



**COMINAR**

**COMINAR REAL ESTATE INVESTMENT TRUST**

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NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS  
AND  
MANAGEMENT PROXY CIRCULAR

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**March 20, 2008**



## COMINAR REAL ESTATE INVESTMENT TRUST

### NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the "**Meeting**") of the holders of units (the "**Unitholders**") of Cominar Real Estate Investment Trust (the "**REIT**") will be held in the Garneau room of the hotel Le Château Bonne Entente, 3400 chemin Sainte-Foy, Québec, Quebec, on Wednesday, May 14, 2008 at 11:00 a.m. (Québec time), for the following purposes:

1. **TO RECEIVE** the financial statements of the REIT for the fiscal year ended December 31, 2007, together with the report of the auditors thereon;
2. **TO ELECT** three independent trustees of the REIT for the next two fiscal years;
3. **TO APPOINT** the auditors and authorize the trustees of the REIT to fix their remuneration;
4. **TO CONSIDER** and, if thought fit, to approve a resolution the integral text of which is set forth in Schedule "B" of the management proxy circular accompanying this Notice (i) ratifying and confirming the amendments to the amended and restated unit option plan of the REIT (the "**Plan**") related to the increasing of the maximum number of Units that may be issued pursuant to the exercise of the options granted under the Plan; and (ii) approving the listing on the Toronto Stock Exchange of additional Units to be listed as reserved for issuance pursuant to the Plan;
5. **TO CONSIDER** and, if thought fit, to approve each of the following special resolutions to amend the contract of trust pertaining to the REIT dated March 31, 1998, as amended, supplemented or restated (the "**Contract of Trust**"),
  - (a) to permit the REIT, with the prior approval of the Trustees: to invest, under certain conditions, in operating businesses and in partnerships, as set forth in Schedule "C" attached hereto;
  - (b) to abrogate section 5.1.11 of the Contract of Trust, as set forth in Schedule "D" attached hereto; and
  - (c) to abrogate section 5.2.7 of the Contract of Trust, as set forth in Schedule "E" attached hereto;In each case, all as more particularly described in the management proxy circular accompanying this Notice; and
6. **TO TRANSACT** such other business as may properly come before the Meeting or any adjournment thereof.

The resolutions described above in paragraphs 2, 3 and 4 require the approval of a majority of the votes cast at the Meeting. The resolutions described above in subparagraphs a), b) and c) of paragraph 5 require the approval of at least 66 2/3% of the votes cast at the Meeting. The accompanying management proxy circular dated March 20, 2008 provides additional information relating to the matters to be dealt with at the Meeting and forms an integral part of this Notice.



## COMINAR REAL ESTATE INVESTMENT TRUST

### NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

The trustees of the REIT have set April 9, 2008 as the record date for determining those Unitholders entitled to receive notice of and vote at the Meeting.

**Unitholders who are unable to attend the Meeting should complete, sign, date and return the enclosed form of proxy to the REIT's transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, or to the head office of the REIT, 455 du Marais Street, Québec, Quebec, G1M 3A2. In order to be effective, proxies must be received no later than 2:00 p.m. (Québec time), Tuesday, May 13, 2008 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof.**

DATED at Québec, Quebec, the 20<sup>th</sup> day of March, 2008.

**BY ORDER OF THE BOARD OF TRUSTEES,**

*(s) Michel Paquet*

Michel Paquet  
Executive Vice-President,  
Legal Affairs and Secretary



## COMINAR REAL ESTATE INVESTMENT TRUST

### MANAGEMENT PROXY CIRCULAR

#### SOLICITATION OF PROXIES

This management proxy circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of management of Cominar Real Estate Investment Trust (the “**REIT**”) for use at the annual and special meeting (the “**Meeting**”) of holders of units (“**Units**”) of the REIT (the “**Unitholders**”) to be held on Wednesday, May 14, 2008 in the Garneau room of the hotel Le Château Bonne Entente, 3400 chemin Sainte-Foy, Québec, Quebec, at 11:00 a.m. (Québec time), or any adjournment thereof for the purposes set forth in the accompanying notice of the Meeting (the “**Notice**”). It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone, fax or other electronic means, by the trustees of the REIT (the “**Trustees**”), officers or other employees of the REIT. The costs of solicitation if any, will be borne by the REIT. Except as otherwise stated, the information contained herein is given as of March 18, 2008.

Enclosed with this Circular and the attached Notice is a form of proxy for use in connection with the Meeting.

#### NON-REGISTERED HOLDERS

The information set forth in this section is important to the many Unitholders who do not hold Units of the REIT in their own names (the “**Non-Registered Holders**”). Non-Registered Holders should note that only proxies deposited by Unitholders whose names appear on the records of the REIT as the registered Unitholders can be recognized and acted upon at the Meeting. However, in many cases, Units beneficially owned by a Non-Registered Holder are registered either:

- a) In the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Units, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- b) In the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or “**CDS**”) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the REIT has distributed copies of the notice of Meeting, this Circular, the form of proxy and the 2007 Annual Report (collectively, 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. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the Meeting Materials will either:

- a) Be given a proxy which is signed by the Intermediary (typically by a facsimile, stamped signature) and already sets forth the number of Units beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy



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need not be signed by the Non-Registered Holder. The Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Investor Services Inc. as described above;

- b) More typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form received by the Non-Registered Holder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions (“**Broadridge**”) (formerly known as Communications ADP Investor). Broadridge typically mails a proxy form to the Non-Registered Holders and asks Non-Registered Holders to complete and return the proxy form to Broadridge (the Broadridge form also allows completion of the voting instruction form by telephone). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at a Unitholders’ meeting. A Non-Registered Holder receiving a proxy form from Broadridge cannot use that proxy to vote Units directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Units voted.

Units held by brokers or their agents or nominees can be voted for or against resolutions only upon the instructions of the Non-Registered Holder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Units for the brokers’ clients. The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Units they beneficially own.

Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided, or, in the case of a voting instruction form, follow the corresponding directions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies and ensure that instructions respecting the voting of their Units are communicated to the appropriate person.

#### **APPOINTMENT AND REVOCATION OF PROXIES**

If it is not your intention to be present in person at the Meeting, you are asked to complete and return the form of proxy enclosed. The proxy must be executed by the Unitholder or the attorney of such Unitholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the REIT’s transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1, or at the head office of the REIT, 455 du Marais Street, Québec, Quebec, G1M 3A2, no later than 2:00 p.m. (Québec time), Tuesday, May 13, 2008 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof.

**The persons named in the enclosed form of proxy are Trustees and/or officers of the REIT. A Unitholder may appoint a proxyholder other than any person designated in the form of proxy, to attend and act on such Unitholder's behalf at the Meeting, either by inserting**



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**such other desired proxyholder's name in the space provided on the form of proxy and deleting the names printed thereon or by substituting another form of proxy.**

A proxy given by a Unitholder for use at the Meeting may be revoked at any time prior to its use. A proxy may be revoked by an instrument in writing executed by the Unitholder or by his or her attorney in writing; if the Unitholder is a corporation, the revocation must be executed by an officer duly authorized in writing or, if the Unitholder is an association, by an attorney duly authorized in writing, and deposited with the REIT's transfer agent at any time up to and including the last business day preceding the Meeting or any adjournment thereof at which the proxy is to be used or with the chairman of the Meeting on the date of the Meeting or any adjournment thereof, and upon either of such deposits, the proxy will be revoked.

#### **VOTING OF UNITS**

Units represented by proxies will be voted or withheld from voting as specified on any ballot that may be called for and, if the Unitholder specifies a choice with respect to any matter to be acted upon at the Meeting, Units represented by properly executed proxies will be voted accordingly. **In the absence of any direction to the contrary, a proxyholder will vote the Units IN FAVOUR of: (i) the election of three nominees of the management as Independent Trustees (as hereinafter defined); (ii) the appointment of the auditors of the REIT and the authorization of the Trustees to fix their remuneration; (iii) to approve a resolution ratifying and confirming the amendments to the Unit Option Plan (the "Plan") of the REIT related to the increasing of the maximum number of Units that may be issued pursuant to the exercise of the options granted under the Plan and approving the listing on the Toronto Stock Exchange of additional Units to be listed as reserved for issuance pursuant to the Plan; (iv) the First Contract of Trust Amendment Resolution; (v) the Second Contract of Trust Amendment Resolution; and (vi) the Third Contract of Trust Amendment Resolution, all as described in this Circular. If a choice to the contrary is not specified by a Unitholder, his Units will be voted in favour of such matters.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting. The Trustees know of no matters to come before the Meeting, other than the matters referred to in the Notice of Meeting. However, if any other matters which are not known to the Trustees should properly come before the Meeting, the Units represented by proxies will be voted on such matters in accordance with the best judgment of the proxyholder.

#### **VOTING AT MEETING AND QUORUM**

On March 18, 2008, 45,317,108 Units were issued and outstanding. Each Unit entitles its holder to one vote at meetings of Unitholders of the REIT. Only Unitholders of record at the close of business on April 9, 2008, the record date established for the Meeting, will be entitled to vote at the Meeting, or any adjournment thereof, either in person or by proxy. However, to the extent that a person transfers the ownership of any Units after that date and the transferee of those Units produces properly endorsed Unit certificates or otherwise establishes that it owns the Units and demands, no later than ten days before the Meeting, that its name be included in the list of



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Unitholders to vote at the Meeting, the transferee will be entitled to vote such Units at the Meeting or any adjournment thereof.

Unless otherwise required in the Contract of Trust governing the affairs of the REIT dated March 31, 1998, as amended, supplemented or restated from time to time (the "**Contract of Trust**"), every question coming before the Meeting or any adjournment thereof shall be decided by the majority of the votes duly cast. The quorum at the Meeting or any adjournment thereof shall consist of at least two individuals present in person, each of whom is a Unitholder or a proxyholder representing a Unitholder, and who hold or represent by proxy not less than 25% of the total number of outstanding Units.

### PRINCIPAL UNITHOLDERS

To the knowledge of the Trustees and officers of the REIT, there is no beneficial owner of, nor any person who exercises control or direction over Units carrying 10% or more of the votes attached to the outstanding Units, other than:

Unitholder	Number of Units beneficially owned or over which control or direction is exercised	Percentage of outstanding Units
AM Total Investments, general partnership <sup>(1)</sup>	8,256,000	18.2%

**NOTE:**

(1) The Units held by AM Total Investments, general partnership, formerly known as Cominar general partnership, are indirectly held by Corporation Financière Alpha (CFA) inc. ("**CFA**"), and all important decisions regarding the REIT made by CFA, are controlled by Michel Dallaire. The shares of CFA are owned by the children of the late Jules Dallaire, including Michel Dallaire, and related family trusts.

### NOMINEES FOR THE POSITION OF INDEPENDENT TRUSTEES

The Contract of Trust provides that the assets and operations of the REIT will be subject to the control and authority of a minimum of nine and a maximum of eleven Trustees (including the AM Total Investments Trustees and the Independent Trustees, as such terms are defined under the heading "Corporate Governance").

Presently, there are nine Trustees of the REIT. Of this number, pursuant to the Contract of Trust, four were appointed by Corporation Financière Alpha (CFA) Inc. (a corporation resulting from the amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) Inc. (formerly known as Groupe Cominar Inc.), the amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) 2001 Inc., and the subsequent amalgamation of Corporation Financière Alpha (CFA) inc. and 4341236 Canada inc.), on behalf of AM Total Investments, general partnership. These Trustees are Michel Dallaire, Michel Paquet, Alain Dallaire and Pierre Gingras. Two of the Independent Trustees, namely Yvan Caron and Ghislaine Laberge shall hold office for a term expiring at the close of the annual meeting of Unitholders for the fiscal year ending December 31, 2008. Consequently, three Independent Trustees, namely Robert Després, Dino Fuoco and Gérard Coulombe, whose respective terms expire at the close of the Meeting are hereby nominated by management for election as Independent Trustees at the Meeting.



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The persons named in the enclosed form of proxy for use at the Meeting intend to vote IN FAVOUR of the election of Robert Després, Dino Fuoco and Gérard Coulombe as Independent Trustees, to hold office until the close of the annual meeting of Unitholders for the fiscal year ending December 31, 2009, or until their successors are duly elected or appointed in accordance with the Contract of Trust, unless the Unitholder who has given the proxy has directed that the Units represented thereby be withheld from voting. Management does not contemplate that any of such nominees will be unable to serve as Independent Trustees but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy will vote for another nominee as management may recommend, unless the Unitholder has specified in the form of proxy that the Units represented thereby be withheld from voting on the election of Independent Trustees.

The following table sets forth information with respect to the three nominees for election at the Meeting as Independent Trustees, the names of each current Trustee, all other positions and offices within the REIT currently held by them, their principal occupations and their employment during the last five years, the period during which each served as a Trustee of the REIT and the approximate number of Units they have advised are beneficially owned, directly or indirectly, by them or over which they exercise control or direction as at March 18, 2008. Since March 13, 2007, each trustee is required to own at least 2,000 units of the REIT and he shall acquire such amount of units by March 13, 2010. The Contract of Trust provides that, at all relevant times, it is intended that at least one Trustee will not be, directly or indirectly, a Unitholder or a person who owns an option to acquire Units and Yvan Caron has agreed not to and does not hold, directly or indirectly, any Units or options to acquire Units.

Name, Municipality of residence and Office	Principal occupation	Period during which served as a Trustee	Number of Units beneficially owned or over which control or direction is exercised <sup>(1)</sup>
<b>Robert Després, O.C., G.O.Q.</b> <sup>(2) (5)</sup> Québec (Borough of la Cité) Quebec Independent Trustee	Chairman of the Board Director of companies	1998-	16,500
<b>Michel Dallaire, P.Eng.</b> Québec (Borough of Beauport) (Quebec) AM Total Investments Trustee, President and Chief Executive Officer of the REIT	President and Chief Executive Officer of the REIT	1998-	8,730,534 <sup>(7)</sup>
<b>Me Michel Paquet</b> Québec (Borough of Sainte-Foy-Sillery) (Quebec) AM Total Investments Trustee, Executive Vice- President, Legal Affairs and Secretary of the REIT	Executive Vice-President, Legal Affairs and Secretary of the REIT	1998-	8,620,029 <sup>(7)</sup>
<b>Alain Dallaire</b> Lac Beauport (Quebec) AM Total Investments Trustee, Executive Vice- President, Operations of the REIT	Executive Vice-President, Operations of the REIT	2006-	8,637,973 <sup>(7)</sup>
<b>Pierre Gingras</b> <sup>(3)</sup> Sainte-Pétronille, Ile d'Orléans (Quebec) AM Total Investments Trustee	President of Placements Moras inc., a personal holding company, director of Desjardins Sécurité Financière, a life insurance company	1998-	93,174 <sup>(8)</sup>
<b>Yvan Caron</b> <sup>(2) (3) (4) (6)</sup> Québec (Borough of Limoilou) (Quebec) Independent Trustee	Consultant	1998-	Nil
<b>Me Gérard Coulombe, Q.C.</b> <sup>(4) (5)</sup> Sainte-Marthe (Vaudreuil) (Quebec) Independent Trustee	Senior partner with Lavery De Billy, Montréal	2007-	1,208





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Name, Municipality of residence and Office	Principal occupation	Period during which served as a Trustee	Number of Units beneficially owned or over which control or direction is exercised <sup>(1)</sup>
<b>Dino Fuoco, CMA, FCMA</b> <sup>(2) (3)</sup> Boucherville (Quebec) Independent Trustee	President of Matvet Veterinary Equipment Inc., president of La Société Financière Opal inc., a personal holding company	2006-	Nil
<b>Ghislaine Laberge</b> <sup>(4) (5) (6)</sup> Montréal (Borough of Verdun) (Quebec) Independent Trustee	Consultant in real estate investments, director of Hypothèques CDPQ inc. and Cadim inc.	1998-	Nil

### NOTES :

- (1) Each of the Trustees have furnished information as to the Units beneficially owned by them or over which they exercise control or direction.
- (2) Member of the Audit Committee.
- (3) Member of the Investment Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Nominating and Corporate Governance Committee.
- (6) Will hold office as a Trustee for a term expiring at the close of the annual meeting of Unitholders for the fiscal year ending December 31, 2008.
- (7) Includes 8,256,000 Units held by AM Total Investments, general partnership (formerly known as Cominar, general partnership). The Units held by AM Total Investments, general partnership, are indirectly held by Corporation Financière Alpha (CFA) Inc. ("CFA") and 357,000 Units are held by Fiducie testamentaire Jules Dallaire. The shares of CFA are held by the children of the late Jules Dallaire, including Michel Dallaire, and related family trusts.
- (8) Includes 17,174 Units held by Placements Moras inc.

Each of the Trustees listed above has held his or her principal occupation for the five preceding years, except for Dino Fuoco who, from September 2001 to September 2003, was First Vice-President, Chief Financial Officer of Société générale de financement du Québec, since September 2003, President of La Société Financière Opal inc. and since August 2005, President of Matvet Veterinary Equipment Inc. and Gérard Coulombe who, from 1977 to 2007, was senior partner of Desjardins Ducharme LLP, a law firm.

The management of the REIT and the Trustees as a group (15 persons), owned beneficially, or exercised control or direction over 8,914,230 Units, or approximately 20% of the issued and outstanding Units as at February 29, 2008.

### ATTENDANCE RECORD OF TRUSTEES FOR BOARD AND COMMITTEE MEETINGS

The following table summarizes, for each of the Trustees, the number of board and committee meetings they attended for the fiscal year ended December 31, 2007.

Trustees	Board of Trustees	Audit Committee	Investment Committee	Nominating and Corporate Governance Committee	Compensation Committee
Michel Dallaire	12 of 12	n/a	n/a	n/a	n/a
Michel Paquet <sup>(1)</sup>	12 of 12	n/a	n/a	1 of 1	n/a
Alain Dallaire	12 of 12	n/a	n/a	n/a	n/a
Michel Berthelot <sup>(2)</sup>	3 of 3	n/a	n/a	n/a	n/a
Pierre Gingras <sup>(3)</sup>	12 of 12	1 of 1	2 of 2	n/a	1 of 1
Yvan Caron	12 of 12	3 of 4	2 of 2	n/a	3 of 3
Gérard Coulombe <sup>(4)</sup>	8 of 9	n/a	n/a	n/a	2 of 2



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Trustees	Board of Trustees	Audit Committee	Investment Committee	Nominating and Corporate Governance Committee	Compensation Committee
Robert Després	12 of 12	4 of 4	n/a	1 of 1	n/a
Dino Fuoco	12 of 12	4 of 4	2 of 2	n/a	n/a
Ghislaine Laberge	12 of 12	n/a	n/a	1 of 1	3 of 3

**NOTES:**

- (1) Resigned as a member of the Nominating and Corporate Governance Committee on March 13, 2007.
- (2) Resigned as a Trustee on March 13, 2007.
- (3) Resigned as a member of the Audit Committee and as a member of the Compensation Committee on March 13, 2007.
- (4) Was appointed Trustee on March 1st, 2007.

The table below summarizes the number of Board and Committee meetings held during the fiscal year ended December 31, 2007.

Meeting type	Total
Board	12
Audit Committee	4
Investment Committee	2
Compensation Committee	3
Nominating and Corporate Governance Committee	1
<b>Total number of meetings held</b>	<b>22</b>

### CEASE TRADE ORDERS AND BANKRUPTCIES

To the knowledge of the Trustees and Officers of the REIT and according to information provided to the REIT, none of the candidates proposed for election as independent trustee of the REIT, other than Gérard Coulombe who, until September 28, 2005, was a member of the Board of Centre International de Gestion de Projets G.P., a non-profit company which went bankrupt on September 29, 2005, is, as of the date of this Circular, or has been, within ten years before such date, a director, trustee, chief executive officer or chief financial officer of a company which, while the person was acting in such 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



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compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

#### **INDIVIDUAL BANKRUPTCIES**

No person proposed to be nominated for election as an Independent Trustee at the Meeting is or has, within the preceding 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

#### **COMPENSATION OF TRUSTEES**

A person who is employed by and receives a salary from the REIT does not receive any remuneration from the REIT for serving as a Trustee. During the most recently completed fiscal year of the REIT, the compensation for the Trustees who do not hold options to acquire Units of the REIT was \$25,000 per year plus an additional \$1,000 for each meeting of Trustees or committee meeting attended. Therefore, the Chairman of the Audit Committee received an additional annual fee of \$7,000 and the Chairman of the Compensation Committee received an additional annual fee of \$5,000. The compensation for the Trustees who hold options to acquire Units of the REIT was \$8,000 per year plus an additional \$500 for each meeting of Trustees or committee meeting attended. Therefore, the Chairman of the Investment Committee received an additional fee of \$2,500 and the Chairman of the Board received an annual compensation of \$35,250 plus an additional \$1,000 for each meeting of Trustees or committee meeting attended and an additional annual fee of \$2,500 as Chairman of the Nominating and Corporate Governance Committee. In all cases, Trustees are entitled to reimbursement from the REIT of their out-of-pocket expenses incurred in acting as a Trustee. For the year ended December 31, 2007, the Trustees earned an aggregate of \$308,319 for their services. No option to purchase Units was granted to any Trustee under the Plan in the year ended December 31, 2007.

#### **TRUSTEES' AND OFFICERS' LIABILITY INSURANCE**

The REIT has entered into indemnification agreements with each of its Trustees. It has also purchased insurance, which covers Trustees' and officers' liability for \$5,000,000 for a period of one year expiring on December 31, 2008, for an annual premium of \$52,804. The premium was paid entirely by the REIT and has not been allocated among the insured. All of the deductibles of \$50,000, \$25,000 and \$15,000 per loss are assumed by the REIT. As at March 18, 2008, no claim has ever been presented or paid under such policy.

#### **CODE OF ETHICS AND BUSINESS CONDUCT**

The Board of Trustees has adopted a Code of Ethics and Business Conduct (the "**Code of Ethics**") which applies to Trustees, officers, REIT employees and individuals bound by contract or otherwise to the REIT. The REIT's Code of Ethics is available at [www.sedar.com](http://www.sedar.com).



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### SUMMARY COMPENSATION TABLE

The following table shows the compensation of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of the REIT (the “**Named Executive Officers**”). No other Executive Officer of the REIT earned total salary and bonuses in excess of \$150,000 for the fiscal year ended December 31, 2007.

NAME AND POSITION	ANNUAL COMPENSATION <sup>(1)</sup>				LONG TERM COMPENSATION	ALL OTHER COMPENSATION
	Year	Salary	Bonus	Other Annual Compensation	Units under options granted	(\$)
		(\$)	(\$)	(\$)		
Michel Dallaire President and Chief Executive Officer	2007	180,000	25,000	Nil	---	Nil
	2006	164,200	25,000	Nil	---	Nil
	2005	145,086	Nil	Nil	---	Nil
Michel Berthelot Executive Vice-president and Chief Financial Officer	2007	132,000	15,000	Nil	---	Nil
	2006	120,096	10,000	Nil	---	Nil
	2005	104,092	Nil	Nil	---	Nil

**NOTE :**

(1) Amounts disclosed under the heading Annual Compensation for 2007, 2006 and 2005 correspond to the compensation paid by Les Services Administratifs Cominar Inc., a wholly-owned subsidiary of the REIT.

Except for the Plan, the REIT does not have a long-term incentive plan or pension plan, and has never granted Unit appreciation rights to any of its Trustees, officers and employees.

### UNIT OPTION PLAN

On May 21, 1998, the REIT adopted the Plan which was amended and restated on May 15, 2001, November 13, 2003, May 11, 2004, May 10, 2006 and May 15, 2007. An amendment is also proposed herein. Participation in the Plan is restricted to an “**Eligible Person**”, which means: (i) a Trustee, officer or employee of the REIT or any subsidiary of the REIT (an “**Eligible Individual**”), (ii) a corporation controlled by an Eligible Individual, the issued and outstanding voting securities of which are, and will continue to be, beneficially owned, directly or indirectly, by such Eligible Individual and/or the spouse, minor children and/or minor grandchildren of such Eligible Individual, or (iii) a family trust of which the sole Trustee is an Eligible Individual and the beneficiary(ies) are any one or combination of such Eligible Individual and/or the spouse, minor children, and/or minor grandchildren of such Eligible Individual. The granting of options is made by the Trustees, who also determine the terms and conditions thereof. The options have a term not exceeding seven years, unless determined otherwise by the Board of Trustees, and in no event, may the term of any option exceed ten years from the date of grant of the option. The options are exercisable at a price not less than the Market Price on the trading day immediately preceding the day on which the grant of the Option is approved by the Trustees. If no specific determination is made, the options shall become exercisable in respect of 20% on a cumulative basis after the first, second, third, fourth and fifth anniversary of the granting of such option.



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**“Market Price”** on any particular day means the market price of one Unit and shall be calculated by reference to the closing price for a board lot of Units on the TSX, on that day, or if at least one board lot of Units shall not have been traded on the TSX on that day, on the immediately preceding day for which at least one board lot was so traded; or if, at any time, the Units are no longer listed on the TSX, then the Market Price shall be calculated by reference to the closing price, on the aforesaid day, for a board lot of Units on the stock exchange on which the Units are listed and had the greatest volume of trading on that particular day. In the event that the Units are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Units as determined by the Trustees in their sole discretion.

The maximum number of Units initially reserved for issuance under the Plan was 3,319,210 Units (approximately 7.3% of the outstanding Units as at March 18, 2008). As at March 18, 2008, options to purchase 2,686,500 Units were outstanding (approximately 5.9% of the outstanding Units) no options were available on that date.

The aggregate number of Units reserved for issuance at any time to any one optionee shall not exceed five percent (5%) of the number of Units outstanding on a non-diluted basis at such time, less the total of all Units reserved for issuance to such optionee pursuant to any other unit compensation arrangement of the REIT. The aggregate number of Units issuable (or, reserved for issuance) to insiders of the REIT under the Plan and any other unit compensation arrangement, cannot at any time exceed ten percent (10%) of the issued and outstanding Units. The aggregate number of Units issued to insiders under the Plan and any other unit compensation arrangement, within a one-year period, cannot exceed ten percent (10%) of the issued and outstanding Units and the issuance to any one insider and such insider's associates, within a one-year period, cannot exceed five percent (5%) of the issued and outstanding Units.

An option or interest therein is personal to each optionee and is non-assignable other than by will or the law of succession. No option granted under the Plan shall be hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of by any optionee on pain of nullity.

An option, and all rights to purchase Units pursuant thereto, shall generally expire and terminate immediately upon the optionee ceasing to be an Eligible Person. The Trustees may, in their entire discretion, at the time of the granting of options under the Plan, determine the provisions relating to expiration of an option upon the bankruptcy, death, retirement or termination of employment, position or engagement with the REIT or any subsidiary of an optionee while holding an option which has not been fully exercised, provided, however, that upon the termination of an optionee's employment, position or engagement with the REIT otherwise than by reason of death, any option or unexercised part thereof granted to such optionee may be exercised by him for that number of Units only which he was entitled to acquire under the option at the time of such termination or cessation and provided further that such option shall in no event expire later than the earlier of: (a) three (3) months following the optionee's employment, position or engagement being terminated or ceased; and (b) the expiry date of such Option.



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Upon the termination of an optionee's employment, position or engagement with the REIT by reason of retirement, any option or unexercised part thereof granted to such optionee may be exercised by him for that number of Units only which he was entitled to acquire under the option at the time of such termination or cessation and provided further that such option shall in no event expire later than the earlier of (i) one year following the optionee's, employment, position or engagement being terminated by reason of retirement and (ii) the expiry date of such option. The provisions relating to such expiration shall be contained in the written option agreement, instrument or certificate between the REIT and the optionee.

If an optionee shall die holding an option which has not been fully exercised, his personal representatives, heirs or legatees may, at any time following the grant of probate of the will or letters of administration of the estate of the deceased and prior to the period of time provided under the terms of the written option agreement, instrument or certificate between the REIT and the optionee for exercise of an option upon the death of the optionee, exercise the option with respect to the unexercised balance of the Units subject to the option, but only to the same extent to which the deceased could have exercised the option immediately before the date of such death provided that such option shall in no event expire later than: (a) one (1) year following the optionee's death; and (b) the expiry date of such option.

In the event the REIT proposes to amalgamate, merge or consolidate with any other trust or entity (other than a wholly-owned entity) or to distribute all of its assets or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Units of the REIT or any part thereof shall be made to all or substantially all Unitholders of the REIT, the REIT shall have the right, upon written notice thereof to each optionee holding options under the Plan, to permit the exercise of all such options within the 20 day period next following the date of such notice and to determine that upon the expiration of such 20 day period, all rights of the optionees to such options or to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have further force or effect whatsoever. In the event of the sale by the REIT of all or substantially all of the assets of the REIT as an entirety or substantially as an entirety so that the REIT shall cease to operate as an active business, any outstanding option may be exercised as to all or any part of the optioned Units in respect of which the optionee would have been entitled to exercise the option in accordance with the provisions of the Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of completion of such sale; and (ii) the close of business on the expiration date of the option; but the optionee shall not be entitled to exercise the option with respect to any other optioned Units.

Currently, the Trustees may amend or discontinue the Plan at any time, provided, however, that no such amendment may materially and adversely affect any option previously granted to an optionee without the consent of the optionee, except to the extent required by law. Any such amendment shall, if required, be subject to the prior approval of, or acceptance by, any stock exchange on which the Units are listed and posted for trading and any relevant securities regulatory authorities.

Notwithstanding the foregoing, should changes be required to the Plan by any securities commission, stock exchange or other governmental or regulatory body of any jurisdiction to which the Plan or the REIT now is or hereafter becomes subject, such changes shall be made



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to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Trustees, the Plan, as amended, shall be filed with the records of the REIT and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Trustees. In such event, all outstanding options shall be automatically amended to the extent required to respect the terms and provisions of this Plan as so amended.

The Board of Trustees may amend or discontinue the Plan at any time without the approval of or prior notice to the Unitholders of the REIT or holders of options, for any reason, including for the purposes of:

- a) amendments of a "housekeeping" nature, which include, without limitation, amendments to ensure continued compliance with applicable laws, regulations, rules or policies of any regulatory authority and amendments to remove any ambiguity or to correct or supplement any provision contained in the Plan which may be incorrect or incompatible with any other provision of the Plan;
- b) a change to the provisions of the Plan relating to the vesting of an option;
- c) a change to the provisions related to the termination of an option or the Plan which does not entail an extension beyond the original expiration date; and
- d) the addition of a cashless exercise feature payable in cash or securities;

provided, however, that no such amendment may increase the maximum number of Units issuable pursuant to the Plan, change the manner or determining the minimum Option Price (as defined in the Plan), change the period during which an option can be exercised after the expiration of the Blackout Period (as defined in the Plan) or, without the consent of the optionee, adversely alter or impair any option previously granted to an optionee under the Plan.

These amendments also provide that (i) a reduction in the Option Price, (ii) an extension of the expiration date of an outstanding option, (iii) any amendment to the definition of "Eligible Person" under the Plan, or (iv) any amendment which would permit options to be transferable or assignable other than for normal estate settlement purposes, may not be made without the approval of the Unitholders of the REIT (excluding the voting of securities held directly or indirectly by insiders benefiting from the amendment), provided that: (x) an adjustment to the Option Price pursuant to Article 9 of the Plan and (y) an extension of the expiry date pursuant to Section 5.6 of the Plan, in each case subject to any applicable regulatory requirements, shall not require approval of the Unitholders of the REIT.

These amendments provide that if the term of an option of any eligible person under the Plan expires during a Blackout Period or within 10 business days of the expiration of a Blackout Period, then the term of the option or of the unexercised portion thereof shall be extended by 10 business days after the expiration of the Blackout Period.

During the fiscal year ended December 31, 2007, the REIT granted to two (2) persons which are officers, a total of 60,000 options at an exercise price of \$23.59 per Unit under the Plan, and no options to purchase Units were granted to the Named Executive Officers.



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The following table summarizes for the Named Executive Officers, the number of options, if any, exercised during the fiscal year ended December 31, 2007, the aggregate value realized upon exercise and the total number of unexercised options, if any, held as at December 31, 2007. Value realized upon exercise is the difference between the market value of the underlying units on the exercise date and the exercise or base price of the option. The value of an unexercised option at fiscal year-end is the difference between its exercise or base price and the market value of the Units of the REIT on December 31, 2007. These values, unlike the amounts set forth in the column "Aggregate Value Realized" have not been, and may never be, realized. These options have not been, and may not be exercised, and actual gains, if any, on exercise will depend on the value of the REIT's Units on the date of exercise. There can be no assurance that these values will be realized.

UNIT OPTION PLAN OPTION EXERCISES DURING THE FISCAL YEAR ENDED DECEMBER 31, 2007 AND FISCAL YEAR END OPTION VALUES				
NAME	SECURITIES ACQUIRED ON EXERCISE  (#)	AGGREGATE VALUE REALIZED  (\$)	UNEXERCISED OPTIONS AS AT DECEMBER 31, 2007 EXERCISABLE / UNEXERCISABLE  (#)	VALUE OF UNEXERCISED IN THE MONEY OPTIONS AS AT DECEMBER 31, 2007 EXERCISABLE / UNEXERCISABLE <sup>(1)</sup>  (\$)
Michel Dallaire	25,000	243,250	25,000 / 25,000	160,000 / 160,000
Michel Berthelot	0	0	30,000 / 15,000	192,000 / 96,000

**NOTE:**

(1) Based on the closing price of the Units on the Toronto Stock Exchange on December 31, 2007 of \$20.40 per unit.

### AMENDMENT AND RESTATEMENT OF THE UNIT OPTION PLAN

The Board amended and restated the Unit Option Plan (the "Plan") as at February 27, 2008. The purpose of the Plan is to promote the interests of the REIT and its Unitholders by providing to Eligible Persons a performance incentive for continued and improved service with the REIT. In making the decision to recommend the amendment and restatement of the Plan, the Compensation Committee and Trustees have considered a number of factors, including the number of options currently outstanding under the Plan, the REIT's existing and future human resource requirements and competitive benchmarks. The number of options in respect of which Units are available for grant is now nil. Moreover, the number of Units currently reserved for issuance under the Plan no longer represent 10% of the Units currently issued and outstanding, as a result of the REIT's issuances of additional Units in the last years. Based on a review of these factors, the Trustees have determined that the proposed amendment and restatement of the Plan is both reasonable and in the best interest of the REIT.

#### ***Proposed amendment – Increase in Units reserved for issuance***

On February 22, 2008, options to purchase a total of 5,930,410 Units had been granted under the Plan since its adoption in 1998, of which options representing 3,285,200 Units had been exercised. Therefore, on February 22, 2008, options to purchase 1,758,800 Units were





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outstanding and options to purchase 886,410 Units were available for granting, representing a number of Units reserved for issuance under the Plan totalizing 2,645,210 Units.

As at February 27, 2008, the Trustees approved the amendment and restatement of the Plan, subject to Unitholders' and regulatory approval. The proposed amendment increases the maximum number of Units which may be issued pursuant to the exercise of options granted under the Plan at any given time from 3,319,210 to 4,530,257 (the "**Amendment**"). This proposed new maximum is intended to allow the REIT to continue to grant approximately 10% of the Units of the REIT available for grant of options in the form of "*Unexercised Options*" and "*Options Available for Issue*". Consequently, the Trustees further approved the listing of 1,885,047 additional Units on the TSX to be listed as reserved for issuance pursuant to the Plan, of which (i) 1,211,047 Units represent the increase of the maximum number of Units that may be issued pursuant to the exercise of options granted under the Plan; and (ii) 674,000 Units represent the replenishment of the Plan.

The Amendment is subject to the prior approval of the TSX. The TSX has conditionally approved the Amendment, subject to ratification by Unitholders at the Meeting as herein set forth and filing of all required documentation.

Accordingly, at the Meeting, Unitholders will be asked to consider and, if deemed advisable, to approve the resolution set out in Schedule "B" of this Circular (i) ratifying and confirming the Amendment with respect to the increase of the maximum number of Units that may be issued pursuant to the exercise of options granted under the Plan at any given time from 3,319,210 to 4,530,257 (representing approximately 10% of the number of issued and outstanding Units of the REIT as at February 22, 2008); and (ii) approving the listing of 1,885,047 additional Units on the TSX to be listed as reserved for issuance under the Plan. Such ratification and confirmation requires approval by resolution passed by a majority of the votes cast by the Unitholders present or represented by proxy, and entitled to vote at the Meeting.

The Trustees recommend that Unitholders vote for the approval of the resolution ratifying and confirming the Amendment to the Plan. If the Amendment to the Plan is not ratified and confirmed by ordinary resolution of the Unitholders, or if such Amendment does not receive regulatory approval, the Amendment to the Plan will not become effective and the additional options will not be exercisable.

**The persons named in the enclosed form of proxy for use at the Meeting intend to vote IN FAVOUR of the approval of the resolution set out in Schedule "B" of this Circular, unless otherwise directed by the Unitholders appointing them.**

#### **EMPLOYMENT CONTRACT**

On December 21, 2005, the REIT entered into an employment contract with Michel Dallaire (the "**Employment Contract**"). Since January 1st, 2008, Michel Dallaire is entitled to receive an annual base salary of \$215,000 (revisable annually) and is entitled to be granted options pursuant to the Plan. He will be eligible to participate in any benefit plan, annual



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performance bonus plans, long-term incentive plans, distribution reinvesting plans made available from time to time by the REIT.

The Employment Contract provides that if the REIT terminates Michel Dallaire's employment "without cause" where a change of control (as such term is defined below) has not occurred, the REIT will pay him the following sums: (i) a sum equal to two times his annual base salary; (ii) a sum equal to two times the highest average annual bonus paid for the two fiscal years immediately preceding the termination of employment, the target bonus for the fiscal year in which such termination occurs and the actual bonus attained for the fiscal year in which such termination occurs; (iii) a sum equal to two times the highest of the followings gains, such as the highest gain realized by Michel Dallaire during the two fiscal years immediately preceding the termination of employment, upon exercise of the options granted under the Plan and the sale of the Units corresponding to such options, and the highest potential gain that Michel Dallaire would have realized during the two fiscal years immediately preceding the termination of employment; (iv) the REIT will maintain its coverage of Michel Dallaire under the REIT's executive Benefit Plans for two years following the termination of employment, provided that these perquisites will be reduced to the extent he receives comparable perquisites without cost during the two year period following the termination of employment; (v) the REIT will pay the value of two years of continued coverage under any pension, or other retirement plan or profit sharing maintained by the REIT for two years following termination of employment; (vi) the REIT will continue to provide him with these perquisites, provided that these perquisites will be reduced to the extent Michel Dallaire receives comparable perquisites without cost during the two year period following the termination of employment; (vii) the REIT will continue the vesting of any outstanding options and other equity-based compensation awards, including with respect to options granted under the Plan; and (viii) the REIT's retention period with respect to any Units purchased by or for Michel Dallaire under any long-term incentive plan or the distribution reinvesting plan will immediately expire.

The Employment Contract also provides that if, within three years following a change of control of the REIT, the latter terminates Michel Dallaire's employment "without cause", the REIT will pay him the following sums: (i) a sum equal to three times his annual base salary; (ii) a sum equal to three times the highest average annual bonus paid for the three fiscal years immediately preceding the termination of employment, the target bonus for the fiscal year in which such termination occurs and the actual bonus attained for the fiscal year in which such termination occurs; (iii) a sum equal to three times the highest of the followings gains, such as the highest gain realized by Michel Dallaire during the three fiscal years immediately preceding the termination of employment, upon exercise of the options granted under the Plan and the sale of the Units corresponding to such options, and the highest potential gain that Michel Dallaire would have realized during the three fiscal years immediately preceding the termination of employment; (iv) the REIT will maintain its coverage of Michel Dallaire under the REIT's executive Benefit Plans for three years following the termination of employment, provided that these perquisites will be reduced to the extent he receives comparable perquisites without cost during the three year period following the termination of employment; (v) the REIT will pay the value of three years of continued coverage under any pension, or other retirement plan or profit sharing maintained by the REIT for three years following termination of employment; (vi) the REIT will continue to provide him with these perquisites, provided that these perquisites will be reduced to the extent Michel Dallaire receives comparable perquisites without cost during the



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three year period following the termination of employment; (vii) the REIT will continue the vesting of any outstanding options and other equity-based compensation awards, including with respect to options granted under the Plan; and (viii) the REIT's retention period with respect to any Units purchased by or for Michel Dallaire under any long-term incentive plan or the distribution reinvesting plan will immediately expire.

In this Circular, the expression "**Change of Control**" means (i) any person or entity, alone or with any other person or entity, directly or indirectly, becoming owner or exercising control over 20% or more of the voting rights attached to the Units of the REIT and/or securities which can be converted or traded for Units of the REIT giving to these persons or entities the capacity of acquiring the control over 20% or more of the voting rights attached to the Units of the REIT; or (ii) if the individuals who as of December 21, 2005 constituted the Independent Trustees (and any new Independent Trustee whose appointment or nomination for election was approved by a vote of at least three quarters (3/4) of the Independent Trustees then still in office who either were Trustees as of December 21, 2005 or whose appointment or nomination for election was previously so approved) cease for any reason to constitute a majority of Trustees; or (iii) if the Unitholders of the REIT approve a merger, consolidation, combination or arrangement plan with another entity, a termination plan of the REIT or the disposition of all or substantial part of the assets of the REIT.

### REPORT OF COMPENSATION COMMITTEE

#### Composition of Compensation Committee

During the most recently completed fiscal year of the REIT, the Compensation Committee (the "**Committee**") consisted of three Trustees, namely Yvan Caron (Chairman), Ghislaine Laberge and Gérard Coulombe, all of whom are Independent Trustees.

#### Overall compensation policy

The REIT wishes to hire and retain competent and motivated officers to carry out its mission. It considers skills and performance key factors in the advancement of its officers and the determination of their overall compensation. The REIT takes the following into account:

- a) the level of responsibility for each position;
- b) the compensation offered on the market for comparable positions;
- c) performance and individual contribution; and
- d) the REIT's ability to pay.

For the purpose of the application of the overall compensation policy, the compensation paid to officers is made up of fixed and variable components:

- a base salary which is competitive with the comparator market;
- a short-term incentive plan designed to achieve annual performance goals;
- a long-term incentive plan designed to achieve annual growth objectives in the form of options to purchase units;



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- a group insurance program providing adequate protection in the event of death, disability or illness.

#### **Base salary**

The salary scale for officers is designed to be competitive compared to salaries of other Canadian companies in the real estate management sector for sector-related positions, and of a comparable size reflecting a more general market for positions not related to the real estate management sector. An officer's base salary is determined according to the evaluation of his performance, experience, level of responsibility and the importance of his position within the REIT.

#### **Short-term incentive program**

Each officer benefits from a short-term incentive program designed to encourage the achieving of the REIT's performance objectives. Under the program, each officer can earn a bonus, the amount of which is determined based on results achieved for the evaluation indicators applied to each officer for his particular business sector, the evaluation of his performance and the opinion of his superiors.

#### **Long-term incentive program**

The long-term incentive program is designed to compensate officers for their efforts in achieving the REIT's growth objectives through a unit option plan, the exercise of which depends on certain conditions. Options granted to officers may not be exercised, even if they are free-trading, if the following conditions are not met:

- the price of the security must be at least 10% higher than the exercise price of the option;
- the officer must undertake to hold a number of units corresponding to the multiple determined for his base salary;
- when they are exercised, if the officer does not hold the required number of units, the officer must keep at least 5% of the units purchased until he has the multiple corresponding to his base salary.

The committee is of the opinion that the granting of options allows the personal interests of officers and unitholders to be reconciled and thereby preserves and increases the long-term value of unitholders' investments.

The members of the Compensation Committee have approved the report for inclusion in this Circular.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER COMPENSATION PLANS**

The following table shows the number of Units to be issued upon the exercise of options, the weighted average exercise price of such options and the number of Units remaining for future issuance under the Plan.



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Plan Category	Number of Securities to be issued upon exercise of options (a)	Weighted average exercise price of options (b)	Number of Units remaining available for future issuance under Compensation Plans (excluding Securities reflected in the first column (a)) (c)
Equity compensation plans approved by securityholders	2,686,500 <sup>(2)</sup>	\$16.84	0
Equity compensation plans not approved by securityholders	0	0	0
<b>Total <sup>(1)</sup></b>	<b>2,686,500 <sup>(2)</sup></b>	<b>\$16.84</b>	<b>0</b>

**NOTES:**  
(1) The Unit Option Plan is the REIT's only existing equity compensation plan.  
(2) Includes 932,700 options granted on February 6, 2008, 46,290 of which require Unitholder approval at the May 14, 2008 Meeting – See "Amendment and Restatement of the Unit Option Plan".

### INDEBTEDNESS OF TRUSTEES, EXECUTIVE OFFICERS AND OFFICERS

As at the date of this Circular and during the fiscal year ended December 31, 2007, no Trustee, proposed nominee for election as Trustee, executive officers or officers of the REIT were indebted to the REIT or its subsidiary.

### CORPORATE GOVERNANCE

The REIT's Board of Trustees and management believe that sound governance practices are essential to the functioning of the REIT and in the interest of its Unitholders, and these practices should be reviewed regularly to ensure that they are appropriate.

This statement of corporate governance is made with reference to National Policy 58-201, Corporate Governance Guidelines and National Instrument 58-101, Disclosure of Corporate Governance Practices (hereinafter collectively the "**Corporate Governance Guidelines**") which are initiatives of the Canadian Securities Administrators.

The REIT's corporate governance practices in effect are designed with a view to ensuring that the business and affairs of the REIT are effectively managed in the interest of the Unitholders as a whole. The REIT's corporate governance practices are described in Schedule "A" to this Circular.

In this Circular, the term "**Independent Trustee**" has the meaning given in the Contract of Trust, namely a Trustee (i) who is not a member of the Dallaire Family (as defined below), or an associate, director, officer or employee of a corporation or partnership comprising the Dallaire Group (as defined below) or an affiliate thereof, (ii) who is not related to the Dallaire Group, (iii) who is not a "related person" (within the meaning of the *Income Tax Act* (Canada)) in relation to the Dallaire Group or to any member of the Dallaire Family, (iv) who has no material business relationships with the REIT (other than his election or appointment as Trustee or, subject to the provisions thereof, his being a Unitholder), the Dallaire Group or any member of the Dallaire Family, and (v) who represents to the REIT, upon his election or appointment as a Trustee, that he



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meets the foregoing criteria. An AM Total Investments Trustee is deemed not to be an Independent Trustee.

In this Circular, the expression “**Dallaire Family**” means the spouse of the late Jules Dallaire, Michel Dallaire, Alain Dallaire, Linda Dallaire and Sylvie Dallaire and their partners.

In this Circular, the expression “**Dallaire Group**” includes AM Total Investments, general partnership and Corporation Financière Alpha (CFA) Inc.

In this Circular, the expression “**AM Total Investments Trustee**” has the meaning given to the expression “Cominar Trustee” in the Contract of Trust, namely, a nominee appointed as Trustee by Corporation Financière Alpha (CFA) Inc., a corporation resulting from the amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) Inc. (formerly known as Groupe Cominar Inc.), the amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) 2001 Inc., and the subsequent amalgamation of Corporation Financière Alpha (CFA) inc. and 4341236 Canada inc., on behalf of AM Total Investments, general partnership.

#### **Entirely Integrated Real Estate Investment Trust**

The REIT operates as a fully integrated real estate investment trust, which is not subject to any third party management contracts.

In the opinion of the REIT, this structure reduces the potential for conflict between the interests of management and the REIT. The REIT also believes that adopting a fully internalized management structure favours the harmonization of the interests of management and employees with those of Unitholders.

#### **NORMAL COURSE ISSUER BID**

The REIT has filed a notice of intention to make an issuer bid in the normal course of business allowing it to redeem up to 2,265,278 units, which represents 5% of the issued and outstanding units. Under the notice, the REIT may purchase such units between March 10, 2008 and March 9, 2009, at market price, in the amounts and at the times the REIT determines. Purchases shall be made through the TSX. Units purchased under the normal course issuer bid will be cancelled. A copy of the notice may be obtained from the Secretary of the REIT at the address indicated below or on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **PERFORMANCE GRAPH**

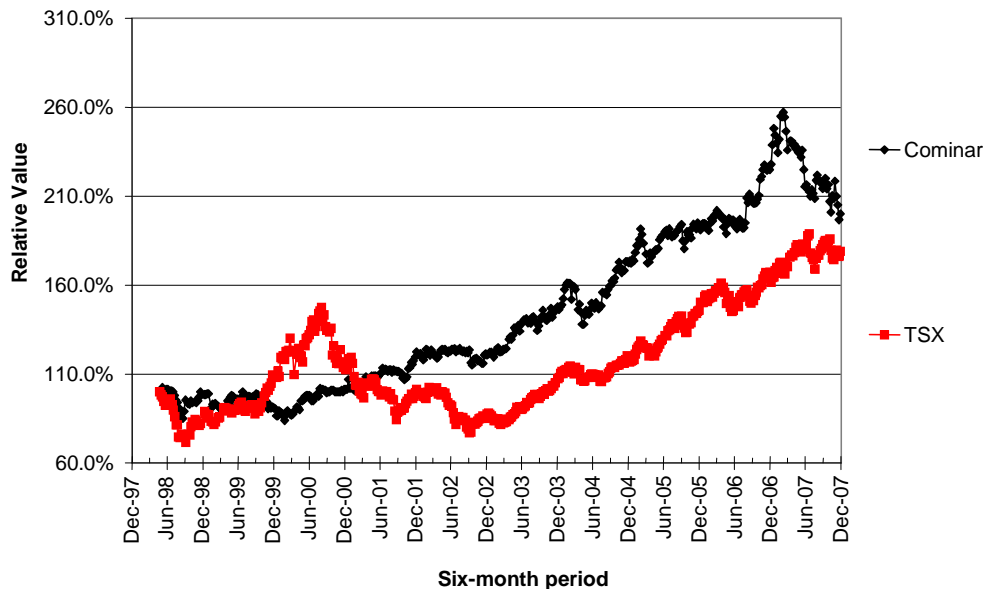
The following performance graph compares as at the end of each quarter up to December 31, 2007, the REIT's total return to Unitholders in comparison with the total cumulative return of the S&P/TSX Composite Index of the TSX.



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Comparison of Cumulative Total Return



### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Apart from the information provided in this Circular or in the consolidated financial statements of the REIT for the fiscal year ended December 31, 2007 and since January 1, 2008, the REIT has no knowledge of any material interest of a Trustee or of an officer, current or proposed, in any transaction, or in a proposed transaction, that could or will materially affect the REIT.

Michel Dallaire and Alain Dallaire, Trustees and officers of the REIT, indirectly control Dalcon Inc. and Corporation Financière Alpha (CFA) Inc. Michel Paquet, a Trustee and officer of the REIT, is also associated with these corporations as an officer thereof.

During the fiscal year ended December 31, 2007, the REIT recorded net leasing revenues of \$990,000 from Dalcon Inc. and Corporation Financière Alpha (CFA) Inc. The REIT also incurred an expense of \$11.6M for the completion by Dalcon Inc., on its behalf, of tenant improvements for tenants of the REIT and \$9.1M for the construction and development of income-producing properties on its behalf by Dalcon Inc.

### CONTRACT OF TRUST AMENDMENTS

#### The First Contract of Trust Amendment Resolution

Under Section 5.1.7 of the Contract of Trust, the REIT shall not invest in operating businesses or other specialty real estate or acquire interests in general partnerships.



# COMINAR REAL ESTATE INVESTMENT TRUST

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### The Proposed Amendment

Unitholders are being asked to consider and, if thought fit, to adopt a special resolution ratifying and confirming (the “**First Contract of Trust Amendment Resolution**”) the Contract of Trust to permit the REIT, with the prior approval of the Trustees, to invest in operating businesses if such investment is incidental to a transaction where the revenue derives from real property, or which principally involves the ownership or operation, directly or indirectly, of real property (in each case as determined by the Trustees) or to acquire interests in partnerships, provided (i) that the partnership is formed and operated solely for the purpose of acquiring, holding, maintaining, improving, leasing or managing a particular real property or properties or interests therein; (ii) except as a majority of the Independent Trustees may otherwise approve, that the REIT’s interest in the partnership is not subject to any restriction on transfer other than a right of first refusal or right of first offer, if any, in favour of any other partner or any affiliate thereof; provided, in any case, that the investment (A) would not result in the REIT or others to pay tax imposed as a result of holdings by the REIT, (B) would not disqualify the REIT as a “mutual fund trust” within the meaning of the *Tax Act*, and (C) would not result in the REIT losing any status under the *Tax Act* that is otherwise beneficial to the REIT and its Unitholders.

This amendment is intended primarily to better reflect the manner in which the REIT carries on business and to provide greater flexibility in the operation of the REIT. This amendment will also bring the REIT’s practices in this regard more in line with those of its main competitors.

The text of the First Contract of Trust Amendment Resolution is set out in Schedule “C” to this Circular.

The amendment will become effective only at the time of the approval of the First Contract of Trust Amendment Resolution at the Meeting.

**The persons named in the enclosed form of proxy intend to vote at the Meeting FOR the approval of the First Contract of Trust Amendment Resolution unless otherwise directed by the Unitholders appointing them.**

### Unitholder Approval Required

The First Contract of Trust Amendment Resolution requires the approval of at least 66 2/3% of the Units voted in person or represented by proxy at the Meeting.

The Trustees of the REIT believe that the First Contract of Trust Amendment Resolution is in the best interest of Unitholders of the REIT and recommend its approval.

### The Second Contract of Trust Amendment Resolution

Under Section 5.1.11 of the Contract of Trust, the REIT shall not incur an indebtedness aggregating more than 12.5% of gross book value at floating interest rate or having maturities of less than one year, excluding account payables, accrued expenses and payable distributions.





## COMINAR REAL ESTATE INVESTMENT TRUST

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#### **The Proposed Amendment**

Unitholders are being asked to consider and, if thought fit, to adopt a special resolution (the “**Second Contract of Trust Amendment Resolution**”) to abrogate this section 5.1.11. This amendment is intended primarily to better reflect the manner in which the REIT carries on business and to provide greater flexibility in the operation of the REIT. This amendment will also bring the REIT’s practices in this regard more in line with those of its main competitors.

The text of the Second Contract of Trust Amendment Resolution is set out in Schedule “D” to this Circular.

This amendment will become effective only at the time of the approval of the Second Contract of Trust Amendment Resolution at the Meeting.

**The persons named in the enclosed form of proxy intend to vote at the Meeting FOR the approval of the Second Contract of Trust Amendment Resolution unless otherwise directed by the Unitholders appointing them.**

#### **Unitholder Approval Required**

The Second Contract of Trust Amendment Resolution requires the approval of at least 66 2/3% of the Units voted in person or represented by proxy at the Meeting.

The Trustees of the REIT believe that the Second Contract of Trust Amendment Resolution is in the best interest of Unitholders of the REIT and recommend its approval.

#### **The Third Contract of Trust Amendment Resolution**

Under Section 5.2.7 of the Contract of Trust, the REIT shall not incur nor assume any indebtedness secured by an hypothec or mortgage unless the aggregate of a) the amount of all indebtedness secured on such immovable property or group of immovable properties and b) the amount of additional indebtedness does not exceed 75% of the market value of such immovable property or group of immovable properties.

#### **The Proposed Amendment**

Unitholders are being asked to consider and, if thought fit, to adopt a special resolution (the “**Third Contract of Trust Amendment Resolution**”) to abrogate such Section 5.2.7. This amendment is intended primarily to better reflect the manner in which the REIT carries on business and to provide greater flexibility in the operation of the REIT. This amendment will also bring the REIT’s practices in this regard more in line with those of its main competitors.

The text of the Third Contract of Trust Amendment Resolution is set out in Schedule “E” to this Circular.

This amendment will become effective only at the time of the approval of the Third Contract of Trust Amendment Resolution at the Meeting.



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**The persons named in the enclosed form of proxy intend to vote at the Meeting FOR the approval of the Third Contract of Trust Amendment Resolution unless otherwise directed by the Unitholders appointing them.**

#### **Unitholder Approval Required**

The Third Contract of Trust Amendment Resolution requires the approval of at least 66 2/3% of the Units voted in person or represented by proxy at the Meeting.

The Trustees believe that the Third Contract of Trust Amendment Resolution is in the best interest of Unitholders of the REIT and recommend its approval.

The approval by Unitholders of the First Contract of Trust Amendment Resolution, the Second Contract of Trust Amendment Resolution and the Third Contract of Trust Amendment Resolution will not affect the REIT's status, as a "unit trust" and a "mutual fund trust" under the provisions of the *Income Tax Act* (Canada). In addition, the REIT will continue to be subject to the other investment guidelines and operating policies contained in the Contract of Trust.

#### **AUDIT COMMITTEE INFORMATION**

Information required by Schedule 52-110A1 of Multilateral Instrument 52-110 relating to the Audit Committee is available in the REIT's Annual Information Form for the fiscal year ended December 31, 2007. A copy of the REIT's Annual Information Form is available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as on Cominar's website ([www.cominar.com](http://www.cominar.com)) or it can be obtained upon request to the Secretary of the REIT at 455 du Marais Street, Québec, Quebec, G1M 3A2 (facsimile: (418) 681-2946).

#### **APPOINTMENT OF AUDITORS**

Ernst & Young LLP, chartered accountants, are currently the auditors of the REIT. The board of Trustees proposes that Ernst & Young LLP be re-appointed as auditors of the REIT.

**The persons named in the enclosed form of proxy for use at the Meeting intend to vote IN FAVOUR of the resolution appointing Ernst & Young LLP, as auditors of the REIT to hold office until the next annual meeting of Unitholders or until their successors are appointed, and the authorization of the Trustees to fix the remuneration of the auditors, unless the Unitholder who has given the proxy has directed that the Units represented thereby be withheld from voting in respect to the appointment of auditors.**



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#### OTHER MATTERS

The management of the REIT knows of no other matters to come before the meeting other than those referred to in the notice of such meeting. However, if any other matters which are not known to management should properly come before the meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

#### ADDITIONAL INFORMATION

The REIT's financial information is included in its audited financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2007. Copies of these documents and additional information concerning the REIT can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) as well as on REIT's website at [www.cominar.com](http://www.cominar.com) and may also be obtained upon request to the Secretary of the REIT at its head office: 455 du Marais Street, Québec, Quebec, G1M 3A2.

#### APPROVAL OF THE TRUSTEES

The contents and the distribution of this Circular have been approved by the Board of Trustees of the REIT.

DATED at Québec, Quebec, the 20<sup>th</sup> day of March, 2008.

**BY ORDER OF THE BOARD OF TRUSTEES,**

*(s) Michel Paquet*

Michel Paquet  
Executive Vice-President, Legal Affairs  
and Secretary



# COMINAR REAL ESTATE INVESTMENT TRUST

## MANAGEMENT PROXY CIRCULAR

### SCHEDULE "A"

#### CORPORATE GOVERNANCE PRACTICES

The Board of Trustees has considered the guidelines set out in National Instrument 58-201 - Corporate Governance Guidelines, and compared them with its existing practices. The following description summarizes the REIT's Corporate Governance practices in accordance with Corporate Governance Guidelines.

##### **Board of Trustees**

The Board of Trustees (the "**Board**") is responsible for the overall stewardship of the REIT and has full powers and authority to manage and control the affairs and business of the REIT. It establishes the overall policies and standards for the REIT. It delegates a certain part of its authority and responsibilities to committees and to the management of the REIT, but it retains full effective control over the REIT and monitors senior management. The Trustees are kept informed of the REIT's operations at meetings of the board and its committees and through reports, analyses and discussions with management.

The Contract of Trust provides that there shall be a minimum of nine and a maximum of eleven Trustees, that a majority of the Trustees must be Independent Trustees, Canadian residents and have at least five years of substantial experience in the real estate industry.

The Board currently consists of nine Trustees of which five are Independent Trustees. The Board considers that this size is appropriate for the REIT at this time and offers the flexibility to respond efficiently to opportunities. The Board is of the view that current membership has the necessary breadth and diversity of experience to provide for effective decision making and staffing of board committees.

The REIT considers that a majority of Trustees of the REIT and persons proposed to be nominated for election as Trustees are Independent Trustees as defined in National Instrument 58-101. Yvan Caron, Gérard Coulombe, Robert Després, Dino Fuoco and Ghislaine Laberge are Independent Trustees and are considered independent. Michel Dallaire, Michel Paquet, Alain Dallaire and Pierre Gingras as they are appointed by AM Total Investments, general partnership, which is entitled to appoint under the Contract of Trust a number of four Trustees so long as the percentage of Units held represents at least 10% of the Units then outstanding, are AM Total Investment Trustees and are not considered as independent. In addition, since they are officers of the REIT, Michel Dallaire, Michel Paquet and Alain Dallaire are not considered independent.

According to National Instrument 58-101, the term "independent" means having no direct or indirect "material relationship" with the issuer, a "material relationship" being a relationship which could, in the view of the issuer's board, be reasonably expected to interfere with the exercise of a trustee's independent judgment. In determining whether trustees are independent, the Board has considered and discussed the nature and materiality of all relevant relationships



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between a trustee and the REIT including, without limitation, customer, supplier and service provider relationships.

The current Trustees and the candidates proposed to be nominated for election as Independent Trustee of the REIT also serve as directors of the following companies indicated beside their name:

- Gérard Coulombe: National Bank of Canada, National Bank Life Insurance Company, National Bank Group Inc., National Bank Trust inc. and Casavant Frères
- Robert Després: Domosys Corporation, HRS Holdings Inc., Obzerv Technologies Inc. and Asmacure Ltée
- Dino Fuoco: SFK Pulp Fund and Capital BLF Inc.
- Pierre Gingras: Desjardins Sécurité Financière, Northwest & Ethical Investments Inc.

The Board has adopted a written mandate which describes its principal functions and which is annexed hereto as Schedule "A.1". The mandate provides that the Board will consider recommendations made by the officers of the REIT who are responsible for the general management of the REIT, with respect, namely, to strategic, financial and organizational objectives.

In accordance with its mandate, the Board of Trustees ensures that it excludes management from its meetings, from time to time, as appropriate. In the past fiscal year, the Board of Trustees did not schedule separate meetings to be held without certain members of management being present. In addition to the President and CEO, the Executive Vice-President, Legal Affairs and Secretary and the Chief Financial Officer of the REIT were also present at all regularly scheduled meetings of the Board of Trustees. At the invitation of the Board, other members of management attend board meetings and provide reports to the Board on the operating performance of the REIT.

The Chairman of the Board of Trustees is appointed by the full board and is not a member of management. The Chairman of the Board, Robert Després, chosen by the full Board, is an Independent Trustee. The Board has developed a written position description for the Chairman of the Board. The Chairman's role is to be primarily responsible for the proper functioning of the Board, for ensuring that all relevant issues are on the agenda, and for ensuring that all Trustees play their full part in its activities. The Chairman must make certain that the Trustees receive timely, relevant information tailored to their needs, and that they make an effective contribution to the REIT as board members. The Chairman is responsible for ensuring that the Board understands the boundaries between board and management responsibilities. The Chairman also ensures that the Board is in full control of the REIT's affairs and understands its obligations to the Unitholders.

The functions of the board include the review and approval of annual audited financial statements and the management's discussion and analysis contained therein, following review by the Audit Committee, as well as the interim unaudited financial statements and the



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management discussion and analysis contained therein, following review by the Audit Committee.

#### **Committees of the Board of Trustees**

The Board of Trustees has established four committees and delegated certain of its authorities and responsibilities to each of these committees and has also instructed each of them to make recommendations and report to the Board. The Contract of Trust requires that a majority of the members of each Board Committee be composed of Independent Trustees, with the exception of the Compensation and Nominating and Corporate Governance Committees where all members shall be Independent Trustees only. All committees of the Board of Trustees are composed of a majority of Independent Trustees.

#### **Audit Committee**

The Audit Committee meets on a regular basis the Chief Financial Officer of the REIT, sometimes the internal accountants of the REIT and, if necessary, the REIT's external auditors to review and inquire into: (a) matters affecting financial reporting and accounting; (b) the adequacy of internal controls and procedures for financial reporting and accounting; (c) independence of the external auditors; (d) the audit procedures and audit plans; and (e) the procedures for managing principal risks for the REIT. It also recommends to the Board of Trustees the external auditors to be appointed and their remuneration.

The Audit Committee reviews and recommends to the Board, for approval: (a) the audited annual financial statements and the management's discussion and analysis contained therein; (b) the interim unaudited financial statements and the management's discussion and analysis contained therein; (c) prospectuses and other offering memoranda; (d) the annual information form; and (e) the press releases, messages to the Unitholders and all other documents required by regulatory authorities. The Audit Committee also considers the REIT's policies. The responsibilities of the Audit Committee, including those described above, are reviewed by the board of Trustees annually.

The Audit Committee meets four times a year and holds special meetings as circumstances require.

As required in Multilateral Instrument 52-110, the Audit Committee has established whistle-blowing procedures for complaints regarding accounting, internal accounting controls or auditing matters ("**Accounting Matters**"). Under these procedures, any complaint submitted regarding Accounting Matters will be maintained confidential to the fullest extent possible, consistent with the need to conduct an adequate review. The Executive Vice-President, Legal Affairs will assist the Audit Committee in protecting the whistle blowers from reprisal of any kind for making the complaint.

The Audit Committee met four (4) times during the last fiscal year and is currently composed of Dino Fuoco (Chairman), Yvan Caron and Robert Després, all of whom are Independent Trustees and financially literate and all of whom have accounting or related financial expertise. Mr. Fuoco is a Fellow member of the Professional Corporation of Certified



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Management Accountants of Quebec, Mr. Després, M.Sc.C., is a Fellow member of the Corporation of Certified General Accountants of Quebec and a Fellow member of the Professional Corporation of Certified Management Accountants of Quebec. Mr. Caron is the former President of the Fédération des caisses Desjardins du Québec.

#### **Compensation Committee**

The Compensation Committee reviews annually the objectives of the President and Chief Executive Officer including those of the officers. The Committee is also responsible for advising on the REIT's compensation programs (including compensation for the President and Chief Executive Officer, officers of the REIT, grant of options under the Plan and eligibility of participants in the Employee Unit Purchase Plan of the REIT).

The Compensation Committee reviews annually the level and nature of Trustees' compensation in view of market conditions, risks and level of responsibility. The Compensation Committee of the REIT has a written mandate.

The Compensation committee met three (3) times during the last fiscal year and is currently composed of Yvan Caron (Chairman), Gérard Coulombe and Ghislaine Laberge, all of whom are Independent Trustees within the meaning of National Instrument 52-110.

#### **Nominating and Corporate Governance**

The Nominating and Corporate Governance Committee is responsible for evaluating the efficiency of the Board of Trustees, its committees and individual Trustees. As part of its activities, each year the Committee examines the size and composition of the Board of Trustees. The Committee also examines and makes recommendations to the Compensation Committee thereon. The Committee also oversees the existence of an education program for board members. The Committee is also responsible for recommending nominees to the Board for nomination as trustees of the REIT. In so doing, the Committee must ensure that the nominees have the time and resources required to perform the duties of trustee. The Committee must also ensure that the nominees meet the selection criteria that it has established. The Committee has the mandate to develop the REIT's approach to corporate governance and to prepare the annual disclosure required in this regard.

The Nominating and Corporate Governance Committee met once during the last fiscal year and is currently composed of Robert Després (Chairman), Gérard Coulombe and Ghislaine Laberge, all of whom are Independent Trustees.

#### **Investment Committee**

The duties of the Investment Committee are to recommend to the Trustees whether to approve or reject proposed transactions of the REIT, including proposed acquisitions and dispositions of investments and borrowings (including the assumption or granting of any hypothec or mortgage) by the REIT. The Trustees may delegate to the Investment Committee the power to approve or reject proposed acquisitions, dispositions or borrowings, as the case may be, provided that the Trustees must approve any transaction where the acquisition,



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disposition or borrowing, as the case may be, would be in or for an amount in excess of 10% of Adjusted Unitholders' Equity (as such term is defined below).

Subject to the provisions of the Contract of Trust, the Trustees have delegated to the Investment Committee the approval or rejection of all proposed acquisitions, developments, dispositions, investments, and borrowings up to \$12 million. Management approves or rejects such transactions when their value is less than \$2 million. The Trustees, however, must approve any proposed transaction where the acquisition, disposition, investment or borrowing, as the case may be, would be in or for an amount in excess of 10% of Adjusted Unitholders' Equity (as such term is defined below). Notwithstanding the appointment of the Investment Committee, the Trustees may consider and approve any matter over which the Investment Committee has the authority.

In this Circular, "**Adjusted Unitholders' Equity**" means the aggregate of the amount of Unitholders' equity and the amount of accumulated amortization recorded in the books and records of the REIT in respect of its properties calculated in accordance with generally accepted accounting principles. Investment Committee approval is not required for the renewal, extension or modification of any existing immovable hypothec or mortgage or for the transactions contemplated by the Purchase Agreement.

The Investment Committee met twice during the last fiscal year and is currently composed of Pierre Gingras (Chairman), Yvan Caron and Dino Fuoco, the majority of whom are Independent Trustees.

#### **Selection of Trustees**

Pursuant to its mandate, the Nominating and Corporate Governance Committee advises the Board according to the selection criteria established by the Committee, with regard to competencies and skills each Trustee should possess in the context of the REIT's business and affairs and the Committee should seek in candidates as Trustees.

The identification of candidates is the responsibility on the Board which is guided by the criteria developed by the Committee.

When a Trustee is being recruited, the Committee initiates the process by seeking input and taking into account the competencies, skills and personal qualities recommended, then assess the candidate before they are submitted to the Board and to Unitholders.

#### **Orientation and Continuing Education**

The new Trustees are briefed on the role of the Board, its committees, trustees and on the REIT's structure, regulatory environment and other aspects of the REIT. Extensive documentation on the REIT is also provided to them and used in the orientation program for new Trustees. As part of the continuing education program, management periodically gives Trustees up-to-date analyst reports, industry studies and benchmarking information.





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#### **Assessments**

The Nominating and Corporate Governance Committee, which consists of Independent Trustees, is responsible annually for assessing performance of the Board, its Committees and individual Trustees. The Committee ensures that the mandate of each Committee of the Board is being carried out. The assessment also deals with the way the Chairman of the Board and the committee Chairs fulfil their duties.

#### **Attendance of Trustees at Board Meetings**

The Board of Trustees met twelve (12) times during the last fiscal year. The overall average attendance was 99% at board meetings and 98% at committee meetings for the fiscal year.

#### **Position of President and Chief Executive Officer**

The Board of Trustees has developed a written position description for the President and Chief Executive Officer. The role of the President and Chief Executive Officer is primarily to develop and manage the strategic planification as well as the business and affairs of the REIT. He is also responsible to fulfill the orders and policies of the Board.

#### **Code of Ethics and Business Conduct**

The REIT has adopted a Code of Ethics and Business Conduct (the “**Code of Ethics**”) which provides guidelines to ensure that all Trustees, officers, employees of the REIT and its subsidiary, including the individuals bound by contract or else working with or on behalf of the REIT, respect its commitment to conduct business relationships with respect, openness and integrity. The REIT is committed to conducting its business in compliance with applicable laws and regulations and expects its Trustees, officers, employees and other individuals bound by contract or else to the REIT to do the same. No waivers have been sought for Trustees and management and there are no breaches to report in this respect.

Moreover, the Code of Ethics which applies to Trustees, management and employees specifies that each must avoid placing themselves in situations of conflict of interest and their private interests must not conflict with their duties.

The Board monitors compliance with the REIT’s Code of Ethics and the Audit Committee ensures the follow-up. The Trustees, officers and employees are requested to provide a written acknowledgement confirming that they have received a copy of the Code of Ethics and that they will comply with it.

#### **Outside Advisors**

The Board will evaluate and, if appropriate, approve the engagement of outside advisors at the REIT’s expense. No outside advisor was engaged in 2007, except for Aon whose services were retained to assist the Compensation Committee in establishing the compensation policy for senior executives.



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### SCHEDULE "A.1"

#### Mandate of Board of Trustees

The Board of Trustees (the "**Board**") exercises certain duties prescribed by law and is normally involved in a significant number of essential issues involving the REIT. Management and the trustees shall determine the limits of the Board's mandate as well as the issues to be discussed by the Board.

The issues generally submitted to the Board include the financial statements, strategic orientations, business plan, budgets, major investments, financing and other major financial activities, the hiring of executives, remuneration, evaluation and succession, issues relating to the goods and services of the REIT (such as quality and safety), management, organizational restructuring and material transactions.

In order to perform its duties, the Board must not only be aware of and approve the general management plan of the business but it must also be satisfied that the plan is implemented properly and that the appropriate oversight and internal and external control and audit systems are set up to ensure that the affairs of the company are managed responsibly. Such audit shall be carried out in part by governing and approving, among other things, the strategic plan and business plans as well as the budgets resulting therefrom, taking into account the opinions of experts, both those which are internal and those which may come from outside.

The Board shall implement appropriate audit procedures, even if there is no particular problem. Such procedures will allow the Board to ensure compliance of the day-to-day management of the operations of the REIT and other aspects of management which it cannot oversee or review itself. Such procedures are not only useful and necessary to the oversight process but, in many situations, they also provide an essential defence against allegations of non-compliance with the obligations of the trustees in the performance of their duties.

Regulatory organizations are increasingly adopting corporate governance policies in order to ensure that the trustees are more active and independent in performing their mandate. Thus, regulatory organizations have, among other things, pointed out that the Board of Trustees should explicitly assume the following specific duties:

- adopt a planning procedure including the orientation and review of corporate strategies, major plans of action, risk management policies, business plans and budgets;
- adopt performance goals and provide oversight of the conduct of business and corporate performance;
- approve and oversee material transactions and investments;
- choose officers and approve their remuneration;
- do succession planning, including recruiting, training and career management and oversee the performance and evaluation of officers;



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- review the system of remunerating Board members and ensure that the Board nomination procedure is well established and transparent;
- oversee and manage potential conflicts of interest of the officers, Board members and compliance by them with the policies of the REIT;
- ensure the integrity of the financial and accounting systems of the REIT including the independent audit and ensure that an appropriate internal control system is set up including a system for monitoring risks, financial controls and compliance with the law;
- oversee the implementation and effectiveness of corporate governance rules;
- approve the communication policy of the REIT and oversee its enforcement;
- identify the main risks facing the REIT, ensure that a system has been set up to manage them, monitor it and revise it as needed;
- adopt and disclose a code of ethics and business conduct for the REIT, ensure that the trustees, officers and employees of the REIT and its subsidiaries, and the persons called upon to represent the REIT or to act on its behalf, including persons related by contract or otherwise to the REIT, are informed thereof and understand its scope, that a procedure is set up to receive and handle complaints and that a report is made to the Board at least once a year or when a material offence occurs;
- periodically check whether the REIT has agreed to loans or granted lines of credit to trustees or officers;
- ensure that no trustee or officer has traded in units during black-out periods and that they file their insider report within the prescribed time when they trade outside such periods;
- approve or amend the articles, by-laws or administrative resolutions;
- ensure that integrity, and financial integrity in particular, prevails within the REIT while being satisfied with the integrity of the Chief Executive Officer and senior executives who will create a culture of integrity throughout the organization.

In order to efficiently fulfil its duties, the Board shall meet periodically (at least once per quarter), and the Board committees shall meet in accordance with the meetings provided for in their work program and when circumstances require.

The Board may meet outside the presence of the officers at least once a year as part of a special meeting to such effect and, if it so wishes, at the end of each Board meeting or at other times during the year.

In addition, in performing its mandate, the Board may retain the services of outside advisers at the expense of the REIT.



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#### SCHEDULE "B"

#### RESOLUTION TO APPROVE THE AMENDMENT AND RESTATEMENT OF THE UNIT OPTION PLAN

##### RESOLVED:

1. THAT the Unit Option Plan of the REIT (the "**Plan**") as amended and restated by the Board of Trustees as at February 27, 2008, substantially in the form available for inspection at the Meeting, be and is hereby approved, ratified and confirmed;
2. THAT the increase of the number of units of the REIT (the "**Units**") reserved for issuance pursuant to the exercise of options granted under the Plan from 3,319,210 Units to 4,530,257 Units be and is hereby approved, ratified and confirmed;
3. THAT the listing of 1,885,047 additional Units on the Toronto Stock Exchange to be listed as reserved for issuance under the Plan be and is hereby approved, ratified and confirmed; and
4. THAT any Trustee or officer of the REIT be and is hereby authorized and empowered to take or cause to be taken, for and on behalf of the REIT and the Trustees of the REIT, all such additional or other actions, and to execute, deliver and/or file, or cause to be executed, delivered and/or filed, such additional amendments and restatements or other agreements, documents, listing applications or instruments, as may be deemed by such person in his or her discretion necessary, advisable or appropriate in carrying into effect the intents and purposes of the foregoing resolutions.



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### SCHEDULE "C"

#### FIRST CONTRACT OF TRUST AMENDMENT RESOLUTION

##### RESOLVED:

1. THAT the contract of trust pertaining to the REIT dated March 31, 1998, as amended, supplemented or restated (the "**Contract of Trust**") be amended by deleting Section 5.1.7 of the Contract of Trust and substituting it by the following:

*"5.1.7 the REIT shall not invest in operating businesses (unless such investment is incidental to a transaction (i) where revenue will be derived, directly or indirectly, principally from real property, or (ii) which principally involves the ownership or operation, directly or indirectly, of real property (in each case as determined by the Trustees)) or acquire interests in general partnerships or limited partnerships provided, that the REIT may invest in a partnership if: (i) the partnership is formed and operated solely for the purpose of acquiring, holding, maintaining, improving, leasing or managing a particular real property or properties or interests therein; (ii) except as a majority of the Independent Trustees may otherwise approve, the REIT's interest in the partnership is not subject to any restriction on transfer other than a right of first refusal or right of first offer, if any, in favour of any other partner or any affiliate thereof; provided, in any case, that the investment (A) would not result in the REIT or any registered retirement savings plan, registered retirement income fund or deferred profit sharing plan being liable under the Tax Act to pay tax imposed as a result of holdings by the REIT, (B) would not disqualify the REIT as a "mutual fund trust" within the meaning of the Tax Act, and (C) would not result in the REIT losing any status under the Tax Act that is otherwise beneficial to the REIT and its Unitholders."*

2. THAT any Trustee or officer of the REIT be and he/she is hereby authorized for and on behalf of the REIT and the Trustees of the REIT, to execute, deliver and file or cause to be executed, delivered and filed the amended Contract of Trust or any other documents or instruments, as may be deemed in his or her discretion necessary, advisable or appropriate in carrying into effect the intents and purposes of the foregoing resolution; and
3. THAT notwithstanding that the present resolution may be passed by the Unitholders of the REIT, the REIT and the Trustees of the REIT shall not be forced to proceed with the amendment of the Contract of Trust set forth in paragraph 1, and are hereby authorized and empowered, without further notice or approval of the Unitholders of the REIT, to abandon at any time and at the sole discretion of the Trustees of the REIT, the amendment to the Contract of Trust contemplated by paragraph 1.



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#### SCHEDULE "D"

#### SECOND CONTRACT OF TRUST AMENDMENT RESOLUTION

##### RESOLVED:

1. THAT the Contract of Trust pertaining to the REIT dated March 31, 1998, as amended, supplemented or restated (the "**Contract of Trust**") be amended by deleting Section 5.1.11.
2. THAT any Trustee or officer of the REIT be and he/she is hereby authorized for and on behalf of the REIT and the Trustees of the REIT, to execute, deliver and file or cause to be executed, delivered and filed the amended Contract of Trust or any other documents or instruments, as may be deemed in his or her discretion necessary, advisable or appropriate in carrying into effect the intents and purposes of the foregoing resolution; and
3. THAT notwithstanding that the present resolution may be passed by the Unitholders of the REIT, the REIT and the Trustees of the REIT shall not be forced to proceed with the amendment of the Contract of Trust set forth in paragraph 1, and are hereby authorized and empowered, without further notice or approval of the Unitholders of the REIT, to abandon at any time and at the sole discretion of the Trustees of the REIT, the amendment to the Contract of Trust contemplated by paragraph 1.



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#### SCHEDULE "E"

#### THIRD CONTRACT OF TRUST AMENDMENT RESOLUTION

##### RESOLVED:

1. THAT the Contract of Trust pertaining to the REIT dated March 31, 1998, as amended, supplemented or restated (the "**Contract of Trust**") be amended by deleting Section 5.2.7.
2. THAT any Trustee or officer of the REIT be and he/she is hereby authorized for and on behalf of the REIT and the Trustees of the REIT, to execute, deliver and file or cause to be executed, delivered and filed the amended Contract of Trust or any other documents or instruments, as may be deemed in his or her discretion necessary, advisable or appropriate in carrying into effect the intents and purposes of the foregoing resolution; and
3. THAT notwithstanding that the present resolution may be passed by the Unitholders of the REIT, the REIT and the Trustees of the REIT shall not be forced to proceed with the amendment of the Contract of Trust set forth in paragraph 1, and are hereby authorized and empowered, without further notice or approval of the Unitholders of the REIT, to abandon at any time and at the sole discretion of the Trustees of the REIT, the amendment to the Contract of Trust contemplated by paragraph 1.