Executive Compensation Policy

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

Delegation to the Compensation and Corporate Governance Committee. The Board may direct the Compensation and Corporate Governance Committee to consider the matters contemplated in this paragraph entitled "Executive Compensation Policy" and to report and make recommendations to the Board with respect to these matters.

15. OVERSIGHT OF THE MANAGEMENT OF THE TRUST

Risk Management

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

Strategic Planning Process

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

Internal Control and Management Information Systems

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

Related Party Transactions

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

Communications Policies

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

Whistleblower Policy

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

Financial Statements

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

Code of Business Conduct and Ethics

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

16. NOMINATION OF TRUSTEES

Nomination and Appointment of Trustees

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

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

17. BOARD EFFECTIVENESS

Position Description

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

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

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

Trustee Orientation and Continuing Education

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

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

Board, Committee and Trustee Assessments

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

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

18. REGULAR ASSESSMENT OF THE BOARD

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

April 18, 2011

SCHEDULE 1

EXTRACT FROM DECLARATION OF TRUST

3.1 General Powers.

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

3.2 Specific Powers and Authorities.

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

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

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

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

- (u) To do all such acts and things and to exercise such powers as may be delegated to the Trustees by any Person who co-owns real property with the Trust.
- (v) To do all such other acts and things as are incidental to the foregoing, and to exercise all powers that are necessary or useful to carry on the business of the Trust, to promote any of the purposes for which the Trust is formed and to carry out the provisions of this Declaration of Trust.

SCHEDULE B

CORPORATE GOVERNANCE DISCLOSURE

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

<u>Governance Disclosure Guideline under NI 58-101</u>	<u>Comments</u>
1. Board	
(a) Disclose the identity of trustees who are independent.	<p>The following Trustees are independent: Frank Anderson, Morton G. Gross, Michael P. Kitt, and Minhas N. Mohamed. Messrs. Kitt and Mohamed are not seeking re-election at the Meeting.</p> <p>In addition, each of the three proposed new Trustees, Edward W. Boomer, Laurence S. Geller and Fernand Perreault, is independent.</p>
(b) Disclose the identity of trustees who are not independent, and the basis for that determination.	<p>As at December 31, 2012, two Trustees were not independent. Majid Mangalji is an appointee of Westmont and, as such, is deemed not to be independent by the Declaration of Trust. Fereed Mangalji is an appointee of the Manager and, as such, is deemed not to be independent by the Declaration of Trust.</p>
(c) Disclose whether or not a majority of trustees are independent. If a majority of trustees are not independent, describe what the board of trustees (the "board") does to facilitate its exercise of independent judgment in carrying out its responsibilities.	<p>The Board has determined that the majority of the Trustees are independent.</p>
(d) If a trustee is presently a director or trustee of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the trustee and the other issuer.	<p>Edward W. Boomer is a director of Timbercreek Mortgage Investment Corporation (TSX: TMC). Fernand Perreault is a trustee of BTB Real Estate Investment Trust (TSX: BTB.UN).</p>
(e) Disclose whether or not the independent trustees hold regularly scheduled meetings at which members of management are not in attendance. If the independent trustees hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent trustees do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent trustees.	<p>The Board and its Committees meet independently of the management at all board meetings, and additionally when needed.</p> <p>The Compensation and Corporate Governance Committee and the Audit Committee are composed solely of independent Trustees. The Audit Committee held five meetings and the Compensation and Corporate Governance Committee held three meetings during the fiscal year ended December 31, 2012.</p> <p>The independent Trustees are authorized to meet</p>

Governance Disclosure Guideline under NI 58-101

Comments

separately from the non-independent Trustees and retain external advisors at the expense of the REIT, as required whenever, in their opinion, matters come before the Board which require an independent analysis by independent Trustees. The independent Trustees met separately from the non-independent Trustees eight times (excluding Committee meetings) during the fiscal year ended December 31, 2012.

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

The Chairman of the Board is not an independent Trustee. However the Chairman of each of the Audit Committee and the Compensation and Corporate Governance Committee is independent and takes the lead where he is responsible for a particular issue or where his expertise can be used.

The attendance record of each Trustee for all Board meetings held since the beginning of the fiscal year ended December 31, 2012 is set out in this Circular under the heading "Board – Trustee Attendance Record".

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

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

2. Mandate of the Board

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

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

3. Position Descriptions

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

The Board has not developed written position descriptions for the chair and the chair of each board committee.

The broad mandate of the Trustees serves to define the relationship between the Trustees and management. All parties work in a collegial manner without a significantly structured or hierarchical format to achieve the objectives of the REIT. Greater formalization through position descriptions may not well serve the REIT or the

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

long-term interests of the Unitholders. The Trustees adhere to the guidelines as established in the Declaration of Trust.

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

The scope of the Board' supervisory role expressly includes such matters as the strategic planning process, identification and management of risk, succession planning, internal controls and governance. To support it in its supervisory role, the Board expects management, among other things, to:

- undertake an ongoing review of the REIT's strategies and their implementation in light of evolving conditions;
- present an annual operating plan and regularly report on the REIT's performance and results relative to such plan;
- report regularly on the REIT's business and affairs, with a focus on matters of material consequence for the REIT and its Unitholders;
- implement systems to identify and manage the principal risks of the REIT's business; and
- implement and maintain appropriate systems of internal control.

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

A position description for the REIT's former Chief Executive Officer, Kenneth D. Gibson, was set out in the terms of his employment agreement. Anthony Messina was appointed interim Chief Executive Officer on December 7, 2012. Mr. Messina does not currently have an employment agreement with the REIT; however, the Board has met with Mr. Messina to discuss, among other things, his role and responsibilities as Chief Executive Officer. In addition, the Board is in the

process of finalizing an employment agreement with Mr. Messina, which is expected to contain a position description substantially similar to that contained in Mr. Gibson's employment agreement.

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

4. Orientation and Continuing Education

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

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

There has not been a new trustee on the board since 2006, however, three new Trustees have been nominated for election at the Meeting. The Board intends to provide such new Trustees with an orientation including a program that focuses on the corporate governance system, including roles, responsibilities and liabilities of Trustees. Reports relating to the REIT's business and affairs are provided to Trustees on a regular basis.

5. Ethical Business Conduct

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

The Board has adopted a Code of Business Conduct and Ethics for the REIT (the "Code") a copy of which may be obtained, upon request, from the Executive Director, Investor Relations of the REIT, by e-mail, at investor@innvestreit.com or by written request sent to the Executive Director, Investor Relations at 5090 Explorer Drive, 7th Floor Mississauga, ON L4W 4T9.

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

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(b) Describe any steps the board takes to ensure trustees exercise independent judgment in considering transactions and agreements in respect of which a trustee or executive officer has a material interest.

quarterly basis with results communicated to the Board as required.

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

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

The Board promotes consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market, in accordance with applicable securities legislation and promotes a whistle blowing policy.

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

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

6. Nomination of Trustees

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

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

In undertaking this responsibility, the Compensation and Corporate Governance Committee annually assesses the skill sets of the existing Board and Committees and identifies any additional skill sets deemed to be beneficial. The Compensation and Corporate Governance Committee, in recommending individuals as

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trustees, considers any selection criteria approved by the Board as well as the competencies and skills of the existing Trustees compared to the competencies and skills the new nominee would bring to the Board.

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

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

See disclosure for 6(a).

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

See disclosure for 6(a).

7. Compensation

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

The compensation of the Trustees is prescribed by the Declaration of Trust and may only be changed by the unanimous consent of the Trustees.

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

The Compensation and Corporate Governance Committee, which is composed entirely of independent trustees, is responsible for the REIT's corporate governance, human resources and compensation policies. The Compensation and Corporate Governance Committee annually reviews the level and nature of compensation paid to the Trustees and officers. In making recommendations to the Board for appropriate adjustments, the Compensation and Corporate Governance Committee considers the time commitment and risk and responsibilities of serving as a Trustee or officer of the REIT, and seeks to align the interests of the Trustees and officers of the REIT with those of Unitholders. For additional information on the process by which the Compensation and Corporate Governance

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

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

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

Committee determine compensation for the REIT's officers, see "Statement of Executive Compensation – Compensation Discussion & Analysis".

A compensation consultant was not retained to assist in the determination of compensation for any of the Trustees and officers of the REIT for the 2012 fiscal year. In March 2013, the Compensation and Corporate Governance Committee engaged the services of Hugessen Consulting Inc, professional compensation consultants, to aid InnVest in the development and analysis of a new compensation program for its CEO.

8. Other Board Committees

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

The Board has an Investment Committee, composed of all of the Trustees, whose primary duties and responsibilities include: reviewing and approving or rejecting proposed acquisitions and dispositions of investments by the REIT, authorizing proposed transactions and approving all financial arrangements and the assumption of granting of mortgages. Given that all of the Trustees are members of the Investment Committee, the Trustees have not convened separate meetings of the Investment Committee during the past five years, and applicable transactions have instead been considered by the Trustees at Board meetings.

9. Assessments

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

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

SCHEDULE C

FORM OF AMENDMENT TO UNITHOLDER RIGHTS PLAN

THIS AGREEMENT (this “**Agreement**”) is made the [5th] day of June, 2013,

B E T W E E N:

INVEST REAL ESTATE INVESTMENT TRUST,
a trust created under the laws of the Province of Ontario (the
“**REIT**”),

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA,
a trust company incorporated under the laws of Canada (the
“**Rights Agent**”).

WHEREAS the REIT and Computershare Investor Services Inc., as rights agent, entered into an agreement dated as of October 8, 2008 respecting a unitholder rights plan (the “**Original Rights Plan**”) that was effective until the earlier of the Termination Time (as defined in the Original Rights Plan) or April 8, 2009;

AND WHEREAS the REIT and Computershare Investor Services Inc., as rights agent, entered into an amended and restated unitholder rights plan dated as of March 13, 2009;

AND WHEREAS the REIT and Computershare Investor Services Inc., as rights agent, entered into a second amended and restated unitholder rights plan (the “**Second Amended and Restated Rights Plan**”) dated as of April 2, 2009;

AND WHEREAS in accordance with Section 4.4 of the Second Amended and Restated Rights Plan, Computershare Investor Services Inc. resigned as rights agent on December 30, 2010 and was replaced by the Rights Agent;

AND WHEREAS the REIT and the Rights Agent entered into a third amended and restated unitholder rights plan dated as of December 31, 2010;

AND WHEREAS the REIT and the Rights Agent entered into a fourth amended and restated unitholder rights plan (the “**Fourth Amended and Restated Rights Plan**”) dated as of July 1, 2012;

AND WHEREAS the board of trustees of the REIT, in the exercise of its fiduciary duties to the REIT and its unitholders, has determined that it is advisable and in the best interests of the REIT and its unitholders to further amend the Fourth Amended and Restated Rights Plan on the terms and conditions set forth herein;

AND WHEREAS at the annual and special meeting of the REIT's unitholders held on June 5, 2013, the REIT's unitholders approved the amendments set forth herein;

NOW THEREFORE in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree as follows:

1. **Interpretation**

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

2. **Amendments to the Fourth Amended and Restated Rights Plan**

(a) Section 5.10 of the Fourth Amended and Restated Rights Plan is hereby amended by deleting the following:

"Attention: Kenneth D. Gibson
Facsimile: (905) 206-7114",

and replacing it with the following:

"Attention: Chief Executive Officer
Facsimile: (905) 624-7805".

(b) Section 5.18(b) of the Fourth Amended and Restated Rights Plan is hereby deleted in its entirety and replaced with the following:

"(b) the close of business on June 5, 2016,".

3. **Confirmation of Fourth Amended and Restated Rights Plan**

The Fourth Amended and Restated Rights Plan, as amended by this Agreement, is hereby confirmed and shall continue in full force and effect.

4. **Counterparts**

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

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

INVEST REAL ESTATE INVESTMENT TRUST

Name:

Title:

Name:

Title:

COMPUTERSHARE TRUST COMPANY OF CANADA

Name:

Title:

Name:

Title:

SCHEDULE D

FORM OF AMENDMENT TO DECLARATION OF TRUST

THIS AMENDMENT (the "**Amendment**") made in Toronto, Ontario the [5th] day of June, 2013.

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

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

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

AND WHEREAS at the annual and special meeting of the Trust's unitholders held on June 5, 2013, the Trust's unitholders approved the amendments set forth herein;

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

1. **Interpretation**

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

2. **Amendments to the Amended Declaration of Trust**

(a) Section 14.7 of the Amended Declaration of Trust is hereby deleted in its entirety and replaced with the following:

"Prior to each annual and special meeting of Unitholders, the Trustees shall provide the Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the *Canada Business Corporations Act* and as required by applicable tax and securities laws; provided that, notwithstanding the requirements applicable to the electronic delivery of documents under the *Canada Business Corporations Act*, proxy-related materials (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) may be provided to Unitholders in accordance with any notice-and-access delivery procedures or other procedures, in each case that are permitted under applicable securities laws in effect from time to time."

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

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

4. **Counterparts**

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

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

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

SIGNED, SEALED & DELIVERED

In the presence of:

Witness

Trustee

