



COMINAR REAL ESTATE INVESTMENT TRUST

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

March 29, 2012

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COMINAR REAL ESTATE INVESTMENT TRUST
MANAGEMENT PROXY CIRCULAR
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 (“**Unitholders**”) of Cominar Real Estate Investment Trust (the “**REIT**”) will be held at the Palace Royal Hotel, 775 Honoré-Mercier Avenue, Québec City, Québec, on May 16, 2012 at 11:00 a.m. (Québec City time), for the following purposes:

1. **TO RECEIVE** the financial statements of the REIT for the fiscal year ended December 31, 2011 together with the report of the independent auditor thereon;
2. **TO ELECT** seven trustees of the REIT for the fiscal year ending December 31, 2012;
3. **TO APPOINT** the auditor and authorize the trustees of the REIT to fix its remuneration;
4. **TO EXAMINE** and, if deemed advisable, approve, with or without amendment, the special resolution set forth in Schedule “A” to the management proxy circular accompanying this notice of meeting to approve certain amendments to the contract of trust of the REIT, as amended, updated or restated from time to time, to, *inter alia*; (i) delete provisions relating to the entitlement of the Dallaire family to appoint four trustees; (ii) delete provisions relating to a staggered Board of Trustees; (iii) amend and update certain of the investment guidelines and operating policies of the REIT; and (iv) make certain other technical amendments to such contract of trust, and restate such contract of trust, in the form attached as Exhibit 1 to Schedule “A” hereto;
5. **TO EXAMINE** and, if deemed advisable, approve, with or without amendment, the resolution set forth in Schedule “B” to the management proxy circular accompanying this notice of meeting to: (i) approve certain amendments to the amended and restated unit option plan of the REIT to, *inter alia*; (a) introduce restricted units and deferred units of the REIT; (b) increase the maximum number of units which may be issued thereunder, as so amended from 6,303,642 to 10,315,583 units; and (c) make certain other technical amendments to such plan, and restate such plan, in the form attached as Exhibit 1 to Schedule “B” hereto; and (ii) approve the listing of 5,314,391 additional units on the Toronto Stock Exchange (of which 4,011,941 units represent the increase in the maximum number of units which may be issued upon the exercise or awards granted under such plan and 1,302,450 units represent the replenishment of such plan); and
6. **TO TRANSACT** such other business as may properly come before the Meeting or any adjournment thereof.

Items 2, 3 and 5 above require the approval of a majority of the votes cast at the Meeting. The special resolution described in item 4 must be passed by two-thirds (66⅔%) of the votes cast at the Meeting. The accompanying management proxy circular dated March 29, 2012 provides additional information relating to the matters to be dealt with at the Meeting and forms an integral part of this notice.

The trustees of the REIT have set April 10, 2012 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 the form of proxy and return it to the REIT’s transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. In order to be effective, proxies must be received no later than 5:00 p.m. (Québec City time) on May 14, 2012 or, if the Meeting is adjourned, the last business day preceding the day of any resumption thereof.

Unitholders are invited to attend the Meeting. There will be an opportunity to ask questions and meet management, the Board of Trustees and fellow Unitholders. At the Meeting, the REIT will also report on its 2011 business activities.

SIGNED in Québec City, Québec, the 29th day of March, 2012.

BY ORDER OF THE BOARD OF TRUSTEES,

(s) Michel Paquet
Senior Executive Vice-President and Secretary

PART 1 – VOTING INFORMATION

1.1 Solicitation of Proxies

This management proxy circular (the “**Circular**”) is sent in connection with the solicitation of proxies by or on behalf of management of Cominar Real Estate Investment Trust (the “**REIT**” or “**Cominar**”) for use at the annual and special meeting (the “**Meeting**”) of holders of units of the REIT (“**Unitholders**”) to be held on May 16, 2012 at the Palace Royal Hotel, 775 Honoré-Mercier Avenue, Québec City, Québec, at 11:00 a.m. (Québec City time), or any adjournment thereof for the purposes set forth in the accompanying notice of meeting (the “**Notice**”). 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**”), or by 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 at March 21, 2012.

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

1.2 Beneficial Owners

The information set forth in this section is important to the many Unitholders who do not hold units of the REIT (“**Units**”) in their own names (“**Beneficial Owners**”). Units beneficially owned by a Beneficial Owner are registered either:

- (a) in the name of an intermediary (“**Intermediary**”), 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.

Units held by brokers or their agents or nominees can be voted for or against resolutions only upon the instructions of the Beneficial Owner. Without specific instructions, brokers and their agents and nominees are prohibited from voting Units for the brokers’ clients.

Should a Beneficial Owner who receives a voting instruction form wish to attend the Meeting in person or by proxy and vote at it, he should:

- appoint himself proxy by indicating his name (or that of another person of his choice) in the blank space provided on the voting instruction form;
- not complete the part about voting since his vote will be recorded at the Meeting; and
- return the voting instruction form according to the instructions indicated therein.

Beneficial Owners should carefully follow the instructions indicated on the voting instruction form and ensure that instructions respecting the voting of their Units are communicated to the appropriate person.

1.3 Appointment and Revocation of Proxies

Registered Unitholders may vote in person at the Meeting or complete and return the enclosed form of proxy. The proxy must be executed by the Unitholder or the attorney of such Unitholder, duly authorized in writing. To be valid, 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 City, Québec, G1M 3A2, no later than 5:00 p.m. (Québec City time) on May 14, 2012 or, if the Meeting is adjourned, the last business day preceding the day of any resumption thereof.

The persons designated in the 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 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 proper 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 date of the Meeting or any adjournment thereof or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits, the proxy will be revoked.

Beneficial Owners may revoke their voting instructions by following their broker's instructions.

1.4 Voting of Units

Units represented by proxies will be voted or withheld from voting on any ballot that may be called for according to the instructions received from the Unitholder 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 from the Unitholder, proxyholders designated in advance will vote the Units: (i) IN FAVOUR OF the election of the seven nominees put forward by management as Trustees, four of whom will be independent Trustees; (ii) IN FAVOUR OF the appointment of the independent auditor of the REIT and the authorization given to the Trustees to fix its remuneration; (iii) IN FAVOUR OF the adoption of the special resolution set forth in Schedule "A" to this Circular to approve certain amendments to the Contract of Trust (as defined below), in the form attached hereto; and (iv) IN FAVOUR OF the adoption of the resolution set forth in Schedule "B" to this Circular to approve certain amendments to the amended and restated unit option plan of the REIT, in the form attached hereto, and approve the listing of additional Units on the Toronto Stock Exchange (the "TSX") as reserved for issuance thereunder.**

The enclosed form of proxy confers discretionary authority upon the persons designated therein with respect to amendments or variations to matters identified in the Notice and with respect to any other matter which may properly come before the Meeting. However, if any other matters which are not now 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.

As at the date of the Circular, management and the Board of Trustees of the REIT (the "**Board of Trustees**" or the "**Board**") know of no changes or other matters to come before the Meeting.

1.5 Voting at Meeting and Quorum

As at March 21, 2012, 103,111,157 Units were issued and outstanding. Each Unit entitles its holder to one vote at meetings of Unitholders. **Only Unitholders of record at the close of business on April 10, 2012, 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.**

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 special resolution set forth in Schedule "B" to this Circular must be passed by two-thirds (66⅔%) of the votes cast at the Meeting. 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 together not less than 25% of the total number of outstanding Units.

1.6 Principal Unitholders

To the knowledge of the Trustees and officers of the REIT according to the most recent available information, there is no direct or indirect beneficial owner of, nor any person who exercises control or direction over, Units carrying more than 10% of the votes attached to the outstanding Units.

PART 2 – MEETING AGENDA

2.1 Presentation of Financial Statements and Independent Auditor's Report

The consolidated financial statements of the REIT, the report of the independent auditor thereon and the Management's Discussion and Analysis for the fiscal year ended December 31, 2011 are contained in the 2011 Annual Report and will be presented to Unitholders at the Meeting, but the approval of the Unitholders with respect thereto is not required.

2.2 Nominees for Election as 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. There are currently nine Trustees of the REIT. Of this number, six are deemed to be "Independent Trustees" (as that term is defined under Section 4.2 "Statement of Corporate Governance Practices"). Two of the Independent Trustees, namely Alban D'Amours and Ghislaine Laberge, are in office for a term expiring at the close of the annual meeting of Unitholders for the fiscal year ending December 31, 2012. Seven of the Trustees are nominated for election, including four Independent Trustees, namely Robert Després, Gérard Coulombe and Dino Fuoco, whose term expires at the close of the Meeting, and Pierre Gingras. The other Trustees, namely Alain Dallaire, Michel Dallaire and Michel Paquet, are not Independent Trustees, as they are senior executives of the REIT.

If the Unitholders approve the amendments to the Contract of Trust set forth in Part 5 – Other Business – Amendments to the Contract of Trust, the term of the seven nominees for election as Trustees will expire at the close of the annual meeting of Unitholders for the fiscal year ending December 31, 2012.

The persons designated in the enclosed form of proxy for use at the Meeting intend to vote **IN FAVOUR OF** the election of Robert Després, Gérard Coulombe, Alain Dallaire, Michel Dallaire, Dino Fuoco, Pierre Gingras and Michel Paquet, as Trustees, to hold office until the close of the annual meeting of Unitholders for the fiscal year ending December 31, 2012, 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 on the election of Trustees.

Management does not contemplate that any of the nominees will be unable to serve as a Trustee but, if that should occur for any reason prior to the Meeting, the persons designated in the attached 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 Trustees.

The following summary sets forth, for each person proposed to be nominated for election as a Trustee, the following information:


- name;
- place of residence;
- age;


- independence from the REIT, as the case may be;
- date the nominee became a Trustee;
- whether the nominee meets the unit ownership guidelines for Trustees;
- principal occupation (including position with the REIT or any of its significant subsidiaries);
- biography;
- areas of expertise;
- memberships on the Committees of the Board of Trustees;
- memberships on boards of other reporting issuers;
- number of Board of Trustees and Committee of the Board of Trustees meetings attended in the fiscal year ended December 31, 2011; and
- unitholdings of the nominee as well as the market value of such Units as at December 31, 2011. On December 30, 2011, i.e. the last business day of the month, the closing price of Units on the TSX (as defined below) was \$22.03.


Certain information set out below with respect to Trustee nominees was not within the knowledge of the REIT and was provided by the respective Trustee nominees individually.

2.2.1 Nominees for election as trustees


 <p>Robert Després, O.C., G.O.Q. Québec City, Québec</p> <p>Independent</p> <p>Age: 87</p> <p>Trustee since: 1998</p>	Principal Occupation		Chairman of the Board of Trustees		
	Robert Després is President of D.R.M. Holdings Inc. and Chairman of the Board of Directors of Domosys Corporation and Obzerv Technologies Inc. He is also a member of the Board of Directors of the National Optics Institute, GenePOC Inc. and HRS Holdings Inc. Throughout his career, he has also been a Board member of several companies, including Atomic Energy of Canada Limited, Camdev Corporation, Canada Malting Co. Ltd., CFCF Inc., Domtar Inc., Manulife Financial Corporation, Mitel Corporation, National Trust Company, Norcen Energy Resources Ltd., Alliance Forest Products Inc., Provigo Inc., Sidbec-Dosco Inc. and Wajax Corporation Limited. Mr. Després has a Bachelor's degree and a Master's degree in Administration from Laval University and is a Fellow of the <i>Ordre des comptables généraux licenciés du Québec</i> (CGA) and the <i>Ordre des comptables en management accrédités du Québec</i> (CMA). Mr. Després is also a fellow of the Institute of Corporate Directors and of the <i>Collège des administrateurs de sociétés</i> .				
	Areas of expertise: accounting, finance, mergers and acquisitions, corporate governance and general management.				
	Membership on the REIT's Committees: Audit Committee and Nominating and Governance Committee (Chairman).				
	Meetings Attended in 2011 Fiscal Year			#	%
	Board of Trustees			18 of 18	100
	Audit Committee			4 of 4	100
	Nominating and Governance Committee			2 of 2	100
	Securities Held or Controlled				
		Units (#)	Total market value of units directly held	Options (#)	Meets unitholding requirements
2011	16,500	363,495	-	Yes	

 Me Gérard Coulombe, QC Montréal, Québec Independent Age: 64 Trustee since: 2007	Principal Occupation		Partner, Lavery de Billy, L.L.P.		
	Gérard Coulombe was appointed Trustee of Cominar in March 2007. He is a partner with Lavery, de Billy L.L.P., a leading law firm, where he practices business law. He holds a law degree from the University of Ottawa and did post-graduate studies at the University of Oxford, in the United Kingdom, where he was a Rhodes Scholar. He is recognized by LEXPERT as a leading practitioner in banking law, corporate finance and securities. Mr. Coulombe is a member of the Board of Directors of the following companies: Club de Hockey Canadien, Inc., National Bank Life Insurance Company, National Bank Group Inc., National Bank Trust Inc., Robichaud Conseil Inc. and Casavant Frères, L.P.				
	Areas of expertise: business and corporate law, financial services and corporate governance.				
	Membership on the REIT's Committees: Compensation Committee (Chairman) and Nominating and Corporate Governance Committee.				
	Membership on boards of other reporting issuers: National Bank of Canada (TSX).				
	Meetings Attended in 2011 Fiscal Year			#	%
	Board of Trustees			18 of 18	100
Compensation Committee			2 of 2	100	
Nominating and Governance Committee			2 of 2	100	
Securities Held or Controlled					
	Units (#)	Total market value of units directly held	Options (#)	Meets unitholding requirements	
2011	2,689	59,239	-	Yes	


 Alain Dallaire Québec City, Québec Age: 42 Non-Independent Trustee since: 2006	Principal Occupation	Executive Vice-President, Operations of the REIT				
	Alain Dallaire has held the position of Executive Vice-President, Operations since 2008. From 2005 to 2008, he was Executive Vice-President, Leasing and Commercial Operations of the REIT. He has over 10 years' experience in real estate and broad expertise across the entire range of the REIT's leasing activities. Areas of expertise: real estate, leasing and general management.					
	Meetings Attended in 2011 Fiscal Year				#	%
	Board of Trustees				16 of 18	100
	Securities Held or Controlled					
		Units (#)	Total market value of units directly held	Options (#)	Meets unitholding requirements	
2011	8,681,569 ⁽¹⁾	1,044,090	155,000	Yes		
(1) Includes 8,277,175 Units of the REIT held by AM Total Investments, General Partnership. The Units of AM Total Investments, General Partnership, are indirectly held by Groupe Dallaire inc. ("GDI"). The shares of GDI are held by the children of the late Jules Dallaire, including Michel Dallaire and Alain Dallaire, and related family trusts. In addition, 357,000 Units of the REIT are held by the Fiducie testamentaire Jules Dallaire. The trustees of the Fiducie testamentaire Jules Dallaire are Michel Dallaire, Alain Dallaire and Michel Paquet.						

 Michel Dallaire, P. Eng. Québec City, Québec Age: 50 Non- Independent Trustee since: 1998	Principal Occupation	President and Chief Executive Officer of the REIT				
	Michel Dallaire has been President and Chief Executive Officer of the REIT since April 2005. He has over 20 years of experience with Cominar, having served as President and Chief Operating Officer from 2003 to 2005, and Executive Vice-President, Operations until 2003. Prior to joining Cominar, he worked as an engineer for Dupuis Côté, a Québec City engineering firm. Mr. Dallaire holds a Bachelor of Science degree from Laval University and is a member of the <i>Ordre des ingénieurs du Québec</i> .					
	Areas of expertise: real estate, construction, mergers and acquisitions, development, finance and general management.					
	Meetings Attended in 2011 Fiscal Year				#	%
	Board of Trustees				18 of 18	100
	Securities Held or Controlled					
		Units (#)	Total market value of units directly held	Options (#)	Meets unitholding requirements	
	2011	8,770,597 ⁽¹⁾	3,005,377	372,000	Yes	


(1) Includes 8,277,175 Units of the REIT held by AM Total Investments, General Partnership. The Units of AM Total Investments, General Partnership, are indirectly held by Groupe Dallaire inc. ("GDI"). The shares of GDI are held by the children of the late Jules Dallaire, including Michel Dallaire and Alain Dallaire, and related family trusts. In addition, 357,000 Units of the REIT are held by the Fiducie testamentaire Jules Dallaire. The trustees of the Fiducie testamentaire Jules Dallaire are Michel Dallaire, Alain Dallaire and Michel Paquet.

 Dino Fuoco, FCMA Montréal, Québec Age: 58 Independent Trustee since: 2006	Principal Occupation	President, Matvet Veterinary Equipment Inc.			
	Dino Fuoco has 30 years of experience in corporate finance and mergers and acquisitions. He is a Fellow of the <i>Ordre des comptables en management accrédités du Québec</i> and has held executive positions at several companies, including Société générale de financement du Québec and Alliance Forest Products Inc. Areas of expertise: accounting, general management, finance and mergers and acquisitions. Membership on the REIT's Committees: Audit Committee (Chairman) and Investment Committee. Membership on boards of other reporting issuers: Fibrek Inc. (TSX) and Capital BLF Inc. (TSX)				
	Meetings Attended in 2011 Fiscal Year			#	%
	Board of Trustees			18 of 18	100
	Audit Committee			4 of 4	100
Investment Committee			2 of 2	100	
Securities Held or Controlled					
	Units (#)	Total market value of units directly held	Options (#)	Meets unitholding requirements	
2011	-	-	-	No ⁽¹⁾	

(1) Mr. Fuoco does not hold, directly or indirectly, Units or options to purchase Units of the REIT, in accordance with the Contract of Trust which provides that there must be at least one Trustee who does not hold Units or options to purchase Units of the REIT at all times.


 Pierre Gingras Québec City, Québec Age: 75 Independent Trustee since: 1998	Principal Occupation	Corporate Director			
	Pierre Gingras is President of Placements Moras Inc., a real estate investment company. He was the co-founder and Vice-President of Jacques G. Parent Inc., an actuary firm and was a director of Fédération des caisses Desjardins du Québec from 1989 to 2000 and of the Imperial Life Insurance Company from 1994 to 1998. Mr. Gingras holds Master's degree in administration from Laval University.				
	Areas of expertise: finance, accounting and general management				
	Membership on the REIT's Committees: Investment Committee (Chairman)				
	Membership on boards of other reporting issuers: Northwest & Ethical Investments L.P., Nuvolt Corporation Inc. (TSX)				
	Meetings Attended in 2011 Fiscal Year			#	%
	Board of Trustees Investment Committee			17 of 18 4 of 4	94 100
	Securities Held or Controlled				
		Units (#)	Total market value of units directly held	Options (#)	Meets unitholding requirements
	2011	104,735 ⁽¹⁾	1,839,505	-	Yes


(1) Includes 21,235 Units of the REIT held by Placements Moras Inc.

 Mr Michel Paquet, Attorney Québec City, Québec Age: 56 Non- Independent Trustee since: 1998	Principal Occupation	Senior Executive Vice-President and Secretary of the REIT			
	Michel Paquet has been Cominar's Senior Executive Vice-President since March 2, 2010. He has held the position of Senior Vice-President, Legal Affairs and Secretary of the REIT since 1998. From 1986 to 1998, Mr. Paquet was Executive Vice-President, Legal Affairs and Secretary of Cominar Inc. From 1983 to 1986, Mr. Paquet practiced law with the Québec City law firm of Charest & Associés. During the four preceding years, he was a member of the law firm of Paradis, Chabot & Paquet in Thetford Mines. Mr. Paquet holds a law degree from the University of Sherbrooke and is a member of the Québec Bar.				
	Areas of expertise: real estate, business law, mergers and acquisitions and corporate governance.				
	Meetings Attended in 2011 Fiscal Year			#	%
	Board of Trustees			18 of 18	100
Securities Held or Controlled					
	Units (#)	Total market value of units directly held	Options (#)	Meets unitholding requirements	
2011	8,657,080 ⁽¹⁾	504,597	171,000	Yes	

(1) Includes 8,277,175 Units of the REIT held by AM Total Investments, General Partnership. The Units of AM Total Investments, General Partnership, are indirectly held by Groupe Dallaire inc. ("GDI"). The shares of GDI are held by the children of the late Jules Dallaire, including Michel Dallaire and Alain Dallaire, and related family trusts. In addition, 357,000 Units of the REIT are held by the Fiducie testamentaire Jules Dallaire. The trustees of the Fiducie testamentaire Jules Dallaire are Michel Dallaire, Alain Dallaire and Michel Paquet.

2.2.2 Other trustees

 Alban D'Amours, G.O.Q., Fellow Adm. A. Québec City, Québec Age: 71 Independent Trustee since: 2009	Principal Occupation		Corporate Director		
	Alban D'Amours was President and Chief Executive Officer of the Desjardins Group from 2000 to 2008. In 1988 he joined the Confédération des caisses Desjardins du Québec, where he held various management positions. He has held various positions in the Québec civil service, including those of Associate Deputy Minister of Energy and Deputy Minister of Revenue. A professor of economics at the University of Sherbrooke, Mr. D'Amours completed his doctoral studies with a major in monetary policy, public finance and econometrics.				
	He is president of the Confédération Internationale des Banques Populaires, a member of the Board of Directors of the Lucie and André Chagnon Foundation and GenePOC Inc., former member of the Board of Directors of the Caisse de dépôt et placement du Québec and former chairman of the Board of Directors of the University of Sherbrooke.				
	Areas of expertise: finance, economics, accounting, corporate governance and general management.				
	Membership on the REIT's Committees: Compensation Committee and Audit Committee.				
	Meetings Attended in 2011 Fiscal Year			#	%
	Board of Trustees			18 of 18	100
Audit Committee			4 of 4	100	
Compensation Committee			2 of 2	100	
Securities Held or Controlled					
	Units (#)	Total market value of units directly held	Options (#)	Meets unitholding requirements	
2011	5,000	110,150	-	Yes	

 <p>Ghislaine Laberge, ASC Longueuil, Québec</p> <p>Age: 67</p> <p>Independent</p> <p>Trustee since: 1998</p>	Principal Occupation	Corporate Director			
	Ghislaine Laberge was Vice-President, Mortgage Investments at Desjardins Life Assurance from 1992 to 1994, and from 1987 to 1992 she was Vice-President, Mortgage Investments with the Caisse de dépôt et placement du Québec. Since 1993, Ms. Laberge has been a member of several Boards of Directors of subsidiaries of the Caisse de dépôt et placement du Québec, including Cadim Inc., Hypothèques CDPQ inc., N45 Inc. and Otera Holding Inc.				
	Areas of expertise: real estate industry, finance, mergers and acquisitions				
	Membership on the REIT's Committees: Compensation Committee, Nominating and Governance Committee and Investment Committee.				
	Meetings Attended in 2011 Fiscal Year			#	%
	Board of Trustees			18 of 18	100
Compensation Committee			2 of 2	100	
Nominating and Governance Committee			2 of 2	100	
Investment Committee			4 of 4	100	
Securities Held or Controlled					
	Units (#)	Total market value of units directly held	Options (#)	Meets unitholding requirements	
2011	6,805	149,914	-	Yes	

Each of the Trustees listed above has held his or her principal occupation for the last five years, except for Alban D'Amours, who was President and Chief Executive Officer of the Mouvement des Caisses Desjardins from 2000 to 2008, and Gérard Coulombe who, from 1977 to 2007, was a senior partner of Desjardins Ducharme LLP, a law firm.

The management of the REIT and the Trustees as a group (21 people) beneficially owned, or exercised control or direction over, 9,096,541 Units, or approximately 8.8% of the issued and outstanding Units as at March 21, 2012.

2.2.3 Board interlocks

The Nominating and Governance Committee of the Board has reviewed the participation of the REIT's Trustees on the boards of other reporting issuers and has determined that there are no board interlocks, i.e. two or more Trustees who are members of the board of another reporting issuer together.

2.2.4 Trustees attendance record

In the 2011 fiscal year, the Board and its Committees held the following number of meetings:

Board of Trustees	18
Audit Committee ("AC")	4
Nominating and Governance Committee ("NGC")	2
Investment Committee ("IC")	4
Compensation Committee ("CC")	2
Total:	30

Overall, the combined attendance by the Trustees at Board and Committee meetings was 98%. A record of attendance by individual Trustees at meetings of the Board and its Committees, as applicable, is set out below.

Trustee	Board Meetings Attended		Committee Meetings Attended	
Robert Després	18 of 18	100%	6 of 6	100%
Michel Dallaire	18 of 18	100%	N/A	N/A
Michel Paquet	18 of 18	100%	N/A	N/A
Alain Dallaire	16 of 18	89%	N/A	N/A
Pierre Gingras	17 of 18	94%	4 of 4	100%
Gérard Coulombe	18 of 18	100%	4 of 4	100%
Dino Fuoco	18 of 18	100%	8 of 8	100%
Ghislaine Laberge	18 of 18	100%	8 of 8	100%
Alban D'Amours	18 of 18	100%	6 of 6	100%
Attendance Record	Board	98%	AC IC NGC CC	100% 100% 100% 100%

2.2.5 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 Trustee of the REIT, other than (i) Robert Després who was a director and executive of McWatters Mining Inc., a mining company which in January 2004 filed notice of its intention to submit a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada) which was accepted by its creditors in June 2004 and subsequently ratified by the Superior Court of the district of Québec City in July 2004, and (ii) Gérard Coulombe who, until September 28, 2005, was a Board member 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 the Circular, or has been, within the ten years before such date, a director, trustee, chief executive officer or chief financial officer or, in respect of subsection (c) below, an executive officer of a company which, while the person was acting in such capacity:

- 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;
- was subject to an event that resulted, after the Trustee or executive officer ceased to be a Trustee 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
- within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

2.2.6 Individual bankruptcies

No person proposed to be nominated for election as a 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 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.

2.2.7 Trustees' unit ownership guidelines

To align Trustees' interests with those of Unitholders, the Board has adopted a minimum unitholding requirement for Trustees. Each Trustee is required to own at least 2,000 Units of the REIT and he/she must acquire this number of Units before the date of the third anniversary of his/her election. The Contract of Trust also provides that, at all times, there must be at least one Trustee who is not directly or indirectly a Unitholder or a person who holds an option to acquire Units. Dino Fuoco is the trustee who does not hold, directly or indirectly, Units or options to purchase Units of the REIT. As at the date hereof, all Trustees comply with the Unit ownership guidelines.

2.2.8 Performance assessment

The Board of Trustees evaluates annually its performance and effectiveness, along with that of its committees and members in connection with the performance of their mandate.

2.2.9 Code of ethics and business conduct

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

2.2.10 Trustees' and officers' liability insurance

The REIT has entered into indemnification agreements with each of the Trustees. It has also purchased \$5,000,000 of Trustees' and officers' liability insurance for a period of one year expiring on December 31, 2012, for an annual premium of \$55,460. The premium has been paid by the REIT in full and has not been allocated among the insureds. The following deductibles are assumed by the REIT: \$50,000 relating to coverage for the REIT's liability, \$25,000 relating to coverage for indemnification of the REIT and \$10,000 relating to coverage for liability involving employment practices and third party discrimination. As at March 29, 2012, no claim has been presented or paid under such policy.

2.3 Appointment of Independent Auditor

The persons named in the enclosed form of proxy intend to vote **IN FAVOUR OF** the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the independent auditor of the REIT to hold office until the next annual meeting of Unitholders at such remuneration as may be fixed by the Board of Trustees of the REIT. PricewaterhouseCoopers LLP, Chartered Accountants, has been the independent auditor of the REIT since May 18, 2010. The previous independent auditor of the REIT was Ernst & Young LLP.

The resolution regarding the appointment of the independent auditor must be passed by the majority of the votes cast by Unitholders present or represented by proxy who are entitled to vote at the Meeting.

2.3.1 Independent auditor's fees

The following table indicates the fees PricewaterhouseCoopers LLP, Chartered Accountants, charged the REIT for various services rendered during the past two fiscal years:

	2011 Fiscal Year	2010 Fiscal Year ⁽¹⁾
Audit fees	138,600	139,517
Operating costs audit fees	10,000	12,400
Conversion to international financial reporting standards fees	47,775	26,906
Audit-related fees	45,030	27,900
Tax consulting fees	78,155	76,668
All other fees	242,408 ⁽²⁾	64,965 ⁽³⁾
Total:	561,968	348,356
<i>(1) Fees of \$150,585 were paid to Ernst & Young LLP and \$197,771 to PricewaterhouseCoopers LLP.</i>		
<i>(2) Fees related to quarterly review of financial statements:</i>		<i>\$85,200</i>
<i>Fees related to prospectuses:</i>		<i>\$63,405</i>
<i>Consulting fees:</i>		<i>\$27,518</i>
<i>Fees related to the circulars for the offer to purchase units of Canmarc Real Estate Investment Trust:</i>		<i>\$66,285</i>
<i>Total:</i>		<i>\$242,408</i>
<i>(3) Fees related to quarterly review of financial statements:</i>		<i>\$33,500</i>
<i>Fees related to prospectuses:</i>		<i>\$31,465</i>
<i>Consulting fees:</i>		<i>—</i>
<i>Total:</i>		<i>\$64,965</i>

The Audit Committee has determined that the provision of non-audit services by PricewaterhouseCoopers LLP since their appointment was not incompatible with maintaining their independence. The Audit Committee has adopted a policy whereby it must pre-approve all services performed by the REIT's independent auditor. At every meeting of the Audit Committee, a report is presented on all services performed by the REIT's independent auditor.

PART 3 – STATEMENT OF EXECUTIVE COMPENSATION

3.1 Compensation Governance

3.1.1 Independence of members

The Compensation Committee is composed entirely of independent Trustees, according to the definition given in the standards established by the Canadian Securities Administrators (the “CSA”). The committee members are Gérard Coulombe, who is the Chairman, Ghislaine Laberge and Alban D'Amours.

3.1.2 Competencies of committee members

All the members of the Compensation Committee have competencies in human resources, compensation and risk management due to the experience they acquire through their current positions or directorships, or those they have held in the past, or due to their training. More specifically, Gérard Coulombe sits on the Board of Directors of the National Bank of Canada, Ghislaine Laberge has held various management positions with Desjardins and the Caisse de dépôt et de placement du Québec, and Alban D'Amours was President and Chief Executive Officer of the Mouvement des caisses Desjardins.

The Compensation Committee benefits from the expertise of Mr. D'Amours, who is also a member of the Audit Committee, which allows prudent risk management to be considered in the Committee's assessment of the compensation.

3.1.3 Role of compensation committee

The Compensation Committee assists the Board of Trustees in the performance of its human resources and compensation governance duties. The Compensation Committee sets up and oversees the policies and practices respecting the compensation of the REIT's senior management. It also ensures that the compensation policies and programs that are set up promote the achievement of the REIT's strategic and financial goals without compromising its viability, solvency and reputation.

The duties and responsibilities of the Compensation Committee are more fully described in its charter, which is reviewed periodically.

3.1.4 Independent outside compensation advisers

The Compensation Committee has the authority to retain the services of independent advisers to support it in the performance of its duties and provide it with information it requires about trends and practices in its benchmark market with respect to compensation policies and programs as well as observations on the position of the compensation of senior executives and other officers of the REIT.

During the 2011 fiscal year, the Compensation Committee retained the services of an executive compensation consultant, Aon Hewitt ("**Aon**"). Aon has been the chosen provider of services to the Compensation Committee with respect to the compensation of the senior executives, other officers and Trustees of the REIT since 2007.

External Adviser	2011 Fiscal Year			2010 Fiscal Year		
	Compensation of senior management – related fees	Other fees	Total	Compensation of senior management – related fees	Other fees	Total
Aon						
Total:	\$15,750	–	\$15,750	\$6,600	–	\$6,600

3.2 Compensation Analysis

The following analysis sets out the principles underlying the compensation of the senior executives and Trustees of the REIT.

To understand the REIT's compensation practices, this statement should be read in view of the tables provided and the notes which accompany them.

3.2.1 Overall compensation philosophy

Within the REIT, remuneration plays an important role in attracting, motivating and retaining key members of the management team, who are essential to the REIT's success and the increase in value for Unitholders. The REIT is committed to maintaining a compensation policy that drives business performance, is competitive and encourages unit ownership. The REIT seeks to attract and retain competent and motivated officers to achieve its business mission. It considers skills and performance to be key factors in the progress of its officers and the determination of their overall compensation. The REIT wishes to compensate its officers fairly and equitably taking into account:

- their level of responsibility;
- the compensation offered by real estate investment trusts and companies in its Benchmark Group (as defined below) for comparable positions;

- individual performance and contribution to the achievement of the REIT's business mission; and
- the REIT's ability to pay.

The purpose of the REIT's compensation policy is to align the position of the overall compensation offered to the named executive officers with that offered in its benchmark market.

It is also designed to position the overall compensation offered to each executive officer compared to that offered to the other executive officers, i.e. internal equity. Internal equity is achieved by implementing the following procedures: job evaluation, salary management and performance management.

When analyzing the remuneration practices and levels of the Benchmark Group, the Compensation Committee also takes into consideration the REIT's financial targets.

3.2.2 Compensation risk management

The Compensation Committee ensures annually, and more frequently if circumstances warrant, that the REIT's overall compensation policy promotes the achievement of the REIT's commercial goals without compromising its viability, solvency and reputation, and reports to the Board of Trustees. In addition to ensuring that the compensation paid complies with external and internal principles of equity, the Compensation Committee, as well as the Board of Trustees, sees that the REIT maintains consistency and a balance between expected performance, risk management and compensation.

In this regard, the Compensation Committee also ensures that the overall compensation policy does not encourage senior executives to expose the REIT to unnecessary risk, in particular by promoting the achievement of short-term goals to the detriment of the REIT's long-term performance. In this regard, the Compensation Committee has recommended to the Board of Trustees that the proportion of overall compensation attributable to long-term incentive programs be equal to or greater than that attributable to the proportion attributable to the annual bonus program. The annual premiums are subject to maximum ceilings.

The Compensation Committee also benefits from the expertise of Mr. D'Amours, who is also a member of the Audit Committee, which allows prudent risk management to be considered in the Committee's assessment of the compensation.

3.2.3 Benchmarking

The Compensation Committee annually updates the compensation study to determine its competitive position *vis-à-vis* the compensation offered by real estate investment trusts and companies in its benchmark group.

The compensation policy for senior executives and officers of the REIT is designed to situate their overall compensation compared to the median (i.e. the 50th percentile) of the Benchmark Group, in accordance with the report provided by Aon. This report takes into account the type of entity and the profile of the human resources it employs.

The Benchmark Group used to determine the value of the compensation is made up of Canadian real estate investment trusts and companies in the real estate sector of a comparable size and with similar activities to the REIT and generally having the following characteristics:

- they operate in a similar or related sector, i.e. real estate;
- they are of similar complexity to the REIT;
- they attract a similar profile of employees, professionals and experts; and

- they are public companies generating annual income between \$100 and 500 million. The average income generated by entities making up the REIT's Benchmark Group is \$329 million, whereas the REIT's income is \$325 million.

For 2011 fiscal year, the Benchmark Group is made up of the following real estate investment trusts and companies ⁽¹⁾:

Real Estate Investment Trusts		Companies
1. Allied Properties	9. H & R	1. Brookfield Properties Corporation
2. Boardwalk	10. InnVest	2. Brookfield Facility Management Services
3. Calloway	11. Morguard	3. Lepage Johnson Control
4. Canadian Apartment Properties	12. Northern Property	4. Cadillac Fairview Corporation Limited
5. Canadian Hotel Income Properties	13. Primaris	5. First Capital Realty
6. Chartwell	14. RioCan	6. Killam Properties Inc.
7. Crombie	15. Royal Host	7. Melcor Developments Ltd.
8. Dundee		8. Morguard Corporation

(1) The information about the Benchmark Group is taken from data compiled by Aon according to its consultation experience and various studies conducted on behalf of their clients as well as data published in information circulars by the companies forming part of the Benchmark Group.

This group of entities is the “**Benchmark Group**”.

3.2.4 What the overall compensation policy is designed to reward

The REIT's overall compensation policy is designed to constitute adequate reward for services and incentive for the members of senior management to implement both short-term and long-term strategies aimed at ensuring the growth of distributions and increasing value for Unitholders.

3.2.5 Components of overall compensation

The overall compensation of the REIT's senior executives consists of the following:

- fixed compensation made up of base salary, benefits and other employment conditions;
- variable compensation made up of the following incentive programs:
 - a short-term incentive program which allows a senior executive to receive an annual bonus when the REIT's corporate goals and his individual goals are met; and
 - a long-term incentive program which allows senior executives to participate in the REIT's growth and the increased value of Units.

Compared to its Benchmark Group, the REIT aims to offer compensation which is:

- close to the median of its Benchmark Group in terms of fixed compensation, i.e. for base salary and other benefits;

- the median of its Benchmark Group in terms of overall compensation (fixed and variable compensation) when the level of achievement of corporate and individual goals meets expectations; and
- a level higher than the median of its Benchmark Group in terms of overall compensation (fixed and variable compensation) when the level of achievement of corporate and individual goals exceeds expectations.

The President and Chief Executive Officer is responsible for the application of the senior executives' overall compensation policy (other than that of the President and Chief Executive Officer) and any change to the policy must be submitted to the Compensation Committee, which recommends approval to the REIT's Board of Trustees.

3.2.6 Relationship between elements and goals of overall compensation policy

3.2.6.1 Base salary

The base salary for senior executives and other officers is determined according to the evaluation of their performance, experience, level of responsibility, and the importance of their position within the REIT, as well as a benchmark corresponding to the median base salary offered by the Benchmark Group, the minimum and maximum of which vary between 80% and 120% of such benchmark, which is adjusted annually in order to classify the senior executive or other officer in the appropriate contribution category.

3.2.6.2 Short-term incentive program – annual bonus

The senior executives and other officers benefit from a short-term incentive program designed to encourage the achieving of corporate and individual objectives. Under the program, each senior executive can earn a bonus which corresponds to a percentage of the base salary. The target bonus is 75% for the President and Chief Executive Officer and varies between 25% and 30% for the other senior executives. The percentage of the base salary constitutes the maximum bonus to which the senior executive is entitled for the fiscal year in question.

The amount of the bonus paid to senior executives is established based on the level of achievement of corporate and individual objectives. The corporate objectives are substantially the same for each senior executive whereas the individual performance indicators are set at the beginning of the fiscal year according to a model which is reviewed annually by the Compensation Committee and relate to each person's duties and mandate, as well as the evaluation of his performance and the opinion of his superiors.

3.2.6.3 Long-term incentive program

The long-term incentive program is designed to compensate senior executives, other officers and employees of the REIT and its subsidiaries through the granting of unit options, the exercise of which depends on certain conditions. The current unit option plan ("**Option Plan**") is designed to compensate Option Plan participants for their efforts in achieving the REIT's growth objectives and options to purchase Units may be granted from time to time in order to sustain a commitment to the REIT's long-term profitability and prosperity, and maximize Unitholder value.

The Option Plan was initially developed by the President and Chief Executive Officer of the REIT and the Executive Vice-President and Chief Financial Officer of the REIT, with the assistance of external legal advisers. The Option Plan was then submitted to the Compensation Committee for analysis and review, and the Compensation Committee is responsible for recommending its approval by the Board of Trustees.

The annual award of options under the Option Plan is part of the annual review of compensation of the senior executives, officers and employees of the REIT and its subsidiaries by the Compensation Committee which in turn submits its recommendations to the Board of Trustees.

In accordance with subsection 613 (d) of the *Toronto Stock Exchange Company Manual*, the provisions governing the Option Plan are described in detail in Schedule "C" to this Circular.

The number of Unit options granted to senior executives is determined based on the results achieved calculated using a percentage of the base salary which corresponds to the target grant to which a weighting factor may be applied according to the return of the REIT and the individual performance. It may vary between 50% and 150% of the grant defined as a quantity of options expressed as a percentage of the base salary equal to 75% for the President and Chief Executive Officer and varying between 35% and 45% for the other senior executives which the REIT intends to grant if the results reach set objectives. The number of options granted is also based on long-term contribution and other elements, including individual potential, retention objectives and succession planning. The number of options granted to the other officers and employees of the REIT is established according to each person's level of responsibility and the individual's performance.

There is no requirement that the Board of Trustees grant options each year.

According to the overall compensation program, options granted to senior executives and other officers during the 2011 fiscal year may not be exercised, even if they are free-trading, if the following condition is not met: the market price of the security must be at least ten percent (10%) higher than the exercise price of the option. When exercising the options, a senior executive or other officer who does not hold the minimum required number of Units corresponding to the multiple determined for his base salary must keep at least five percent (5%) of the Units purchased until he has the multiple corresponding to his base salary.

Up to 33 1/3% of the Units under option granted to senior executives pursuant to the Option Plan during the 2011 fiscal year are vested, on a cumulative basis, on the first, second and third anniversary of the award date, and the expiry date is generally the fifth (5th) anniversary date of the date of the grant.

Under its compensation policy, each year the REIT grants Unit options to senior executives, other officers and its employees. Effective March 15, 2007, the Board discontinued the granting of Unit options to non-employee Trustees.

As at December 31, 2011, 4,481,850 Unit options were outstanding, representing approximately 5.8% of the aggregate undiluted Units outstanding as at that date, whereas on December 31, 2010, a total of 4,169,900 Unit options were outstanding, representing approximately 6.6% of the undiluted Units outstanding as at that date.

The Board of Trustees proposes to amend the Option Plan to, *inter alia*, introduce restricted units and deferred units of the REIT, increase the maximum number of Units which may be issued thereunder, and make certain other technical amendments to such plan and restate such plan, in the form attached as Exhibit 1 to Schedule "B" to this Circular. See "Part 5 – Other Business – Equity Incentive Plan".

3.2.7 President and chief executive officer

3.2.7.1 Base salary

The base salary paid to the President and Chief Executive Officer, Michel Dallaire, is determined by reference, among other things, to the entities making up the Benchmark Group, his duties and his performance. Accordingly, the Compensation Committee reviews this information, as well as the performance of the REIT and of the President and Chief Executive Officer individually when recommending the President and Chief Executive Officer's salary for a given year. The base salary paid

to the President and Chief Executive Officer in the 2011 fiscal year was less than the Benchmark Group's median salary.

3.2.7.2 Bonus

In the 2011 fiscal year, the bonus paid to the President and Chief Executive Officer was 72.3% (the target bonus is 75%) of his base salary. The corporate objectives used in calculating the bonus are approved by the Board of Trustees. Individual objectives are set by the Compensation Committee and focus on strategic initiatives and management performance. In the 2011 fiscal year, the President and Chief Executive Officer achieved his personal objectives; therefore, under the rules as they apply to the President and Chief Executive Officer, Mr. Dallaire received a bonus of \$231,424.

3.2.7.3 Long-term incentive program – option plan

The 111,000 Unit options granted to the President and Chief Executive Officer as compensation for the fiscal year ended December 31, 2011 pursuant to the Option Plan were granted on the same basis as those of the other senior executives.

3.2.8 Other executives

3.2.8.1 Base salary

The base salary of the other executives (“OEs”) is established according to the same criteria as for that of the President and Chief Executive Officer which takes into account practices of the entities making up the Benchmark Group, their responsibilities and each person's performance. The President and Chief Executive Officer examines this information, the REIT's performance and that of each OE in order to recommend to the Compensation Committee each person's salary for a given year. The base salary paid to the OEs during 2011 fiscal year was less than the median salary of the Benchmark Group.

3.2.8.2 Bonus

During 2011 fiscal year, the bonus paid to the OEs varied between 20.3% and 30.6% of the base salary (the target bonuses varied between 25% and 30%). The corporate objectives used to determine the bonus are approved by the Board of Trustees. Individual objectives are set following a discussion with the President and Chief Executive Officer and cover elements specific to each OE.

The following table presents for each OE the target bonus percentage and the percentage corresponding to the result achieved:

Name	Target Bonus	Percentage Corresponding to the Result Achieved
Michel Berthelot	30%	30.6%
Michel Paquet	30%	24.3%
Alain Dallaire	30%	30.2%
Michel Ouellette	25%	20.3%

The bonuses paid to the OEs are found in Section 3.3.1 “Summary compensation table”.

3.2.8.3 Long-term incentive program – option plan

The 175,500 Unit options granted to the OEs as compensation under the long-term incentive program (under the Option Plan) for the fiscal year ended December 31, 2011 were granted according to the same criteria as those granted to the President and Chief Executive Officer of the REIT.

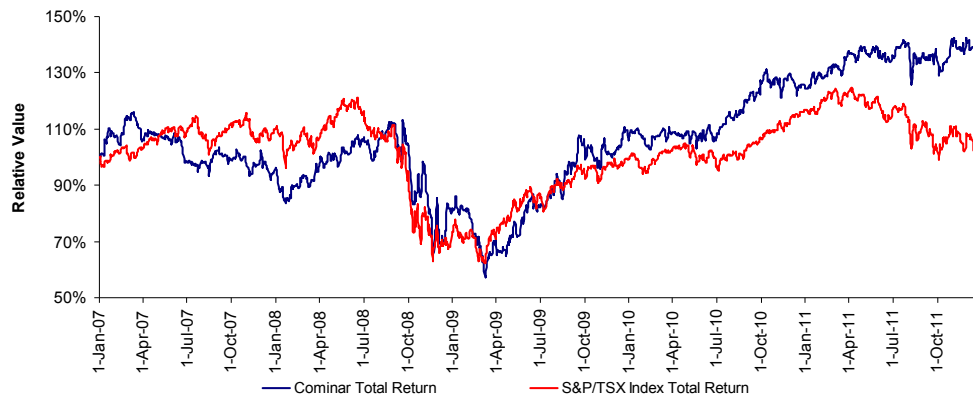
3.2.8.4 Change of control provisions

Reference is made to Section 3.6.1 “Change of control benefits”.

3.2.8.5 Performance graph

The following graph compares the cumulative Unitholder return on \$100 investments in Units of the REIT for the REIT's five most recent fiscal years commencing January 1, 2007, with a cumulative total Unitholder return on the S&P/TSX Composite Index for the same period assuming reinvestment of all distributions.

Relative performance



Total return summary

	January 1, 2007	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
Cominar Total return	100.00	116.26	100.85	133.31	154.25	140.33
S&P/TSX Index Total	100.00	128.80	86.28	116.52	137.06	106.07

The trend shown by the above performance graph begins with a slight decrease starting early 2007 and an improvement in the middle of 2008, with the REIT generally outperforming the S&P/TSX Composite Index fairly consistently over the past five years. Although the REIT outperformed the S&P/TSX Composite Index in 2008, 2009, 2010 and 2011, the two curves show comparable performance over the past five years.

Overall compensation summary

The compensation paid by the REIT to its senior executives is made up of three elements, one of which is related to the return on Units (the Option Plan), and the two others (the short-term incentive program and base salary) are not.

Accordingly, the overall compensation paid to the senior executives is not completely related to the return on Units.

An analysis of the overall compensation trend shows that the value of the compensation paid to senior executives of the REIT has increased over the past few years, due in particular to the sustained growth of the REIT since 2007 and in order to adjust the compensation paid by the Benchmark Group according to growth.

3.3 Summary Compensation

3.3.1 Summary compensation table

The following table sets forth the compensation for the fiscal years ended December 31, 2011, 2010 and 2009 of the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, and the three other most highly compensated senior executives of the REIT (collectively called the “**Senior Executives**” or “**SEs**”).

Name and Principal Position	Year	Salary (\$)	Option-based Awards ^{(1) (2)} (\$)	Non Option- based Incentive Plan Compensation (\$)	Other Compensation ⁽⁴⁾ (\$)	Total Compensation (\$)
				Annual incentive plan ⁽³⁾		
Michel Dallaire, P.Eng. President and Chief Executive Officer, non-independent Trustee	2011 2010 2009	320,000 275,000 250,000	89,910 60,075 68,175	231,424 97,720 127,325	— — —	641,334 432,795 445,500
Michel Berthelot, CA Executive Vice-President and Chief Financial Officer	2011 2010 2009	225,000 213,000 190,000	37,665 32,040 36,360	68,918 47,925 45,006	— — —	331,583 292,965 271,366
Michel Paquet, Attorney Senior Executive Vice-President and Secretary, non- independent Trustee	2011 2010 2009	190,000 180,000 165,000	32,805 29,370 33,330	46,085 24,188 33,928	— — —	268,890 233,558 232,258
Alain Dallaire Executive Vice-President, Operations, non-independent Trustee	2011 2010 2009	190,000 180,000 165,000	32,805 29,370 33,330	57,452 43,432 34,892	— — —	280,257 252,802 227,162
Michel Ouellette, É.A. Executive Vice-President, Acquisitions and Development	2011 2010 2009	153,000 148,000 145,000	20,655 22,695 27,270	30,977 19,636 20,818	— — —	204,632 190,331 199,148

(1) The options granted in the 2011 fiscal year pursuant to the Option Plan are exercisable as follows: (i) up to 33 1/3% of the Units under option are vested, on a cumulative basis, on the first, second and third anniversary of the award date; and (ii) the options will expire on December 21, 2016. The options granted in the 2010 fiscal year and 2009 fiscal year are exercisable in the same manner, but expire on December 21, 2015 and December 31, 2014, respectively.

(2) In determining the fair value of the option awards, the Black-Scholes model, an established methodology, was used, with the following assumptions:

- (i) risk-free interest rate: 1.01% (1.68% for the 2010 fiscal year grants);
- (ii) expected volatility in the market price of the Units: 15.8% (16.5% for the 2010 fiscal year grants);
- (iii) expected yield: 6.86% (7.14% for the 2010 fiscal year grants); and
- (iv) expected life: 3.5 years.

(3) See Section 3.2.6.2 “Short-term incentive program – annual bonus”.

(4) Perquisites have not been included, as they do not reach the prescribed threshold of the lesser of \$50,000 and 10% of total salary for the fiscal year.

3.4 Incentive Plan Awards

3.4.1 Outstanding option awards

The following table indicates for each of the SEs all awards outstanding at the end of the 2011 fiscal year:

	Option-based Awards			
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-money Options ⁽¹⁾ (\$)
Michel Dallaire	52,500	18.68	Feb. 6, 2013	954,195
	73,500	15.14	Dec. 19, 2013	
	67,500	19.48	Dec. 21, 2014	
	67,500	20.93	Dec. 21, 2015	
	111,000	21.80	Dec. 21, 2016	
Michel Berthelot	27,000	18.68	Feb. 6, 2013	521,925
	42,000	15.14	Dec. 19, 2013	
	36,000	19.48	Dec. 21, 2014	
	36,000	20.93	Dec. 21, 2015	
	46,500	21.80	Dec. 21, 2016	
Michel Paquet	27,000	18.68	Feb. 6, 2013	478,590
	37,500	15.14	Dec. 19, 2013	
	33,000	19.48	Dec. 21, 2014	
	33,000	20.93	Dec. 21, 2015	
	40,500	21.80	Dec. 21, 2016	
Alain Dallaire	25,500	18.68	Feb. 6, 2013	373,660
	23,000	15.14	Dec. 19, 2013	
	33,000	19.48	Dec. 21, 2014	
	33,000	20.93	Dec. 21, 2015	
	40,500	21.80	Dec. 21, 2016	
Michel Ouellette	25,500	18.68	Feb. 6, 2013	224,713
	23,000	15.14	Dec. 19, 2013	
	27,000	19.48	Dec. 21, 2014	
	25,500	20.93	Dec. 21, 2015	
	25,500	21.80	Dec. 21, 2016	

(1) The value of unexercised in-the-money options at fiscal year-end is the difference between the closing price of the Units on December 30, 2011 on the TSX (\$22.03) (since December 31, 2011 was a Saturday, the price for the previous business day is used) and the exercise price. This value has not been, and may never be, realized. The actual gains, if any, on exercise will depend on the value of the Units on the option exercise date. See Section 3.2.6.3 "Long-term incentive program".

3.4.2 Incentive plan awards – value vested or earned during the year

The following table indicates for each SE the value on vesting of all awards and the bonus payout during the 2011 fiscal year:

Name	Option-based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Non Unit-based Incentive Plan Compensation – Value Earned During the Year ⁽²⁾ (\$)
Michel Dallaire	282,610	231,424
Michel Berthelot	156,070	68,918
Michel Paquet	142,840	46,085
Alain Dallaire	134,825	57,452
Michel Ouellette	127,965	30,977

(1) See Note 12 to the REIT's audited consolidated financial statements for the fiscal year ended December 31, 2011, included in the 2011 Annual Report of the REIT.

(2) See Section 3.2.6.2 "Short-term incentive program – annual bonus".

3.5 Pension Plan Benefits

The REIT does not have a specific pension plan or retirement plan for SEs.

3.6 Purchase of Financial Instruments

SEs and Trustees are not prohibited from purchasing financial instruments, including for greater certainty, prepaid-variable forward contracts, equity swaps, collars or units of exchanged funds, that are designed to hedge or off-set a decrease in market value of equity securities of the REIT granted as compensation or held, directly or indirectly, by the SE or Trustee.

3.7 Termination Benefits

Michel Dallaire, President and Chief Executive Officer of the REIT, has entered into an employment agreement with the REIT. Since January 1, 2011, the four other SEs have also.

3.7.1 Change of control benefits

3.7.1.1 President and chief executive officer

Under his employment contract (the "**Employment Contract**") effective since 2005, Michel Dallaire is entitled to receive an annual base salary and is entitled to be granted options pursuant to the Option Plan. He participates in any benefit plan, short-term incentive plan, long-term incentive plan and distribution reinvestment plan made available by the REIT from time to time. His base salary is \$360,000 in 2012 (reviewed annually).

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 of: the 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 or 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: the highest gain realized by Michel Dallaire during the REIT's two fiscal years immediately preceding the termination of employment, upon exercise of the options granted under the Option Plan and the sale of the Units corresponding to such options, and the highest potential gain that Michel Dallaire would have realized during the REIT's two fiscal years immediately preceding

the termination of employment; the REIT will maintain coverage of Michel Dallaire under its 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; the REIT will pay the value of two years of continued coverage under any pension or other retirement plan or profit sharing plan maintained by the REIT for two years following termination of employment; 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; the REIT will continue the vesting of any outstanding options and other equity-based compensation awards, including with respect to options granted under the Option Plan; and the REIT's retention period with respect to any Units purchased by or for Michel Dallaire under any long-term incentive plan or distribution reinvestment plan will immediately expire.

The Employment Contract also provides that if, within three years following a change of control of the REIT, the REIT 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 of: the 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 or 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: the highest gain realized by Michel Dallaire during the REIT's two fiscal years immediately preceding the termination of employment, upon exercise of the options granted under the Option Plan and the sale of the Units corresponding to such options, and the highest potential gain that Michel Dallaire would have realized during the REIT's two fiscal years immediately preceding the termination of employment; the REIT will maintain coverage of Michel Dallaire under its executive benefit plans for three years following the termination of employment; the REIT will pay the value of three years of continued coverage under any pension or other retirement plan or profit sharing plan maintained by the REIT following termination of employment; 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 three-year period following the termination of employment; the REIT will continue the vesting of any outstanding options and other equity-based compensation awards, including with respect to options granted under the Option Plan; and 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 reinvestment plan will immediately expire.

In Mr. Dallaire's employment contract, 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 to or exchanged for Units of the REIT giving to these persons or entities the ability to acquire 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 by the Unitholders was approved by a vote of at least three quarters (3/4) of the votes cast by 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 a substantial part of the assets of the REIT. The total amount of the termination benefits that would be paid to Mr. Dallaire following a change of control in circumstances described above, assuming the change of control took place on December 31, 2011, is estimated to be \$4,286,643. The value of the unit options which will vest on the same date is estimated to be \$954,195.

3.7.1.2 The Other SEs

Under their respective employment contract (the "**Employment Contract of the Other SEs**"), the SEs other than the President and Chief Executive Officer (the "**Other SEs**") are entitled to receive an annual base salary revised annually in accordance with the REIT's remuneration policy (see Section 3.2.6.1

“Base salary”) and are entitled to be granted options pursuant to the Option Plan. They participate in any benefit plan, short-term incentive plan, long-term incentive plan and distribution reinvestment plan made available by the REIT from time to time.

The Employment Contract of the Other SEs provides that if the REIT terminates their employment “without cause” and without there being a Change of Control (as such term is defined below), the REIT will pay them the following sums: (i) a sum equal to their annual base salary; (ii) a sum equal to the highest of: the 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 or the actual bonus attained for the fiscal year in which such termination occurs; the REIT will maintain coverage of them under its executive benefit plans for one year following the termination of employment, provided that these perquisites will be reduced to the extent that they receive comparable perquisites without cost during the one-year period following the termination of employment; the REIT will pay the value of one year of continued coverage under any pension or other retirement plan or profit sharing plan maintained by the REIT for one year following the termination of employment; the REIT will continue to provide them with these perquisites, provided that these perquisites will be reduced to the extent they receive comparable perquisites without cost during the one-year period following the termination of employment; the REIT will continue the vesting of any outstanding options and other equity-based compensation awards, including with respect to options granted under the Option Plan; and the REIT’s retention period with respect to any Units purchased by or for them under any long-term incentive plan or distribution reinvestment plan will immediately expire.

The Employment Contract of the Other SEs also provides that if, within twelve months following a change of control of the REIT, the REIT terminates their employment “without cause”, the REIT will pay them the following sums: (i) a sum equal to 1.5 times their annual base salary; (ii) a sum equal to the highest of: the 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 or the actual bonus attained for the fiscal year in which such termination occurs; (iii) a sum equal to 1.5 times the percentage grant multiplied by the base salary, the percentage grant being defined in the overall compensation policy. The REIT will maintain coverage of the Other SEs under its executive benefit plans for eighteen months following the termination of employment, provided that these perquisites will be reduced to the extent that they receive comparable perquisites without cost during the eighteen-month period following the termination of employment; the REIT will pay the value of eighteen months of continued coverage under any pension or other retirement plan or profit sharing plan maintained by the REIT following the termination of employment; the REIT will continue to provide them with these perquisites, provided that these perquisites will be reduced to the extent they receive comparable perquisites without cost during the eighteen-month period following the termination of employment; the REIT will continue the vesting of any outstanding options and other equity-based compensation awards, including with respect to options granted under the Option Plan; and the REIT’s retention period with respect to any Units purchased by or for them under any long-term incentive plan or distribution reinvestment plan will immediately expire.

In the Employment Contract of the Other SEs, the expression “**Change of Control**” means (i) any other person or entity, alone or with any other person or entity, directly or indirectly, becoming owner or exercising control over 30% or more of the voting rights attached to the Units of the REIT and/or securities which can be converted to or exchanged for Units of the REIT giving to these persons or entities the ability to acquire control over 30% or more of the voting rights attached to the Units of the REIT; or (ii) 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 a substantial part of the assets of the REIT.

The following table sets out an estimate of the severance benefits that would be paid to the Other SEs following a change of control in circumstances described above, assuming the change of control took place on January 1, 2011. The estimated value of the unit options attributed to the Other SEs is also provided as of the same date:

Name	Severance (\$)	Unit Options (\$)
Michel Berthelot	774,621	521,925
Michel Paquet	591,726	478,590
Alain Dallaire	591,735	373,660
Michel Ouellette	414,776	224,713

3.8 Compensation of Trustees

The Compensation Committee reviews the compensation of the REIT's non-employee Trustees on an annual basis. In this respect, this Committee analyses the trustee compensation practices of the Benchmark Group referred to under Section 3.2 "Compensation Analysis". In addition, the Committee reviews general compensation surveys to compare the REIT's Trustee compensation policies to generally accepted practices for reporting issuers in a similar or related sector, of similar complexity and annual income to that of the REIT.

During the fiscal year ended December 31, 2011, the fixed annual retainers and attendance fees of the REIT's non-employee Trustees was as follows:

Annual fixed fees of Trustees	\$25,000
Attendance fees for Trustees and committee members who do not hold options	\$1,500
Additional fees paid to Chairman of the Board	\$50,000
Additional fees paid to Audit Committee Chair	\$15,000
Additional fees paid to Compensation Committee, Investment Committee and Nominating and Governance Committee Chairs	\$5,000

During the previous fiscal year and on the recommendation of the Compensation Committee, the Board of Trustees amended the Trustee compensation policy for fiscal year 2011 by setting the additional fees paid to the chairman of the Audit Committee at \$15,000. There was no other increase in the compensation paid to the Trustees during the fiscal year ended December 31, 2011.

Since January 1, 2012, the fixed annual fees of the Trustees have increased by \$5,000 to \$30,000, the additional fees paid to the Chairman of the Board increased by \$5,000 to \$55,000, the additional fees paid to the Chairman of the Nominating and Governance Committee, the Chairman of the Compensation Committee and the Chairman of the Investment Committee were increased by \$3,500 to \$8,500, and fixed annual fees of \$5,000 will be paid to each member of each committee.

Effective March 15, 2007, the Board discontinued the granting of Unit options to non-employee Trustees.

The Trustees who are executives of the REIT receive no remuneration for serving as Trustees. Trustees are reimbursed for travel and other expenses for attendance at Board and Committee meetings.

The REIT does not have a retirement plan for Trustees. There are no other arrangements under which Trustees were compensated in their capacity as Trustees by the REIT during the most recently completed fiscal year.

3.8.1 Trustee compensation table

The following table provides details of the compensation paid to the Trustees of the REIT during the 2011 fiscal year:

Name	Fees (\$)
Robert Després	146,000
Michel Dallaire ⁽¹⁾	—
Michel Paquet ⁽¹⁾	—
Alain Dallaire ⁽¹⁾	—
Alban D'Amours	61,000
Gérard Coulombe	70,000
Dino Fuoco	98,000
Pierre Gingras	61,500
Ghislaine Laberge	64,000
Total:	500,500

(1) Michel Dallaire, Michel Paquet and Alain Dallaire are executives of the REIT and receive no remuneration for acting as Trustees.

3.8.2 Option-based awards

3.8.2.1 Outstanding option-based awards

No option-based awards have vested since March 15, 2007, the date on which the REIT ceased granting option-based awards to Trustees who are not employees of the REIT. Also (except for Michel Dallaire, Michel Paquet and Alain Dallaire who are SEs), there were no unexercised options outstanding at the end of the 2011 fiscal year.

3.8.2.2 Outstanding option-based awards – value vested or earned during the year

The last options granted to the Trustees before March 15, 2007, the date on which the REIT discontinued the granting of unit options to Trustees who are not employees of the REIT, were exercised in full in 2010.

3.9 Units Authorized for Issuance under the Option Plan

Option Plan Category	Number of Units to be Issued upon Exercise of Options, as at December 31, 2011	Weighted-average Exercise Price of Options as at December 31, 2011 (\$)	Number of Units Remaining Available for Future Issuance under Option-based Compensation Plans, Excluding Securities Reflected in First Column, as at December 31, 2011
Option Plan approved by Unitholders	4,481,850	20.04	1,177,092

For further information about securities available for future issuance under the Option Plan, see Note 12 to the audited consolidated financial statements of the REIT for the fiscal year ended December 31, 2011, included in the 2011 Annual Report of the REIT.

These documents are available on the SEDAR Website (www.sedar.com) and are also posted on the REIT's Website (www.cominar.com). A copy may also be obtained upon request to the Secretary of the REIT at 455 du Marais Street, Québec City, Québec, G1M 3A2 or by telephone at 1-866-COMINAR.

The Board of Trustees proposes to amend the Option Plan to, *inter alia*, introduce restricted units and deferred units of the REIT, increase the maximum number of Units which may be issued thereunder, and make certain other technical amendments to such plan and restate such plan, in the form attached as Exhibit 1 to Schedule "B" to this Circular. See "Part 5 – Other Business – Equity Incentive Plan".

3.10 Indebtedness of Trustees, Executive Officers and Officers

No loans were granted to Trustees, executive officers and officers of the REIT during the fiscal year ended December 31, 2011.

PART 4 – CORPORATE GOVERNANCE

4.1 General

Cominar has made good governance a top priority from day one. As a result, in 2008 and February 2012, Cominar's Board of Trustees won the Korn/Ferry – Commerce Magazine award for "2008 Board of Directors of the Year" and "Excellence of Québec Boards for Compensation" respectively in the medium-sized business category, as a tribute to our Board's commitment to sound governance.

4.2 Statement of Corporate Governance Practices

"**Corporate Governance**" is the process and structure used to direct and manage the business and affairs of the REIT to achieve the Unitholders' objectives. The Unitholders elect the Trustees who in turn are responsible for overseeing all aspects of the operations of the REIT, appointing management and ensuring that the business is managed properly taking into account the interests of the Unitholders and other stakeholders such as employees, customers, suppliers and the community at large.

The REIT operates as a fully integrated real estate investment trust, which is not subject to any third party management contracts, except with respect to certain properties located in Prince Edward Island which were acquired earlier this year from Canmarc Real Estate Investment Trust.

In the opinion of the REIT, this structure reduces the potential for conflicts 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.

The REIT believes that effective corporate governance practices are fundamental to the overall success of any organization. The REIT's Board of Trustees, through the Nominating and Governance Committee, monitors changes with respect to corporate governance practices and regulatory requirements. Under Regulation 58-101 *Respecting Disclosure of Corporate Governance Practices*, National Policy 58-201 *Corporate Governance Guidelines* and Regulation 52-110 *Respecting Audit Committees* ("**Regulation 52-110**"), the REIT is required to disclose information relating to its corporate governance practices. The REIT's corporate governance practices are as follows:

CORPORATE GOVERNANCE PRACTICES

Corporate Governance Disclosure Requirement	Comments
1. (a) Disclose the identity of trustees who are independent.	<p>The Nominating and Governance Committee has reviewed the independence of each Trustee on the basis of the definition in Section 1.4 of Regulation 52-110. A Trustee is “independent” if he or she has no direct or indirect material relationship with the REIT. A “material relationship” is one that could, in the view of the Board of Trustees, be reasonably expected to interfere with the exercise of a Trustee’s independent judgment. The Nominating and Governance Committee has determined, after reviewing the roles and relationships of each of the Trustees, that the nominees for election to the Board of Trustees and the following existing Trustees are independent from the REIT:</p> <p>Alban D’Amours G��rard Coulombe (nominee) Robert Despr��s (nominee) Dino Fuoco (nominee) Ghislaine Laberge Pierre Gingras (nominee)</p> <p>This determination was made on the basis that:</p> <p>(a) they (and their immediate family members) are not, and have not been within the last three years, an employee or executive officer of the REIT; and</p> <p>(b) they (and their immediate family members) are not, and have not been within the last three years, an executive officer of an entity of which the REIT’s executives serve or served on the Compensation Committee.</p>
(i) Disclose the identity of trustees who are not independent, and describe the basis for that determination.	The Nominating and Governance Committee has determined, after reviewing the roles and relationships of each of the Trustees, that the following 3 out of 9 Trustees are not independent from the REIT: Michel Dallaire: President and Chief Executive Officer; Michel Paquet: Senior Executive Vice-President and Secretary; and Alain Dallaire: Executive Vice-President, Operations.
(ii) Disclose whether or not a majority of the trustees are independent.	A majority (6 out of 9) of the Trustees, including the 4 nominees for election to the Board, are independent from the REIT.
(iii) If a trustee is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the trustee and the other issuer.	All directorships with other reporting issuers for each of the Trustees are set out under Sections 2.2.1 “Nominees for election as trustees” and 0 “Other trustees”.
(iv) Disclose whether or not the independent trustees hold regularly scheduled meetings at which non-independent trustees and members of management are not in attendance. If the independent trustees hold such meetings, disclose the number of meetings held since the beginning of the most recently completed fiscal year. If the independent trustees do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent trustees.	In accordance with its mandate, the Board of Trustees may exclude 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 members of management being present. In addition to the President and Chief Executive Officer, the Senior Executive Vice-President 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 attended Board meetings and provided reports to the Board on the operating performance of the REIT. All the Board Committees are entirely made up of

Corporate Governance Disclosure Requirement	Comments
(v) Disclose whether or not the chair of the board is an independent trustee, disclose the identity of the independent chair, and describe his or her role and responsibilities.	<p>independent Trustees.</p> <p>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 according to the standards established by the CSA. 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 and receive timely materials in order to make informed decisions. 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.</p>
(vi) Disclose the attendance record of each Trustee for all board and committee meetings held since the beginning of the most recently completed fiscal year.	<p>The Board held 18 regularly scheduled and special meetings in the 2011 fiscal year. The Nominating and Governance Committee met twice, the Compensation Committee met twice, the Audit Committee met 4 times and the Investment Committee met 4 times during the year.</p> <p>Overall, the combined attendance by the Trustees at both Board and Committee meetings was 99.6%. A record of attendance by each Trustee at meetings of the Board and its Committees during the fiscal year ended December 31, 2011 is set out under Section 2.2.4 "Trustees attendance record".</p>
2. Disclose the text of the board's written mandate.	<p>The Board has adopted a formal mandate (charter) for itself, which is attached as Schedule "D" to this Circular. This written mandate provides that the Board is responsible for the stewardship and business conduct of the REIT, including the creation of a culture of integrity, the adoption of a strategic planning process that takes into account, among other things, the opportunities and risks of the REIT's business, the identification of the principal risks of the business and the implementation of appropriate systems to manage these risks, succession planning, the adoption of the Disclosure Policy, internal control and management information systems and the REIT's approach to corporate governance.</p>
3. (a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee.	<p>The Board has developed written descriptions. The mandate of the Chairman of the Board states that the Chairman provides leadership to the Board and serves as the spokesperson to the Unitholders at their annual and special meeting. The Chairman also sets the agenda of all Board meetings, presides all Board meetings, ensures the provision of accurate, timely and clear information to Trustees and ensures regular Board performance assessment. In addition, the Chairman of the Board supervises the Committee Chairs. The mandate of the Committee Chairs provides for their participation in the development of committee meeting schedules and agendas. Committee Chairs preside all Committee meetings and ensure the orderly and efficient use of time in Committee meetings and provide reports to the Board on a regular basis.</p>
(b) Disclose whether or not the board and CEO have developed a written position	<p>The Board and President and Chief Executive Officer have developed a written position description for the President and</p>

Corporate Governance Disclosure Requirement	Comments
description for the CEO.	Chief Executive Officer. The office of President and Chief Executive Officer includes the following duties and responsibilities: strategy, leadership, operations, finance, reporting to the Board and relations with Unitholders, employees and the public. In general, the management of the REIT is empowered to operate the business on a day-to-day basis, but any responsibility which is not delegated to either Management or a Committee of the Board remains with the Board. In general, all matters of policy and all actions proposed to be taken which are not in the ordinary course of business require the prior approval of the Board or of a Board committee to which approval authority has been delegated. The REIT's objectives are developed by the management of the REIT and approved by the Board.
<p>4. (a) Briefly describe what measures the board takes to orient new trustees regarding:</p> <p>(i) the role of the board, its committees and its trustees, and</p> <p>(ii) the nature and operation of the issuer's business.</p>	Each Trustee receives a Trustee's Guide, which is updated as required. The Guide provides useful information about the REIT regarding more specifically the Contract of Trust, by-laws, provisions of the <i>Civil Code of Québec</i> governing trusts, policies, committees and their mandates. The Trustees regularly meet with management and are given periodic presentations on the REIT and recent developments.
<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its trustees.</p>	<p>Continuing education is provided to the Trustees as follows:</p> <ul style="list-style-type: none"> - periodic presentations by management at Board meetings on regulatory, industry or business developments; and - in between Board meetings, Trustees are updated and provided with analyst reports, relevant media reports and other documentation to keep them informed of any changes within the REIT, the industry or the regulatory environment.
<p>5. (a) Disclose whether or not the board has adopted a Written code for the trustees, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or a REIT may obtain a copy of the code;</p> <p>(ii) describe how the board monitors compliance with its code;</p> <p>(iii) provide a cross-reference to any material change report filed within the preceding 12 months that pertains to any conduct of a trustee or executive officer that constitutes a departure from the code; and</p> <p>(iv) describe any steps the board takes to ensure trustees exercise independent judgment in considering transactions and agreements in respect of which a trustee or executive officer has a material interest.</p>	<p>The REIT's Board of Trustees has adopted a Code of Ethics and Business Conduct, a copy of which has been filed on SEDAR.</p> <p>The Audit Committee regularly monitors compliance with the Code of Ethics and Business Conduct and also ensures that management encourages and promotes a culture of ethical business conduct.</p> <p>The REIT has developed and approved various corporate policies, including the Disclosure Policy, the Use of Privileged Information Policy and the Gifts and Contributions Policy.</p> <p>The Board has not granted any waiver of the Code of Ethics and Business Conduct in favour of a Trustee or executive officer. No material change report has been required or filed.</p> <p>The Audit Committee monitors the disclosure of conflicts of interest by Trustees and ensures that no Trustee will vote or participate in a discussion on a matter in respect of which such Trustee has (or may be perceived to have) a material interest.</p>
<p>6. (a) Describe the process by which the board identifies new candidates for board nomination.</p> <p>(b) Disclose whether or not the board has a nominating committee composed entirely of</p>	<p>This responsibility has been assigned to the Nominating and Governance Committee, which is made up of 3 Trustees, all of whom have been affirmatively determined by the Board to be independent. The mandate of the Nominating and Governance Committee is, among other things, to: (i) annually recommend the members proposed for election or re-election to the Board;</p>

Corporate Governance Disclosure Requirement	Comments
<p>independent trustees.</p> <p>(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>(ii) review the main factors to be considered in selecting Trustees; (iii) evaluate potential nominees to the Board; and (iv) annually review mandates of the Board, the Committees of the Board, the Chairman of the Board and the President and Chief Executive Officer.</p> <p>If vacancies occur on the Board, the Nominating and Governance Committee recommends nominees to the Board, reviews the qualifications of prospective members and determines their relevance taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board.</p> <p>The Committee regularly reviews recommendations from other Trustees and members of management and determines whether to add a new candidate's name to the list of potential trustee candidates.</p>
<p>7. (a) Describe the process by which the board determines the compensation for the issuer's trustees and officers.</p>	<p>The Compensation Committee annually reviews and consults the Nominating and Governance Committee regarding the adequacy and form of the compensation for non-executive Trustees to ensure that such compensation realistically reflects the responsibilities and risks involved, without compromising a Trustee's independence. The Committee annually reviews the compensation practices of comparable companies with a view to aligning the REIT's independent Trustees' overall compensation with the comparator group median. Trustees who are executives of the REIT receive no additional remuneration for their services as Trustees. Effective March 15, 2007, the Board has discontinued the granting of unit options to non-executive Trustees. Also, to harmonize the Trustees' interests with those of Unitholders, the Board has adopted a minimum unitholding requirement for Trustees. Each Trustee is required to hold at least 2,000 Units of the REIT not later than the third anniversary of the date he or she was first elected to the Board. However, the Contract of Trust provides that there must be at all times at least one Trustee who is not directly or indirectly a Unitholder or a person holding an option to purchase Units.</p> <p>The Board has appointed a Compensation Committee with responsibility for recommending compensation for the President and Chief Executive Officer and the REIT's officers to the Board.</p>
<p>(b) Disclose whether or not the board has a compensation committee composed entirely of independent trustees</p>	<p>The Compensation Committee is made up of 3 Trustees, all of whom have been affirmatively determined by the Board to be independent.</p>
<p>(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The duties and responsibilities of the Compensation Committee include developing a global compensation philosophy and policy; reviewing succession planning strategies, evaluating the President and Chief Executive Officer, reviewing the President and Chief Executive Officer's and senior executives' compensation, and monitoring the granting of unit options to officers.</p>
<p>(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed fiscal year, been retained to assist in determining</p>	<p>During the 2011 fiscal year, Cominar retained the services of an executive compensation consultant, Aon Hewitt, for the purpose of providing external market data and commentary on the compensation of senior executives and trustees. The</p>

Corporate Governance Disclosure Requirement	Comments
<p>compensation for any of the issuer's officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p>aggregate fees paid to Aon Hewitt for services provided to the REIT during the 2011 fiscal year were \$15,750.</p>
<p>8. If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has four Committees: (i) the Audit Committee; (ii) the Compensation Committee; (iii) the Nominating and Governance Committee; and (iv) the Investment Committee. All members of such committees are Independent Trustees.</p> <p>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, dispositions and investments as well as borrowings (including the assumption or granting of any immovable hypothec or mortgage) by the REIT. The Trustees may delegate to the Investment Committee the power to approve or reject proposed acquisitions, dispositions, investments or borrowings, as the case may be. 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. Notwithstanding the appointment of the Investment Committee, the Trustees may consider and approve all matters over which the Investment Committee has authority.</p> <p>The Board does not have any other committees.</p>
<p>9. Disclose whether or not the board, its committees and individual trustees are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.</p>	<p>The Nominating and Governance Committee has the mandate and responsibility to ensure the annual review of the performance of the Trustees, the Board as a whole, the Board Committees and the members thereof, as well as the Board and Committee Chairs.</p> <p>The most recent annual assessment showed that the Board, Committees, Board Chair, Committee Chairs and individual Trustees have effectively fulfilled their responsibilities, although the REIT does not have a formal assessment procedure.</p>

4.3 Audit Committee Information

Reference is made to the Annual Information Form of the REIT for the fiscal year ended December 31, 2011 for a disclosure of information relating to the Audit Committee required under Form 52-110F1. A copy of this document can be found on the SEDAR website (www.sedar.com) or by contacting the Secretary of the REIT at its executive office, 455 du Marais Street, Québec City, Québec, G1M 3A2 or by telephone at 1-866-COMINAR.

PART 5 – OTHER BUSINESS

5.1 Amendments to the Contract of Trust

Unitholders are being asked to consider and, if thought fit, to adopt a special resolution ratifying and confirming the amendments to the Contract of Trust set forth in Exhibit 1 to Schedule “A” to this Circular (the “**Contract of Trust Amendment Resolution**”).

These amendments are intended primarily to update the REIT’s Contract of Trust in keeping with the REIT’s requirements and bring the REIT’s Contract of Trust more in line with those of its main competitors, and with that of Canmarc Real Estate Investment Trust, the acquisition of which the REIT recently completed in March of this year. More particularly, the proposed amendments:

- update tax language;
- delete provisions relating to the entitlement of the Dallaire family to appoint four Trustees, including deleting references to Cominar Trustees (appointed by the Dallaire family), and Independent Trustees and Independent Trustee Masters (each as defined), as they specifically relate to Cominar Trustees;
- delete provisions relating to a staggered Board such that all of the Trustees of Cominar will be up for election at the 2013 annual general meeting of Unitholders;
- amend and update certain of the investment guidelines and operating policies of the REIT to provide greater operational flexibility, more particularly with respect to joint-venture arrangements, temporary investments held in cash, deposits or short-term securities, investments in operating business incidental to activities of the REIT, and guaranties of indebtedness; and
- contain certain other technical consequential and clerical amendments,

without adversely affecting Unitholders.

The text of the Contract of Trust Amendment Resolution is set out in Schedule “A” to this Circular. The full text of the proposed amended and restated Contract of Trust is set out in Exhibit 1 to Schedule “A” hereto.

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

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

The Contract of Trust Amendment Resolution requires the approval of at least two-thirds (66⅔%) of the Units voted in person or represented by proxy at the Meeting.

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

5.2 Equity Incentive Plan

Unitholders are also being asked to consider and, if thought fit, to adopt a resolution ratifying and confirming the amendments to the Option Plan set forth in Exhibit 1 to Schedule “B” to this Circular (the “**Equity Incentive Plan Amendment Resolution**”).

On March 29, 2012, the Board of Trustees approved the amendment and updating of the Option Plan (as amended, the “**Equity Incentive Plan**”), subject to the approval of Unitholders and the regulatory authorities. The proposed amendment would:

- introduce restricted units and deferred units of the REIT;
- increase the maximum number of Units which could be issued under the Equity Incentive Plan from 6,303,642 to 10,315,583; and
- make certain technical amendments to the Option Plan, including permitting the grant of deferred units to non-employee members of the Board of Trustees as regards their Board compensation, and restate such plan (collectively, the “**Equity Incentive Plan Amendment**”).

The new proposed maximum would allow the REIT to continue to be able to grant approximately 10% of its available Units for the purpose of granting options in the form of “unexercised options” and “issuable options”, and awards in the form of restricted units and deferred units (collectively, “Awards”). Accordingly, the Trustees approved the listing for trading on the TSX of 5,314,391 additional Units reserved for issuance upon the exercise or redemption of Awards granted under the Equity Incentive Plan. Of this number: (i) 4,011,941 Units represent the increase in the maximum number of Units which may be issued upon the exercise or Awards granted under the Equity Incentive Plan; and (ii) 1,302,450 Units represent the replenishment of the Equity Incentive Plan. The Equity Incentive Plan Amendment is subject to the TSX’s prior approval. The TSX has conditionally approved the Equity Incentive Plan Amendment, subject to its ratification by the Unitholders at the Meeting as contemplated herein and the filing with the TSX of all required documents.

The purpose of introducing restricted units and deferred units is to improve the REIT’s ability to retain and attract competent and motivated people, while seeking to align more closely the interests of Trustees, officers and employees with those of Unitholders. More particularly, as regards Trustees, if authorized by the Board, a non-employee member of the Board will be entitled to elect to be paid his or her Board Compensation, in whole or in part, in Deferred Units, in lieu of cash.

The Equity Incentive Plan provides that the Board of Trustees may grant awards of restricted units. A restricted unit is a contractual promise to issue Units in an amount equal to the Market Price of the Units subject to the award, at a specified future date. Restricted units will vest on and after the third anniversary of the date of grant, subject to the right of the Board of Trustees to determine at the time of grant that a particular restricted unit will vest on different dates and to determine at any time after the time of grant that a particular restricted unit will vest at an earlier or later time. Following vesting, and subject to the participant’s satisfaction of any conditions, restrictions or limitations imposed by the Board of Trustees, each restricted unit granted to a participant shall entitle the participant to receive on settlement one (1) Unit from treasury. Whenever a cash distribution is paid on the Units, additional restricted units, the number of which will be computed pursuant to the Equity Incentive Plan, shall accrue in respect of each participant who has, prior to such cash distribution, been granted restricted units (whether or not such restricted Units are vested on the date of such cash distribution). Restricted units granted pursuant to cash distributions will be credited to the restricted unit account of the applicable participant and vest on the same terms and time (and subject to vesting) as the restricted units in respect of which the additional restricted units were accrued. The number of additional restricted units which shall accrue in respect of each applicable participant as regards such cash distributions shall be calculated by dividing: (i) the amount determined by multiplying (a) the number of restricted units credited to the participant on the record date for the payment of such cash distribution by (b) the cash distribution paid per Unit; by (ii) the Market Price of a Unit on the cash distribution payment date for such cash distribution, in each case, with fractions computed to two (2) decimal places.

The Equity Incentive Plan also provides that the Board of Trustees may grant awards of deferred units. A deferred unit is a contractual promise to issue Units in an amount equal to the Market Price of the Units subject to the award, at a specified future date. Deferred units granted on a particular date will vest in

accordance with the following schedule: one-third of the deferred units will vest on the first anniversary of the date of grant; one-third of the deferred units will vest on the second anniversary of the date of grant; and one-third of the deferred units will vest on the third anniversary of the date of grant, subject to the right of the Board of Trustees to determine at the time of grant that a particular deferred unit will vest in whole or in part on different dates (including an earlier or later date) and to determine at any time after the time of grant that a particular deferred unit will vest in whole or in part on earlier or later dates for any reason. Each participant who has deferred units credited to their deferred unit account shall be entitled to receive, after the participant ceases to be an “Eligible Person” for the purposes of the Equity Incentive Plan for any reason and after the deferred units credited to the participant’s deferred unit account have vested, on a day designated by the participant and communicated to the Board of Trustees by the participant in writing at least fifteen (15) days prior to the designated day (or such earlier date after the participant ceases to be an Eligible Person and after the participant’s deferred units have vested, as the participant and the REIT may agree, which date shall be no later than the later of the end of the calendar year following the year in which (i) the participant ceases to be an Eligible Person, or (ii) the participant’s deferred units vest), and if no such notice is given, then on the first (1st) anniversary of the effective date the participant ceases to be an Eligible Person, that number of Units equal to the number of deferred units credited to the participant’s deferred unit account, such Units to be issued from treasury of the REIT. Whenever a cash distribution is paid on the Units, additional deferred units, the number of which will be computed pursuant to the Equity Incentive Plan, shall accrue in respect of each participant who has, prior to such cash distribution, been granted deferred units (whether or not such deferred units have vested). Deferred units granted pursuant to cash distributions will be credited to the deferred unit account of the applicable participant and vest on the same terms and time as the deferred units in respect of which the additional deferred units were accrued. The number of additional deferred units which shall accrue in respect of each applicable participant as regards such cash distributions shall be calculated by dividing: (i) the amount determined by multiplying (a) the number of deferred units credited to the participant on the record date for the payment of such cash distribution by (b) the cash distribution paid per Unit; by (ii) the Market Price of a Unit on the cash distribution payment date for such cash distribution, in each case, with fractions computed to two (2) decimal places.

“Market Price”, for the purposes of the Equity Incentive Plan, means, on any particular day, the market price of one (1) 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 (1) 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 (1) 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 Board of Trustees in its sole discretion.

Restricted units and deferred units are personal to each participant and non-assignable.

Restricted units and deferred units benefit from the same treatment as options as regards bankruptcy, death, disability, voluntary resignation, retirement or termination of employment or engagement with the REIT or any subsidiary of the REIT of a participant.

The Equity Incentive Plan also updates its definition of “change of control” to provide that it means:

- (a) a successful take-over bid;
- (b) any change in the beneficial ownership or control of the outstanding securities or other interests which results in:
 - (i) a person or group of persons (other than the REIT and its subsidiaries and affiliates) “acting jointly or in concert” (as defined in *Regulation 62-104 Respecting take-over bids and issuer bids* (Québec), as amended from time to time), or

- (ii) an “affiliate” or “associate” (each as defined in the *Securities Act* (Québec), as amended from time to time) of such person or group of persons,

holding, acquiring or controlling, directly or indirectly, within a twelve (12) month period, more than thirty percent (30%) of the issued and outstanding Units, other than as a result of a transaction or series of transactions approved by the Incumbent Trustees unless such holding, owning or controlling, directly or indirectly, exceeds fifty percent (50%) of the issued and outstanding Units;
- (c) the acquisition, within a twelve (12) month period, by any person of Units (or other securities of the Trust or its Subsidiaries having rights of purchase, conversion or exchange into Units) which together with securities of the REIT held by such person, together with persons acting jointly or in concert with such person, exceeds thirty percent (30%) of the issued and outstanding Units (assuming the purchase, conversion or exchange of such other securities, whether then purchasable, convertible or exchangeable or not, into the highest number of Units, such person or persons would be entitled to);
- (d) the amalgamation, arrangement, merger or other consolidation or combination of the REIT with or into or with any one or more other business entities:
 - (i) pursuant to which a person or company or combination of persons and/or companies thereafter hold a greater number of Units or other securities of the successor or continuing business entity having rights of purchase, conversion or exchange into Units of the successor or continuing business entity (assuming the purchase, conversion or exchange of such other securities, whether then purchasable, convertible or exchangeable or not into the highest number of Units of the successor or continuing business entity such persons and/or companies would be entitled to) than the number of Units of the successor or continuing business entity held directly and indirectly by former unitholders of the REIT; and
 - (ii) pursuant to which the President and Chief Executive Officer of the REIT immediately prior thereto is not immediately thereafter the President and Chief Executive Office of the successor or continuing business entity and a majority of the Board of Trustees (as it was constituted prior to such amalgamation, arrangement, merger or other consolidation or combination) do not continue as members of the board of the successor or continuing business entity;
- (e) the acquisition by any person or persons acting jointly or in concert of:
 - (i) all or substantially all of the assets of the REIT (other than an acquisition by the REIT or its subsidiaries in connection with an internal reorganization); or
 - (ii) more than fifty percent (50%) of the outstanding Units;
- (f) a liquidation or dissolution of the REIT; or
- (g) any similar event deemed by the Board of Trustees to constitute a Change of Control for purposes of the Equity Incentive Plan.

Upon or in anticipation of a Change of Control of the REIT, the Equity Incentive Plan provides that:

- (a) The Board of Trustees may, in its sole and absolute discretion and without the need for the consent of any participant, cancel any Award in exchange for a substitute Award with respect to the capital successor entity or its parent contingent upon the occurrence of that Change of Control (a “**Plan Substitution**”). Substitute Awards shall have no less economic value, no more stringent performance conditions, and similar vesting schedules as existing Awards, in all material aspects.

- (b) If a Plan Substitution is not effected by the Board of Trustees, the Board of Trustees may cause any or all outstanding Awards to become vested and immediately exercisable, and provide for a method of cashless exercise, on such terms and conditions as it may determine.

The restricted units and the deferred units are more amply described in Sections 2, 7 and 8 of the Equity Incentive Plan.

The text of the Equity Incentive Plan Amendment Resolution is set out in Schedule "B" to this Circular. The full text of the proposed Equity Incentive Plan is set out in Exhibit 1 to Schedule "B" hereto.

The provisions governing the Option Plan are described in detail in Schedule "C" to this Circular.

The maximum number of Units which may be issued under the current Option Plan is presently fixed at 6,303,642 Units, representing approximately 6.1% of the number of Units issued and outstanding as at March 29, 2012. As at March 29, 2012, options allowing the acquisition of an aggregate of 11,550,400 Units had been granted under the Option Plan since its adoption in 1998 and, of that number, options allowing the acquisition of 6,585,700 Units have been exercised and 1,198,500 options have been cancelled. Accordingly, a number of options allowing the acquisition of 3,766,200 Units are still outstanding. As at March 29, 2012, the number of Units which has been reserved for issuance under the Option Plan with the TSX since its adoption totals 11,586,892 Units. Out of that number, 6,585,700 Units were issued upon the exercise of options, such that 5,001,192 Units, representing approximately 4.8% of the number of Units issued and outstanding as at March 29, 2012, remain reserved with the TSX for issuance under the Option Plan.

Accordingly, at the Meeting, Unitholders will be asked to examine and, if they consider it advisable, approve, with or without amendment, the resolution set out in Schedule "B" to this Circular with respect to the Equity Incentive Plan Amendment.

The Equity Incentive Plan Amendment will become effective only at the time of the approval of the Equity Incentive Plan Amendment Resolution at the Meeting. If the amendment to the Equity Incentive Plan is not ratified and confirmed by ordinary resolution of the Unitholders, or if such change is not approved by the regulatory authorities, the Equity Incentive Plan Amendment will not come into effect.

The persons named in the enclosed form of proxy intend to vote at the Meeting IN FAVOUR OF the approval of the Equity Incentive Plan Amendment Resolution unless otherwise directed by the Unitholders appointing them.

The Equity Incentive Plan Amendment Resolution requires the approval of at least a majority of the Units voted in person or represented by proxy at the Meeting.

The Trustees of the REIT believe that the Equity Incentive Plan Amendment Resolution is in the best interest of Unitholders of the REIT and recommend that Unit holders vote **FOR** its approval.

PART 6 – OTHER INFORMATION

6.1 General

Information contained herein is given as at the date hereof except as otherwise stated. The management of the REIT knows of no matter to come before the Meeting other than the matters referred to in the accompanying Notice.

6.2 Interest of Insiders in Material Transactions

Michel Dallaire and Alain Dallaire, Trustees and senior executives of the REIT indirectly control Groupe Dallaire inc. (“**GDI**”) (formerly known as “Corporation financière Alpha (CFA) inc.”), Société de développement Laurier (SDL) inc., Complexe Jules-Dallaire Phase 2 inc., Les Terrasses CJD inc., Dallaire Immobilier inc. (formerly known as “Société de développement Alpha (SDA) inc.”) and Dalcon inc. (“**Dalcon**”). Michel Paquet, a Trustee and senior executive of the REIT, is associated with these corporations, acting as their Secretary.

During the fiscal year ended December 31, 2011, the REIT recorded net leasing revenues of \$0.2 million from Dalcon and GDI. The REIT also incurred costs of \$12.1 million for the completion by Dalcon of improvements on its behalf and costs of \$14 million for the construction and development of investment properties on its behalf by Dalcon. The Board of Trustees of the REIT believes that these costs are competitive and advantageous to the REIT, as it does not have any disagreement with Dalcon.

On December 31, 2011, following an agreement in principle involving a partnership with the Dallaire Family to develop Phase II of the Complexe Jules-Dallaire, the REIT sold surface rights to the Dallaire Family for a total consideration of \$20.2 million, an amount corroborated by independent experts, which was paid in cash, which will allow it to build ten storeys of office space above the three levels built during the development of Phase I, plus some 200 condominium units on fifteen floors. The REIT’s share of the proceeds of disposition is \$19.1 million.

Once the development of the ten floors of office space is complete, the Dallaire family may increase its interest by up to 50% of the fair market value of the entire Complexe Jules-Dallaire (excluding the condominium units), by way of a cash consideration. Subsequently, the entire property (excluding the condominium units) will be managed by Cominar.

On December 31, 2011, the REIT sold land held for future development in Québec City to the Dallaire family. The transaction amounted to \$20.4 million, an amount corroborated by independent experts, which was paid in cash. This transaction is part of the modifications brought to Cominar’s strategic plan, which aims to restrict the ownership of land for future development only to land associated with potential development projects for the purpose of meeting the specific needs of Cominar’s clients. Moreover, such transaction is in line with the new Québec City guidelines in this sector, which require real estate developers to combine a mix of residential and retail premises, especially those located near Laurier Boulevard.

Apart from the information provided in this Circular or in the consolidated financial statements of the REIT for the fiscal year ended December 31, 2011 and since January 1, 2012, 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.

6.3 Availability of Documents

The REIT’s financial information is included in the audited consolidated financial statements of the REIT and notes thereto and in the accompanying Management’s Discussion and Analysis (“**MD&A**”) for the fiscal year ended December 31, 2011. Copies of these documents and additional information concerning the REIT can be found on the SEDAR website (www.sedar.com) and may also be obtained upon request to the Secretary of the REIT at its executive office, 455 du Marais Street, Québec City, Québec, G1M 3A2 or by telephone at 1-866-COMINAR. The above documents, as well as the REIT’s news releases, are also available on the REIT’s Website (www.cominar.com).

6.4 Approval of Trustees

The content and the sending to the Unitholders of this Management Proxy Circular have been approved by the Board of Trustees of the REIT.

SIGNED in Québec City, Québec, the 29th day of March, 2012.

BY ORDER OF THE BOARD OF TRUSTEES,

(s) Michel Paquet
Senior Executive Vice-President and Secretary

SCHEDULE "A"

SPECIAL RESOLUTION OF UNITHOLDERS OF COMINAR REAL ESTATE INVESTMENT TRUST - AMENDMENTS TO CONTRACT OF TRUST

The following is the text of the special resolution that unitholders are being asked to approve at the meeting:

"BE IT RESOLVED THAT:

1. The amendments to the contract of trust (the "**Contract of Trust**") of Cominar Real Estate Investment Trust (the "**REIT**") dated as of March 31, 1998, as amended, supplemented or restated from time to time, substantially as described in Exhibit 1 hereto, and any additional and/or alternative amendments to the Contract of Trust that the trustees of the REIT determine to be necessary or desirable in order to achieve the objectives and purposes described in Section 5.1 of the Management Proxy Circular of the REIT dated March 29, 2012, be and are hereby authorized and approved.
2. The trustees of the REIT are hereby authorized and directed to execute or cause to be executed on behalf of the REIT an amended and restated Contract of Trust reflecting the foregoing changes and amendments.
3. Notwithstanding that the foregoing resolutions have been duly passed, the Board of the REIT may, without further notice to or approval of the unitholders of the REIT, determine the timing and arrange for the implementation of the amendment and/or restatement of the Contract of Trust, decide not to proceed with the amendment and/or restatement of the Contract of Trust, or modify the amendment and/or restatement of the Contract of Trust, provided that any modification will not be materially prejudicial to unitholders of the REIT, or revoke this resolution at any time prior to the amendments to and/or restatement of the Contract of Trust.
4. The trustees of the REIT are hereby authorized to execute or cause to be executed on behalf of the REIT or to deliver or cause to be delivered all such documents, amendments, agreements and instruments and do or cause to be done all such other acts and things as they shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the executed and delivery of such document, amendment, agreement or instrument or the doing of any such act or thing."

EXHIBIT 1 TO SCHEDULE “A”

COMINAR REAL ESTATE INVESTMENT TRUST

CONTRACT OF TRUST

**(made as of March 31, 1998,
amended and restated on May 8, 1998, May 13, 2003, May 11, 2004,
May 15, 2007, May 14, 2008, May 18, 2010 and May 1 < 8 > 6, 201 < 0 > 2)**

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COMINAR REAL ESTATE INVESTMENT TRUST

CONTRACT OF TRUST

THIS CONTRACT OF TRUST made as of March 31, 1998, as amended and restated on May 8, 1998, May 13, 2003, May 11, 2004, May 15, 2007, May 14, 2008, May 18, 2010 and May 1 <8>6, 201 <0>2;

AMONG: <MICHEL> ^~~DALLAIRE~~ ^GÉRARD COULOMBE^, an individual residing at ^~~2690, des Cent Associés, Québec, Québec, G1E 4H8,~~ ^243, chemin St-Guillaume, Sainte-Marthe, Vaudreuil, Québec, J0P 1W0^, **ALAIN DALLAIRE**, an individual residing at 9, chemin de la Vieille Côte, Lac Beauport, Québec, G0A 2C0, **MICHEL** ^PAQUET ^DALLAIRE^, an individual residing at ^~~1174, Descheneaux, Québec, Québec, G1W 4E7~~ ^ <^, **YVAN CARON** > ^, ~~an individual residing at~~ ^ <^~~1810, Jalobert, Québec, Québec, G1L 4C1,~~ > ^2690, des Cent Associés, Québec, Québec, G1E 4H8, ^ **ALBAN D'AMOURS**, an individual residing at 1792, avenue de Kilmarnock, Québec, Québec, G1T 2V9, **ROBERT DESPRÉS**, an individual residing at 890, Desanne, Québec, Québec, G1S 3J8, ^DINO FUOCO, *an individual residing at 576, De Verrazano, Boucherville, Québec, J4B 7P8,* ^PIERRE GINGRAS^, *an individual residing at* ^650, avenue Wilfred-Laurier, Apt. 805, Québec, Québec, G1R 2L4, **GHISLAINE LABERGE**, an individual residing at 107, des Passereaux, Verdun, Québec, H3E 1X3, ^~~DINO FUOCO,~~ *an individual residing at 576, De Verrazano, Boucherville, Québec, J4B 7P8,* ^ <and> ^GÉRARD COULOMBE^ and **MICHEL** ^PAQUET^, an individual residing at ^~~243, chemin St-Guillaume, Sainte-Marthe, Vaudreuil, Québec, J0P 1W0~~ ^1174, Descheneaux, Québec, Québec, G1W 4E7^, all of whom are the Trustees of the Trust constituted by the Contract of Trust made as of March 31, 1998, as amended as of May 8, 1998, May 13, 2003, May 11, 2004, May 15, 2007, May 14, 2008 and May 18, 2010 (hereinafter collectively called the "Trustees"),

OF THE FIRST PART

AND: **3466736 CANADA INC.**, a corporation incorporated under the *Canada Business Corporations Act*, resident in the Province of Québec (hereinafter called the "Settlor"),

OF THE SECOND PART

AND: the Unitholders (as hereinafter defined),

WHEREAS the Settlor desires to establish an irrevocable trust for the principal purpose of providing persons who may become Unitholders with an opportunity to participate in a portfolio of income-producing immovable property investments;

AND WHEREAS, in consideration of these premises and the agreement of the Trustees to act as Trustees and to accept the Trust and the transfer of the Initial Contribution as the initial Trust Property, the Settlor has herein established the terms and conditions of this Trust;

AND WHEREAS for the purpose of establishing the trust created hereunder (the “**Trust**”), the Settlor is transferring to the Trustees an amount of \$10.00 in lawful money of Canada (the “**Initial Contribution**”) and the Trust is issuing one Unit to the Settlor;

AND WHEREAS the Trustees have agreed to hold the Initial Contribution and all amounts and assets subsequently received or transferred to the Trustees, pursuant to this Contract of Trust in accordance with the provisions hereinafter set forth;

AND WHEREAS the Settlor and the Trustees desire that the beneficiaries of the Trust shall be the holders of Units evidenced by certificates therefor as hereinafter provided, each of which shall rank equally in all respects with every other Unit;

AND WHEREAS it is intended that certain initial Units be offered for sale to members of the public pursuant to a Prospectus and that other Units be qualified for sale pursuant to the Prospectus;

AND WHEREAS it is intended that the Trustees shall purchase the Portfolio and the Assets from Cominar and shall use a portion of the proceeds, net of expenses and the Underwriters’ Fee (as defined in the Prospectus), from the sale of Receipt Units pursuant to the Prospectus, to pay to Cominar, the cash portion of the purchase price for the Portfolio and the Assets;

AND WHEREAS the Settlor and the Trustees desire that the Trust shall qualify as a “unit trust” and as a “mutual fund trust” pursuant to paragraph 108(2)(b) and subsection 132(6) of the *Income Tax Act* (Canada);

AND WHEREAS the parties hereto desire to set out the agreements, terms and conditions which shall govern the mutual and respective rights, powers and obligations of the Trustees, the Settlor and the Unitholders with respect to the establishment and administration of the Trust;¶

AND WHEREAS Cominar is no longer entitled to appoint Cominar Trustees under section 3.2 of the Contract of Trust in effect immediately prior to this amendment and restatement being made as of May 16, 2012;

NOW THEREFORE THIS CONTRACT WITNESSETH THAT, in consideration of the premises and the mutual and respective covenants and agreements contained herein, the Trustees declare and agree with the Settlor and the Unitholders, and the Settlor agrees with the Trustees as follows and this Contract of Trust witnesseth, with for greater certainty the amendments made as of May 18, 2010 being with retro-active effect to January 1, 2010 (save and except for the amendment to subsection 5.2.6 which is with effect as of May 18, 2010):

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions and Interpretation.

In this Contract of Trust, words in the singular number include the plural and words in the plural number include the singular, and the masculine includes the feminine and neuter. In this Contract of Trust, except where the context otherwise requires:

1.1.1 “**Adjusted Unitholders’ Equity**” means, at any time, the aggregate of the amount of Unitholders’ equity and the amount of accumulated depreciation recorded in the books and records of the Trust in respect of its properties calculated in accordance with generally accepted accounting principles, plus any discount on the Instalment Receipts receivable;

1.1.2 “**affiliate**” has the meaning ascribed thereto in the *Securities Act* (Québec), <as amended from time to time> provided that the term “companies” in the definition is deemed to be replaced by the term “person” as used in this Contract of Trust;

1.1.3 “**annuitant**” means the annuitant of a registered retirement savings plan or a registered retirement income fund or a deferred profit sharing plan, all as defined in the *Income Tax Act* (Canada), or any other plan of which a Unitholder acts as trustee or carrier;

1.1.4 “**Assets**” has the meaning ascribed thereto in the Prospectus;

1.1.5 “**associate**” has the meaning ascribed thereto in the *Canada Business Corporations Act*, as amended from time to time;

1.1.6 “**Associate**” means, where used to indicate a relationship between an individual and a corporation, an individual who beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of the corporation, a spouse of such individual or an immediate family member of such individual and, where used to indicate a relationship between an individual and a partnership, a partner of that partnership and, if such partner is an individual, a spouse of such individual or an immediate family member of such individual;

1.1.7 “**Assumed Hypothecs**” has the meaning ascribed thereto in the Prospectus;

1.1.8 “**Audit Committee**” means the committee established pursuant to section 9.3;

1.1.9 “**business day**” means any day other than a Saturday, Sunday or a day on which the principal chartered banks located at Montréal, Québec are not open for business during normal banking hours;

1.1.10 “**Chairman**”, “**Honorary Chairman**”, “**President**”, “**Executive Vice-President**”, “**Senior Vice-President**”, “**Vice-President**” and “**Secretary**” shall mean the person(s) holding the respective office from time to time in accordance with section 3.10;

1.1.11 “**Closing**” means the closing of the Offering;

1.1.12 “**Cominar**” means collectively, Immeubles Cominar inc., Société en commandite Cominar and Société en nom collectif Cominar, which are controlled by members of the Dallaire Family, and Société en commandite Desroches, which is controlled by members of management of the foregoing corporation and partnerships, or any one or more of them, as the context may require;

1.1.13 “**Cominar Trustees**” ~~< means the Trustees appointed under section 3.2; >~~ has the meaning ascribed thereto in subsection 1.1.13 of the Contract of Trust in effect immediately prior to this amendment and restatement being made as of May 16, 2012;

1.1.14 “**Cominar Units**” shall have the meaning ascribed thereto in the Prospectus;

1.1.15 “**Contract of Trust**” means this contract of trust as amended, supplemented or amended and restated from time to time;

1.1.16 “**Dallaire Family**” means Jules Dallaire, his wife, their children and the spouses of such children;

1.1.17 “**dissenting offeree**” means, where a take-over bid is made for all of the Units other than those held by the offeror, a holder of Units who does not accept the take-over bid and includes a subsequent holder of that Unit who acquires it from the first mentioned holder;

1.1.18 “**Distributable Income**” means the income of the Trust determined in accordance with the provisions of the *Tax Act*, as adjusted and calculated as follows:

1.1.18.1 capital gains and capital losses shall be excluded;

1.1.18.2 net recapture income shall be excluded;

1.1.18.3 no deduction shall be made for non-capital losses, capital cost allowance, terminal losses, amortization of cumulative eligible capital or amortization of costs of issuing Units or financing fees related to the Instalment Loan; and

1.1.18.4 leasehold and tenant improvements shall be amortized;

and may reflect any other adjustments determined by the Trustees in their discretion and Distributable Income may be estimated whenever the actual amount has not been finally determined, which estimate shall be adjusted as of the subsequent Distribution Date when the amount of Distributable Income has been finally determined;

1.1.19 “**Distribution Date**” means on or about the 15th day in each calendar month (other than January) and on December 31 in each calendar year, beginning the first month following the month during which the Closing occurs;

~~< 1.1.20 > ^ “First Instalment” shall have the meaning ascribed thereto in the Prospectus;^~~

1.1.20 ~~< 1.1.21~~ “**Final Instalment**” shall have the meaning ascribed thereto in the Prospectus; ¶

1.1.21 ^ “**First Instalment**” shall have the meaning ascribed thereto in the Prospectus;^

1.1.22 “**Gross Book Value**” means, at any time, the book value of the assets of the Trust, as shown on its then most recent balance sheet, plus the amount of accumulated depreciation shown thereon (excluding the Final Instalment under the Instalment Receipts);

1.1.23 “**herein**”, “**hereof**”, “**hereby**”, “**hereunder**” and similar expressions refer to this Contract of Trust and include every instrument supplemental or ancillary to or in implementation of this Contract of Trust and, except where the context otherwise requires, not to any particular article, section or other portion hereof or thereof;

1.1.24 “**hypothec**” means a hypothec on an immovable property under the laws of the Province of Québec;

1.1.25 “**immediate family member**”, when used to indicate a relationship with an individual, means a parent, child or sibling of such individual;

1.1.26 “**immovable property**” means immovable property under the laws of the Province of Québec or real property under other applicable law;

1.1.27 “**Independent Trustee**” ~~< means a Trustee: (i) who is not a member of the Dallaire Family or an Associate, director, officer or employee of a corporation or partnership comprising Cominar or an affiliate thereof; (ii) who is not related (as defined in The Toronto Stock Exchange Guidelines on Corporate Governance) to Cominar; (iii) who is not a person who is a “related person” (within the meaning of the Tax Act) in relation to Cominar or to any member of the Dallaire Family; (iv) who has no material business relationships with the Trust (other than his election or appointment as Trustee or, subject to the provisions hereof, his being a Unitholder), Cominar or any member of the Dallaire Family; and (v) who represents to the Trust, upon his election~~

~~or appointment as a Trustee, that he meets the foregoing criteria. A Cominar Trustee shall be deemed not to be an Independent Trustee. After Cominar ceases to be entitled to appoint Cominar Trustees pursuant to section 3.2, all references to Independent Trustees in this Contract of Trust shall either be deemed to be references only to Trustees or, where the context so admits or requires, shall be ignored, and the provisions of this definition shall no longer apply;~~ > has the meaning ascribed thereto in subsection 1.1.27 of the Contract of Trust in effect immediately prior to this amendment and restatement being made as of May 16, 2012;

~~< 1.1.28 “Independent Trustee Matter” means any decision;~~¶>

~~< 1.1.28.1 to enter into arrangements in which Cominar has a material interest;~~¶>

~~< 1.1.28.2 (i) to appoint, where permitted hereunder, an Independent Trustee to fill a vacancy among the Independent Trustees, and (ii) to recommend to the Unitholders that the number of Trustees be increased or decreased and, if applicable, to nominate for election by the Unitholders individuals as Independent Trustees to fill any office of Trustee so created;~~¶>

~~< 1.1.28.3 to increase the compensation of management of the Trust;~~¶>

~~< 1.1.28.4 to grant options under any Unit option plan approved by the Trustees, > ^including, without limitation,^ < the Unit Option Plan (as defined in the Prospectus);~~¶>

~~< 1.1.28.5 to enforce any agreement entered into by the Trust with a Trustee who is not an Independent Trustee or with an associate of a non Independent Trustee; or~~¶>

~~< 1.1.28.6 in relation to a claim by or against Cominar, any member of the Dallaire Family or any affiliate or Associate of any of the foregoing or in which the interest of one of the foregoing differs from the interests of the Trust; >~~

1.1.28 ~~< 1.1.29 “Initial Contribution” means the amount of \$10 transferred and paid by the Settlor to the Trustees on the date hereof for the purpose of establishing the Trust;~~

1.1.29 ~~< 1.1.30 “Initial Trustees” means those persons named as the first trustees of the Trust who are the Party of the First Part to this Contract of Trust, as such contract stood on May 8, 1998;~~

1.1.30 ~~< 1.1.31 “Instalment Loan” has the meaning ascribed thereto in the Prospectus;~~

1.1.31 < ~~1.1.32~~—“**Instalment Receipt**” has the meaning ascribed thereto in the Prospectus;

1.1.32 < ~~1.1.33~~—“**Instalment Receipt Agreement**” means the instalment receipt and pledge agreement to be entered into as contemplated by and as defined in the Prospectus;

1.1.33 < ~~1.1.33A~~—“**International Financial Reporting Standards**” means the International Financial Reporting Standards issued by the International Accounting Standards Committee, and as adopted by the Canadian Institute of Chartered Accountants, as amended from time to time;

1.1.34 “**Investment Committee**” means the committee established pursuant to section 9.2;

1.1.35 “**mortgage**” means, under applicable law, any mortgage, charge, bond, debenture, note or other evidence of indebtedness, in each case, which is directly or indirectly secured by real property located outside the Province of Québec;

1.1.36 “**net realized capital gains of the Trust**” for any year means the amount, if any, by which the amount of the capital gains of the Trust for the year exceeds the aggregate of (i) the amount of any capital losses of the Trust for the year and (ii) the amount of any net capital losses of the Trust carried forward from a previous year to the extent not previously deducted from realized capital gains of the Trust;

1.1.37 “**net recapture income of the Trust**” for any year means the amount, if any, by which the amount required to be included in the income of the Trust for income tax purposes for such year in respect of recapture of capital cost allowance exceeds the amount permitted to be deducted under subsection 20(16) of the *Tax Act* for such year;

1.1.38 “**offeree**” means a person to whom a take-over bid is made;

1.1.39 “**Offering**” means the offering of Receipt Units pursuant to the Prospectus, as described under “**Plan of Distribution**” therein;

1.1.40 “**offeror**” means a person, other than an agent, who makes a take-over bid, and includes two or more persons who, directly or indirectly,

1.1.40.1 make a take-over bid jointly or in concert; or

1.1.40.2 intend to exercise jointly or in concert voting rights attached to the Units for which a take-over bid is made;

1.1.41 “**person**” means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint

ventures, associations, companies, trusts, banks, trust companies, pension funds, land trusts, business trusts or other organizations, whether or not legal entities and governments and agencies and political subdivisions thereof;

1.1.42 “**Portfolio**” means a 100% interest in each of the Properties;

1.1.43 “**Properties**” means, collectively, the office, retail, industrial and mixed-use properties described under “Properties” in the Prospectus;

1.1.44 “**Prospectus**” means the final prospectus of the Trust dated May 8, 1998 relating to an initial public offering of Receipt Units, filed with the *Commission des valeurs mobilières du Québec* and one or more other securities commissions or similar authorities in Canada, which final prospectus is also intended to qualify the issue of the Cominar Units and certain other Units, as the said final prospectus may be amended by any amendment thereto;

1.1.45 “**real property**” means property which, under applicable law other than the laws of Québec, is real property and includes, whether or not the same would in law be real property, leaseholds, hypothecs, mortgages, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, joint venture or otherwise), any interests in any of the foregoing and securities of corporations whose sole or principal purpose and activity is to invest in, hold and deal in real property;

1.1.46 “**Receipt Units**” means those Units represented by Instalment Receipts and offered to the public pursuant to the Offering;

1.1.47 “**Register**” means the register which shall be established and maintained pursuant to section 6.16;

1.1.48 “**resident Canadian**” means an individual who is a resident of Canada for purposes of the *Income Tax Act* (Canada);

1.1.49 “**take-over bid**” has the meaning ascribed to such term in the *Securities Act* (Québec), as amended from time to time;

1.1.50 “**Trust**” means the Cominar Real Estate Investment Trust, whose name in its French form is Fonds de placement immobilier Cominar, established hereunder which constitutes a patrimony by appropriation;

1.1.51 “**Trust Property**”, at any time, shall, unless the contrary intention appears in any particular instance or instances in this Contract of Trust, mean such of the following moneys, properties and assets as are at such time held by the Trust or by the Trustees on behalf of the Trust:

1.1.51.1 the Initial Contribution;

1.1.51.2 all funds realized from the sale of Units from time to time (including from the sale of Receipt Units and all rights and entitlements relating to the Final Instalment owing on the issue of Receipt Units pursuant to the Prospectus);

1.1.51.3 the Portfolio and the Assets;

1.1.51.4 all property of whatsoever nature and kind substituted by the Trustees for the foregoing moneys, properties or assets, in whole or in part, at any time and from time to time, all additional property of whatsoever nature and kind acquired, from time to time, by the Trustees that is to be held upon the trusts herein and all property substituted therefor, all property substituted for substituted property and shall include without limitation all resultant assets and property, movable or immovable, tangible or intangible, and wheresoever situate anywhere in the world of any nature whatsoever and without limiting the generality of the foregoing, the Trust Property shall include all proceeds of policies of insurance, securities, shares, whether common or preferred or otherwise ranking, share warrants, bonds, debentures, bills of exchange or any other forms or evidence of title which may at any time hereafter be purchased or acquired by exchange or in any other manner whatsoever by the Trustees directly or indirectly as well as all interest, revenues and fruits which may at any time hereafter derive or accrue from any of the foregoing or from any part or parts thereof and shall further include the interest, revenue and fruits which may at any time ever be derived or accrued from dealing in or the investment of or the reinvestment or exchange, without limit, of the investments and the proceeds thereof flowing from the property of the Trust in any manner whatsoever;

1.1.51.5 any proceeds of disposition of any of the foregoing property; and

1.1.51.6 all income, interest, profit, gains and accretions and additional assets, rights and benefits of any kind or nature whatsoever arising directly or indirectly from or in connection with or accruing to the foregoing moneys, properties or assets or such proceeds of disposition;

1.1.52 **“Trustee”** means, at any time, an individual who is, in accordance with the provisions hereof, a trustee of the Trust at that time, including, without limitation, so long as they remain as Trustees each of the Initial Trustees; and **“Trustees”** means, at any time, all of the individuals each of whom is at that time a Trustee;

1.1.53 **“Trustees’ Regulations”** means the regulations adopted by the Trustees pursuant to section 4.3;

1.1.54 “**Unit**” means a unit of interest in the Trust issued from time to time in accordance with the provisions hereof and includes, without limitation, the Receipt Units and the Cominar Units and, where the context so requires, units of the Trust issued pursuant to the Unit Option Plan, the Distribution Reinvestment Plan or the Rights Plan (each as defined in the Prospectus), and includes a fraction of a unit of the Trust;

1.1.55 “**Unit Certificate**” shall have the meaning ascribed thereto in section 6.15;

1.1.56 “**Unitholder**” or “**holder of Units**” means a person whose name appears on the Register as a holder of Units and includes, for the purposes of sections 14.1, 14.2 and 14.4 only, any person who is a beneficial owner of a Unit; and

1.1.57 any reference to “**property**” or “**property of the Trust**” or “**assets**” or “**assets of the Trust**” includes, in each case, property and assets of the Trust and the Trust Property.

Section 1.2 References to Acts Performed by the Trust or Rights of the Trust.

For greater certainty, where any reference is made in this Contract of Trust to an act to be performed by the Trust or to rights of the Trust, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by the Trustees on behalf of the Trust or by some other person duly authorized to do so by the Trustees or pursuant to the provisions hereof, or to rights of the Trustees, in their capacity as Trustees of the Trust, as the case may be.

Section 1.3 Income Tax Act (Canada).

In this Contract of Trust, any reference to the “**Income Tax Act (Canada)**”, the “**Income Tax Act**” or the “**Tax Act**” shall refer to the *Income Tax Act*, Revised Statutes of Canada 1985, Chapter 1 (5th Supplement) and the regulations thereunder as amended from time to time applicable with respect thereto. Any reference herein to a particular provision of the *Income Tax Act* shall include a reference to that provision as it may be renumbered or amended from time to time. Where there are proposals for amendments to the *Income Tax Act* which have not been enacted into law or proclaimed into force on or before the date on which such proposals are to become effective, the Trustees may take such proposals into consideration and apply the provisions hereof as if such proposals had been enacted into law and proclaimed into force. Any reference herein to the *Income Tax Act (Canada)*, the *Income Tax Act* or to the *Tax Act* shall also include a reference to any applicable and corresponding provision under the income tax laws of a province or territory of Canada.

ARTICLE 2 THE TRUST

Section 2.1 Initial Contribution, Acceptance and Trust Property.

The Settlor does, by these presents, irrevocably transfer, concurrent with the execution of this Contract of Trust, the Initial Contribution to the Trustees for the purpose of establishing the Trust. Receipt of the Initial Contribution is hereby acknowledged by the Trustees and in consideration thereof the Settlor is hereby issued one initial Unit in the Trust. The Settlor hereby fully and finally, unconditionally and irrevocably, divests itself of the Initial Contribution and of any other property which is to be comprised within the Trust Property and does further fully and finally, unconditionally and irrevocably, divest itself of all rights of ownership, possession, usufruct, enjoyment or administration of the Trust Property and the Trustees hereby accept the Initial Contribution and all other property or assets which may become the Trust Property on behalf of and for the benefit of the Unitholders, subject to the terms and provisions hereof (including any discretionary rights and powers granted the Trustees) such acceptance to include not merely the receipt or future receipt of the Trust Property but also the acceptance for the benefit of the Unitholders pursuant to the terms hereof, of all rights of ownership, possession, usufruct, enjoyment and administration of the said Trust Property as referred to in the definition of Trust Property herein.

Section 2.2 Seizin.

The Trustees are hereby seized of the Trust Property, in trust, for the purpose of having, holding, using and administering the same as trustees for the account and benefit of the Unitholders pursuant to the terms hereof.

Section 2.3 Establishment of Trust.

The Trustees hereby accept the Trust hereby constituted and agree to hold the Trust Property transferred to them in trust from time to time for the use and benefit of the Unitholders, their permitted assigns and personal representatives upon the trust and subject to the terms and conditions hereinafter set forth, such trust to constitute the Trust hereunder. The Trustees acknowledge that the Trust results from this Contract of Trust, the transfer by the Settlor hereby made of the Initial Contribution from its patrimony to the patrimony of the Trust hereby constituted by the Settlor which the Settlor has appropriated to the particular purposes set forth herein, including, without limitation, those set forth in section 2.8, and each of the Trustees hereby undertakes and accepts to hold and administer such trust patrimony in accordance with the provisions hereof. Each of the Settlor and the Trustees confirms that the patrimony of the Trust has been hereby transferred in trust and constitutes a patrimony by appropriation, autonomous and distinct from that of the Settlor, the Trustees or any Unitholder. The Settlor ~~<hereby appoints>~~ **appointed** the Initial Trustees as Cominar Trustees and provide<s> **d** ~~<-that>~~ **for** the mode of appointment and replacement of the Cominar Trustees ~~<(being at present the individuals referred to in section 3.2)>~~ and of the

Independent Trustees ~~< is set forth in Article 3 >~~. Subject to the provisions hereof, each of the Trustees elected or appointed pursuant to this Contract of Trust shall have all of the powers set forth herein, including, without limiting the generality of the foregoing, the powers of full administration set forth in Article 1278 of the *Civil Code of Québec* (the “*Civil Code*”). To the extent required by applicable law, the Settlor hereby appoints the Unitholders as the sole beneficiaries of the Trust. The Units shall be issued upon the terms and subject to the conditions of the Contract of Trust, and this Contract of Trust shall be binding upon all Unitholders and by acceptance of the certificate representing any such Unit, the Unitholder thereof shall be deemed to agree to be bound by this Contract of Trust.

Section 2.4 Name.

The Trust shall be known and designated as the Cominar Real Estate Investment Trust in its English form and Fonds de placement immobilier Cominar in its French form. As far as practicable and whenever lawful and convenient and except as otherwise provided in this Contract of Trust, the Trustees shall conduct the affairs of the Trust, hold property, execute all documents and take all legal proceedings under that name, in either its English form or its French form.

Section 2.5 Use of Name.

If the Trustees determine that the use of the name set forth in section 2.4 is not practicable, legal or convenient, the Trust may, subject to the provisions of Article 1266 of the *Civil Code*, use such other designation or may adopt such other name as the Trustees deem appropriate, and the Trust may hold property and conduct and transact its affairs under such other designation or name.

Section 2.6 Office.

The head office of the Trust is located at 455 Marais Street, City of Vanier, Province of Québec, G1M 3A2 unless changed by the Trustees to another location. The Trust may have such other offices or places for the conduct of its affairs as the Trustees may from time to time determine as necessary or desirable.

Section 2.7 Nature of the Trust.

The Trust is an unincorporated closed-end investment trust. The Trust, the Units and its property shall be governed by the general law of trusts set forth in the *Civil Code*, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

2.7.1 applicable laws and regulations or other requirements; and

2.7.2 the terms, conditions and trusts set forth in this Contract of Trust.

The interest and rights generally of a Unitholder in the Trust shall be limited to the right to participate (equally and ratably in distributions) when and as declared by the Trustees as contemplated by Article 10 and distributions upon the termination of the Trust as contemplated in Article 13. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Trustees or any individual Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Trustees shall not be, or be deemed to be, agents of the Unitholders. The relationship of the Unitholders to the Trustees, to the Trust and to the property of the Trust shall be solely that of beneficiaries in accordance with this Contract of Trust.

Section 2.8 Trust Investments.

In accordance with subparagraph 108(2)(b)(ii) and paragraph 132(6)(b) of the *Income Tax Act*, the only undertaking of the Trust shall be as contemplated by the aforesaid provisions of the *Income Tax Act*. The Trust shall invest primarily in immovable property.

Section 2.9 Control and Administration of the Trust Property.

The control and administration of the Trust Property and the right to conduct the affairs of the Trust are vested exclusively in the Trustees and the Unitholders shall have no rights therein other than the rights specifically set forth in this Contract of Trust and they shall have no right to compel any partition, division, dividend or distribution of the Trust Property or any of the other assets of the Trust, except as specifically provided herein. The Units shall be movable property and shall confer upon the holders thereof only the interest and rights specifically set forth in this Contract of Trust.

Section 2.10 Civil Code of Québec>.

To the fullest extent permitted by applicable law, the following provisions shall apply (and shall be binding on the Settlor, the Trustees and on all Unitholders), namely:

2.10.1 ~~<In>~~ in the event of any inconsistency or contradiction between the provisions of this Contract of Trust and the *Civil Code*, the provisions of this Contract of Trust shall prevail;

2.10.2 ~~<F>~~ the Settlor, having established the Trust, hereby waives any rights which it may have in its capacity as Settlor (but not in its capacity as a Unitholder during any period while he/she is a Unitholder) pursuant to Articles 1287 and 1297 of the *Civil Code* or any right which it may have (the existence of such right not being admitted by any party hereto) to be a party to or to participate in any amendment to this Contract of Trust;

2.10.3 <A>any amendments to this Contract of Trust shall be made in accordance with Article 12, the whole without prejudice to the rights of any person pursuant to Article 1294 of the *Civil Code* and, except as provided in said Article 12, no Unitholder shall have any right to be a party to or to participate in any such amendment;

2.10.4 <F>the following Articles of the *Civil Code* shall, to the extent in any way inconsistent with the provisions of this Contract of Trust, not apply to this Contract of Trust or to the Trustees, the Settlor, the Unitholders or the administration of the Trust or the Trust Property, namely: Articles 1275, 1301, 1302, 1303, 1304, 1305, 1306 (except that the Trustees shall have full administration of the Trust Property), 1310, 1311, 1312, 1321 (first paragraph), 1332, 1334, 1338, 1339 (it being specifically agreed that the investments of the Trust shall be made solely pursuant to this Contract of Trust), 1340, 1341, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354, 1355 (second paragraph), 1356, 1357, 1358, 1360, 1361, 1363, 1364, 1365, 1366, 1368, 1369 and 1370;

2.10.5 <F>the provisions of this Contract of Trust shall apply notwithstanding the provisions of Article 1337 of the *Civil Code*;

2.10.6 <N>notwithstanding anything in this Contract of Trust to the contrary, the second sentence of Article 1322 of the *Civil Code* shall apply to and enure to the benefit of the Settlor, the Trustees and the Unitholders; and

2.10.7 <F>the Settlor particularly and specifically exempts the Trustees and the Unitholders from making any return of the Trust Property or any part thereof, whether capital or income, to the general mass of the estate and succession of the Settlor.

ARTICLE 3 TRUSTEES AND OFFICERS

Section 3.1 Number.

There shall be no fewer than nine nor more than 11 Trustees <~~(including both the Independent Trustees and the Cominar Trustees)~~>. The number of Trustees may be increased or decreased within such limits from time to time, by the affirmative vote of at least two-thirds of the votes cast at a meeting of Unitholders duly called and held or, if so authorized by the Unitholders, by the <~~Independent~~> Trustees. In the event of any such increase, the Unitholders or the <~~Independent~~> Trustees, if so authorized by the Unitholders, shall forthwith elect or appoint, as the case may be, any such additional <~~Independent Trustees. In connection with the appointment of additional Trustees pursuant to this Section 3.1, the Independent Trustees shall indicate whether the additional Trustees shall hold office until the first or second annual meeting of Unitholders after their respective dates of appointment. Notwithstanding the foregoing, until the appointment of five Independent Trustees as contemplated by section 3.3.1, there shall be only four Trustees.~~> Trustees.

Section 3.2 Cominar Trustees.

~~<From the date of the establishment of the Trust until the conclusion of the Property Closing (as defined in the Prospectus) and thereafter until such time as Cominar ceases to hold a number of Units equal to at least 10% of the number of Units then outstanding, four Trustees shall be appointed and may be removed by Cominar by written instrument of Groupe Cominar inc. on behalf of Cominar delivered to the Trust. Notwithstanding the foregoing, the Initial Trustees, all of whom are Cominar Trustees, have been appointed by the Settlor in section 2.3 and each of the Initial Trustees hereby accepts such appointment and shall hold office (subject to section 3.7) until his removal as aforesaid or until his successor is elected or appointed. Any one or more of the Cominar Trustees may be changed at any time or from time to time by a written instrument executed by Groupe Cominar inc. on behalf of Cominar. The Cominar Trustees are, pursuant to such >~~¶

The initial Cominar Trustees were, pursuant to their appointment by the Settlor, Jules Dallaire, Michel Dallaire, Paul Forest and Michel Paquet.

Section 3.3 Term of Office of <Independent> Trustees and Other Trustee Matters.

The first Independent Trustees ~~<shall be>~~ were appointed by TD Securities Inc. and Lévesque Beaubien Geoffrion Inc. by written instrument executed after the execution of ~~<this>~~ the original Contract of Trust (the “**Underwriters’ Appointment**”). The Underwriters’ Appointment ~~<shall be>~~ was delivered to the Initial Trustees and the Settlor, together with one or more written instruments substantially in the form set out in section 3.5 and signed by each of such Independent Trustees so appointed (each of such written instruments being herein called a “**Trustee’s Acceptance**”) whereby each Independent Trustee so appointed accept~~s~~ ed such appointment. Upon receipt by the Initial Trustees and the Settlor of the Underwriters’ Appointment and a Trustee’s Acceptance signed by an Independent Trustee so appointed, such Independent Trustee ~~<shall be>~~ was a Trustee of the Trust pursuant to this Contract of Trust, as contemplated by section 3.8, and ~~<shall be>~~ was deemed to be a party to this Contract of Trust as fully and effectually as if such Independent Trustee had executed this Contract of Trust. Receipt by the Initial Trustees of the Underwriters’ Appointment and each Trustee’s Acceptance ~~<shall be>~~ was conclusively deemed to have occurred upon a written acknowledgement of receipt being signed by any one of the Initial Trustees. The Independent Trustees ~~<shall be classified, with respect to the time for which they hold office, into two classes, which classes shall be as nearly equal in number as possible, one class to hold office for a term expiring at the close of the first annual meeting of the Unitholders, and a second class to hold office for a term expiring at the close of the second annual meeting of the Unitholders or, in each case (except as provided in section 3.7) until their respective successors are elected or appointed. It is anticipated that the Independent Trustees to be>~~ so appointed by TD Securities Inc. and Lévesque Beaubien Geoffrion Inc. ~~<will be>~~ were Robert Després, Yvan Caron, Pierre Gingras, Ghislaine Laberge and Richard Marion, and that the Underwriters’ Appointment ~~<will stipulate>~~ stipulated that Yvan Caron and Ghislaine Laberge shall hold office for a term expiring at the close of the first annual

meeting of Unitholders and that Robert Després, Pierre Gingras and Richard Marion shall hold office for a term expiring at the close of the second annual meeting of Unitholders or, in each case (except as provided in section 3.7), until their respective successors are elected or appointed. ~~< If the Underwriters' Appointment appoints other individuals as Independent Trustees or differs with respect to the terms during which such Independent Trustees shall hold office, the provisions of the Underwriters' Appointment shall prevail over this paragraph as to the identity of and terms of office of the individuals named as Independent Trustees and shall be deemed to form part of this Contract of Trust. At each annual meeting of the Unitholders, the successors of the class of Independent Trustees whose term expires at that meeting shall be elected to hold office >~~ ¶

A Trustee may be removed as Trustee in accordance with the provisions of section 3.6. Trustees elected or appointed shall be elected or appointed for a term expiring at the ~~< close of the annual meeting of Unitholders held in the second year following the year of their election. An Independent Trustee may be removed as Trustee in accordance with the provisions of section 3.6. >~~ **conclusion of the next annual meeting of Unitholders or until their successors are elected and shall be eligible for re-election.**

~~< 3.3.1 — > < Whenever the number of Independent Trustees within the minimum and maximum number of Trustees is changed, any increase in Independent Trustees or any decrease in Independent Trustees shall be so assigned among the classes of Independent Trustees then in office as to make all classes as nearly equal in number as possible. To the extent of any inequality within the limits of the foregoing, the class or classes then having the last date or the later dates for the expiration of its or their terms shall be the class or classes with the greater number of Independent Trustees. >~~

~~< 3.3.2 ————— >~~ If a meeting of Unitholders fails to elect the minimum number of Trustees required by this Contract of Trust by reason of the disqualification of any nominee, the Trustees elected at the meeting may exercise all of the powers of the Trustees if the number of Trustees so elected constitutes a quorum.

Section 3.4 Qualifications of Trustees.

A Trustee shall be an individual. The following persons are disqualified from being a Trustee of the Trust:

- 3.4.1 anyone who is less than eighteen years of age;
- 3.4.2 anyone who does not have the full exercise of his civil rights;
- 3.4.3 anyone who is of unsound mind and has been so found by a Court in Canada or elsewhere;
- 3.4.4 anyone who has been placed under protective supervision; and

3.4.5 a person who has the status of bankrupt.

A majority of the Trustees must be resident Canadians.

Trustees are not required to hold Units. At all relevant times, however, it is intended that at least one Trustee will not be, directly or indirectly, a Unitholder or a person who holds an option to acquire Units (a “**Non-Unitholder Trustee**”). A majority of the Trustees shall have at least five (5) years substantial experience in the real estate industry. ~~< Subject to section 3.1, and until Cominar ceases to be entitled to appoint Cominar Trustees pursuant to section 3.2, a majority of the Trustees must be Independent Trustees, provided, however, that if at any time a majority of the Trustees are not Independent Trustees or the required number of Independent Trustees on any committee of Trustees are not Independent Trustees, in each case, because of the death, resignation, bankruptcy, adjudicated incapacity, removal or change in circumstance of any Trustee who was an Independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which the remaining Independent Trustees shall appoint a sufficient number of Independent Trustees to comply with the requirement. In the event that at any relevant time there is no Non Unitholder Trustee, the Trustees shall take appropriate action during a period of not longer than 60 days thereafter to assure that there shall be at least one Non Unitholder Trustee. >~~ Notwithstanding anything herein contained to the contrary, and, to the fullest extent permitted by applicable law, all the acts of the Trustees otherwise in accordance with this Contract of Trust shall be valid notwithstanding any temporary failure to comply with the provisions of this paragraph.

Section 3.5 Election of Trustees.

Subject to sections 3 ~~< 2, 3.3 >~~ .1, 3.4 and 3.7, the election of the ~~< Independent >~~ Trustees shall be by the vote of Unitholders. The appointment or election of any Trustee (other than an individual who is serving as a Trustee immediately prior to such appointment or election) shall not become effective unless and until such person has either before or after such appointment or election, executed and delivered to the Trust an acceptance substantially as follows:

“To: **Cominar Real Estate Investment Trust/**

Fonds de placement immobilier Cominar (the “Trust”)

And to: The Trustees thereof

The undersigned hereby accepts to act as a Trustee of the Trust and hereby agrees, upon the later of the date of this acceptance and the date of the undersigned’s appointment or election as a Trustee of the Trust, to thereby become a party, as a Trustee, to the Contract of Trust made as of March 31, 1998, as amended from time to time, constituting the Trust.

~~< [And if the Trustee is to be an Independent Trustee]¶ >~~

~~<The undersigned hereby represents to and covenants with the Trust and the other Trustees thereof that he is, and will remain while he is a Trustee, an Independent Trustee, as defined in the Contract of Trust, and that should his status as an Independent Trustee change at any time while he is a Trustee, he will forthwith so notify the Trust in writing and thereafter will, if requested by the remaining Independent Trustees, forthwith resign as a Trustee. >~~

Dated: _____, _____.

Signature

Print Name”

Upon the later of a person being appointed or elected a Trustee hereunder and executing and delivering to the Trust an acceptance substantially as set forth above, such person shall become a Trustee hereunder and shall be deemed to be a party (as a Trustee) to this Contract of Trust, as amended from time to time.

An act of a Trustee is valid notwithstanding an irregularity in the appointment or election of the Trustee or a defect in the qualifications of the Trustee.

Section 3.6 Resignation, Removal and Death of Trustees.

A Trustee may resign at any time by an instrument in writing signed by him and delivered or mailed to the President or Secretary. Such resignation shall take effect on the date such notice is given or at any later time specified in the notice, provided that if, upon the resignation becoming effective, the number of remaining Trustees would be less than the number necessary to constitute a quorum for a meeting of Trustees, the resignation is not effective until the resigning Trustee's successor is duly appointed as a Trustee. ~~<An Independent>~~ A Trustee may be removed at any time with or without cause by the affirmative vote of at least two-thirds of the votes cast at a meeting of Unitholders called for that purpose or with cause by resolution passed by an affirmative vote of not less than two-thirds of the remaining ~~<Independent>~~ Trustees. Any removal of a Trustee shall take effect immediately following the aforesaid vote or resolution and any Trustee so removed shall be so notified by the Secretary or another officer of the Trust forthwith following such removal. Upon the resignation or removal of any Trustee, or his otherwise ceasing to be a Trustee, he/she shall (i) cease to have rights, privileges and powers of Trustees hereunder, (ii) execute and deliver such documents as the remaining Trustees shall reasonably require for the conveyance of any Trust Property held in his name, (iii) account to the remaining Trustees as they may require for all property which he/she holds as Trustee and (iv) resign from all representative or other positions held by him

on behalf of the Trust, including without limitation, as a director or officer of any corporation in which the Trust owns any securities (directly or indirectly), upon which he/she shall thereupon be discharged of his obligations as Trustee. Upon the incapacity or death of any Trustee, his legal representative shall execute and deliver on his behalf such documents as the remaining Trustees may require as provided in this section. Upon a Trustee ceasing to hold office as such hereunder, such Trustee shall cease to be a party (as a Trustee) to this Contract of Trust; provided however that such Trustee shall continue to be entitled to be paid any amounts owing by the Trust to the Trustee and to the benefits of the indemnity provided in section 14.1.

Section 3.7 Vacancies.

The term of office of a Trustee shall terminate and a vacancy shall occur in the event of the death, resignation, bankruptcy, adjudicated incapacity or other incapacity to exercise the duties of the office or upon the removal of a Trustee. No such vacancy shall operate to annul this Contract of Trust or affect the continuity of the Trust. Until vacancies are filled, the remaining Trustee or Trustees (even if less than a quorum) may exercise the powers of the Trustees hereunder. In case of a vacancy, the Unitholders or a majority of the ~~<Independent~~ > Trustees continuing in office may fill such vacancy ~~<, except in the case of a Cominar Trustee appointed in accordance with section 3.2, who shall be replaced by a Cominar Trustee appointed as provided therein> .~~ Any Trustee so elected by the Unitholders or appointed by the ~~<Independent~~ > Trustees ~~<or as a Cominar Trustee>~~ shall hold office for the remaining term of the Trustee he/she is succeeding.

Section 3.8 Successor and Additional Trustees.

The rights of the Trustees to control and exclusively administer the Trust and to have the titles to the Trust Property drawn up in their names and all other rights of the Trustees at law shall vest automatically in all persons who may hereafter become Trustees upon their due election or appointment and qualification without any further act and they shall thereupon have all the rights, privileges, powers, obligations and immunities of Trustees hereunder. Such rights shall vest in the Trustees whether or not conveyancing or transfer documents have been executed and delivered pursuant to section 3.6 or otherwise.

Section 3.9 Compensation and Other Remuneration.

Trustees who are not employees of and who do not receive salary from the Trust or its affiliates shall be entitled to receive for their services as Trustees such reasonable compensation as the Trustees may determine from time to time, as well as reimbursement of their out-of-pocket expenses incurred in acting as a Trustee. Such Trustees, either directly or indirectly, shall also be entitled to receive remuneration for services rendered to the Trust in any other capacity. Such services may include, without limitation, services as an officer of the Trust, legal, accounting or other professional services or services as a broker, transfer agent or underwriter, whether performed by a Trustee or any person affiliated with a Trustee. Trustees

who are employees of and who receive salary from the Trust or its affiliates shall not be entitled to receive any remuneration for their services as Trustees but shall be entitled to reimbursement from the Trust of their out-of-pocket expenses incurred in acting as a Trustee.

Section 3.10 Officers of the Trust.

The Trust may have a Chairman, an Honorary Chairman, a President, one or more Executive Vice-Presidents, one or more Senior Vice-Presidents, one or more Vice-Presidents and a Secretary and such other officers as the Trustees may appoint from time to time. One person may hold two or more offices. Any officer of the Trust may, but need not, be a Trustee. Each of the Chairman and the Honorary Chairman, if not a Trustee, shall be entitled to receive notice of and attend all meetings of the Trustees but, unless he/she is a Trustee, neither the Chairman nor the Honorary Chairman shall be entitled to vote at any such meeting. Officers of the Trust shall be appointed and discharged and their remuneration determined by the Trustees.

ARTICLE 4

TRUSTEES' POWERS AND DUTIES

Section 4.1 General Powers.

The Trustees, subject only to the specific limitations contained in this Contract of Trust, including without limitation sections 5.1 and 5.2, shall have, without further or other authorization and free from any power of control on the part of the Unitholders, full, absolute and exclusive power, control and authority over the assets of the Trust and over the affairs of the Trust to the same extent as if the Trustees were the sole owners of such assets in their own right, to do all such acts and things as in their sole judgment and discretion are necessary or incidental to, or desirable for, the carrying out of any of the purposes of the Trust or the conducting of the affairs of the Trust. In construing the provisions of this Contract of Trust, presumption shall be in favour of the granted powers and authority to the Trustees. The enumeration of any specific power or authority herein shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustees. Except as specifically required by laws which are of public order, the Trustees shall in carrying out investment activities not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees.

Section 4.2 Specific Powers and Authorities.

Subject only to the express limitations contained in this Contract of Trust including, without limitation sections 5.1 and 5.2, and in addition to any powers and authorities conferred by this Contract of Trust or which the Trustees may have by virtue of any present or future statute or rule or law, the Trustees without any action or consent by the Unitholders shall have and may exercise at any time and from time to time the following powers and authorities which may or may not be exercised by them in their sole judgment and discretion and in such manner and upon such terms and conditions as they may from time to time deem proper:

4.2.1 to retain, invest and re-invest the capital or other funds of the Trust in immovable or movable property of any kind, all without regard to whether any such properties are authorized by law for the investment of trust funds, and to possess and exercise all the rights, powers and privileges appertaining to the ownership of the property of the Trust and to increase the capital of the Trust at any time by the issuance of additional Units for such consideration as they deem appropriate;

4.2.2 for such consideration as they deem proper, to invest in, purchase or otherwise acquire for cash or other property or through the issuance of Units or through the issuance of notes, debentures, bonds or other obligations or securities of the Trust and hold for investment the entire or any participating interest in any hypothecs or mortgages. In connection with any such investment, purchase or acquisition, the Trustees shall have the power to acquire a share of rents, lease payments or other gross income from or a share of the profits from or a share in the equity or ownership of immovable property;

4.2.3 to sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any or all of the property of the Trust by deeds, trust deeds, assignments, bills of sale, transfers, leases, hypothecs or mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or any nominee of the Trust;

4.2.4 to enter into leases, contracts, obligations and other agreements for a term extending beyond the term of office of the Trustees and beyond the possible termination of the Trust or for a lesser term;

4.2.5 to borrow money from or incur indebtedness to any person; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of third parties; to enter into other obligations on behalf of the Trust; and to assign, convey, transfer, hypothecate, mortgage, subordinate, pledge, grant security interests in, or encumber, the property of the Trust to secure any of the foregoing;

4.2.6 to lend money, whether secured or unsecured;

4.2.7 to incur and pay out of the property of the Trust any charges or expenses and disburse any funds of the Trust, which charges, expenses or disbursements are, in the opinion of the Trustees, necessary or incidental to or desirable for the carrying out of any of the purposes of the Trust or conducting the affairs of the Trust including, without limitation, taxes or other governmental levies, charges and assessments of whatever kind or nature, imposed upon or against the Trustees in connection with the Trust or the property of the Trust or upon or against the property of the Trust or any part thereof and for any of the purposes herein;

4.2.8 to deposit funds of the Trust in banks, trust companies and other depositories, whether or not such deposits will earn interest, the same to be subject to withdrawal on such terms and in such manner and by such person or persons (including any one or more Trustees, officers, agents or representatives) as the Trustees may determine;

4.2.9 to possess and exercise all the rights, powers and privileges appertaining to the ownership of all or any hypothecs or mortgages or securities, issued or created by, or interest in, any person, forming part of the assets of the Trust, to the same extent that an individual might and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or action generally or for any particular meeting or action and may include the exercise of discretionary power;

4.2.10 to elect, appoint, engage or employ officers for the Trust (including a Chairman, an Honorary Chairman, a President, one or more Executive Vice-Presidents, one or more Senior Vice-Presidents, one or more Vice-Presidents and a Secretary and other officers as the Trustees may determine), who may be removed or discharged at the discretion of the Trustees, such officers to have such powers and duties, and to serve such terms as may be prescribed by the Trustees or by the Trustees' Regulations; to engage or employ any persons as agents, representatives, employees or independent contractors (including, without limitation, real estate advisors, investment advisors, registrars, underwriters, accountants, lawyers, real estate agents, property managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, and to pay compensation from the Trust for services in as many capacities as such persons may be so engaged or employed; and, except as prohibited by law, to delegate any of the powers and duties of the Trustees to any one or more Trustees, agents, representatives, officers, employees, independent contractors or other persons;

4.2.11 to collect, sue for and receive sums of money coming due to the Trust, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, demands or other litigation relating to the Trust, the assets of the Trust or the Trust's affairs, to enter into agreements therefor whether or not any suit is commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding the arbitration or settlement thereof;

4.2.12 to renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Trust;

4.2.13 to purchase and pay for, out of the assets of the Trust, insurance contracts and policies insuring the assets of the Trust against any and all risks and insuring the Trust and/or any or all of the Trustees, the Unitholders or officers of the Trust against any

and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees, the Unitholders or the officers or otherwise;

4.2.14 to cause title to any of the assets of the Trust to be drawn up in the name of the Trustees, and/or, to the extent permitted by applicable law, in the name of the Trust or one or more of the Trustees or any other person, on such terms, in such manner with such powers in such person as the Trustees may determine and with or without disclosure that the Trust or Trustees are interested therein provided, however, that should title to any of the assets of the Trust be held by and/or in the name of any person or persons other than the Trust as aforesaid, the Trustees shall require such person or persons to execute a contract of trust acknowledging that title to such assets is held in trust for the benefit of the Trust;

4.2.15 to determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses, disbursements and property of the Trust;

4.2.16 to prepare, sign and file or cause to be prepared, signed and filed a prospectus, offering memorandum or similar document, and any amendment thereto, relating to or resulting from an offering of the Units or other securities issued or held by the Trust and to pay the cost thereof and related thereto and any fees related thereto out of the property of the Trust whether or not such offering is or was of direct benefit to the Trust or those persons (if any) who were Unitholders immediately prior to such offering;

4.2.17 to make or cause to be made application for the listing on any stock exchange of any Units or other securities of the Trust, and to do all things which in the opinion of the Trustees may be necessary or desirable to effect or maintain such listing or listings;

4.2.18 to determine conclusively the value of any or all of the property of the Trust from time to time and, in determining such value, to consider such information and advice as the Trustees, in their sole judgment, may deem material and reliable;

4.2.19 to do all such acts and things and to exercise such powers which are delegated to the Trustees by any person who co-owns immovable property with the Trust;

4.2.20 to exercise all of the Trust's or the Trustees' rights under the Instalment Receipt Agreement; and

4.2.21 to do all such other acts and things as are incidental to the foregoing, including, without limitation, the acts and transactions permitted by section 5.2.1, and to exercise all powers which are necessary or useful to carry on the affairs of the Trust, to promote any of the purposes for which the Trust is formed and to carry out the provisions of this Contract of Trust.

Section 4.3 Further Powers of the Trustees.

The Trustees shall have the power to prescribe any form provided for or contemplated by this Contract of Trust. The Trustees may make, adopt, amend, or repeal regulations containing provisions relating to the Trust, the conduct of its affairs, their rights or powers and the rights or powers of its Unitholders or officers not inconsistent with law or with this Contract of Trust. The Trustees shall also be entitled to make any reasonable decisions, designations or determinations not contrary to this Contract of Trust which they may determine are necessary or desirable in interpreting, applying or administering this Contract of Trust or in administering, managing or operating the Trust. Any regulations, decisions, designations or determinations made pursuant to this section shall be conclusive and binding upon all persons affected thereby.

Section 4.4 Standard of Care.

The exclusive standard of care required of the Trustees in exercising their powers and carrying out their functions hereunder shall be that they exercise their powers and carry out their functions hereunder as Trustees honestly, in good faith with a view to the best interests of the Trust and the Unitholders and that in connection therewith they exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A Trustee shall not be liable in carrying out his or her duties under this Contract of Trust except in cases where a Trustee fails to act honestly and in good faith with a view to the best interests of the Trust and the Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The duties and standard of care of the Trustees provided as aforesaid are intended to be similar to, and not to be any greater than, those imposed on an administrator of the property of others charged with full administration pursuant to Article 1309 of the *Civil Code*. Unless otherwise required by law, no Trustee shall be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Trustees in their capacity as Trustees shall not be required to devote their entire time to the affairs of the Trust.

For greater certainty, to the extent that the Trustees have contracted or delegated the performance of certain activities to a property manager, they shall be deemed to have satisfied the aforesaid standard of care.

Section 4.5 Reliance Upon Trustees.

Any person dealing with the Trust in respect of any matters pertaining to the assets of the Trust and any right, title or interest therein or to the Trust or to securities of the Trust shall be entitled to rely on a certificate or statutory declaration (including, without limiting the foregoing, a certificate or statutory declaration as to the passing of a resolution of the Trustees) executed by any two Trustees or the Secretary or, without limiting the foregoing, such other person as may be authorized by the Trustees as to the capacity, power and authority of the

Trustees or any other person to act for and on behalf and in the name of the Trust. No person dealing with the Trustees shall be bound to see to the application of any funds or property passing into the hands or control of the Trustees. The receipt by or on behalf of the Trustees for moneys or other consideration shall be binding upon the Trust.

Section 4.6 Determinations of Trustees Binding.

All determinations of the Trustees which are made in good faith with respect to any matters relating to the Trust, including, without limiting the generality of the foregoing, whether any particular investment or disposition meets the requirements of this Contract of Trust, shall be final and conclusive and shall be binding upon the Trust and all Unitholders (and, where the Unitholder is a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan or registered pension fund or plan as defined in the *Income Tax Act* (Canada), or such other fund or plan registered under the *Income Tax Act* (Canada), upon plan beneficiaries and plan holders past, present and future) and Units of the Trust shall be issued and sold on the condition and understanding that any and all such determinations shall be binding as aforesaid.

Section 4.7 Conflict of Interest.

If a Trustee or an officer of the Trust:

4.7.1 is a party to a material contract or transaction or proposed material contract or transaction with the Trust (including a contract or transaction involving the making or disposition of any investment in immovable property or a joint venture arrangement); or

4.7.2 is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Trust;

the Trustee or the officer of the Trust, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of the Trustees or the Investment Committee, as the case may be, the nature and extent of such interest as follows:

4.7.3 the disclosure required in the case of a Trustee shall be made:

4.7.3.1 at the meeting of Trustees or the Investment Committee, as the case may be, at which a proposed contract or transaction is first considered;

4.7.3.2 if the Trustee was not then interested in a proposed contract or transaction, at the first such meeting after he/she becomes so interested;

4.7.3.3 if the Trustee becomes interested after a contract is made or a transaction is entered into, at the first meeting after he/she becomes so interested; or

4.7.3.4 if a person who is interested in a contract or transaction later becomes a Trustee, at the first such meeting after he/she becomes a Trustee;

4.7.4 the disclosure required in the case of an officer of the Trust who is not a Trustee shall be made:

4.7.4.1 forthwith after such person becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of the Trustees or the Investment Committee;

4.7.4.2 if such person becomes interested after a contract is made or a transaction is entered to, forthwith after such person becomes so interested; or

4.7.4.3 if a person who is interested in a contract or transaction later becomes an officer of the Trust who is not a Trustee, forthwith after he/she becomes an officer of the Trust;

4.7.5 notwithstanding subsections 4.7.1 and 4.7.2, where this section applies to any person in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of the affairs of the Trust, would not require approval by the Trustees or the Unitholders, such person shall disclose in writing to the Trustees or request to have entered into the minutes of meetings of the Trustees or the Investment Committee, as the case may be, the nature and extent of such person's interest forthwith after such person becomes aware of the contract or transaction or proposed contract or transaction;

4.7.6 a Trustee referred to in this section shall not vote on any resolution to approve the said contract or transaction unless the contract or transaction is:

4.7.6.1 one relating primarily to his remuneration as a Trustee, officer, employee or agent of the Trust; or

4.7.6.2 one for indemnity under section 14.1 or the purchase of liability insurance;

4.7.7 for the purposes hereof, a general notice to the Trustees by a Trustee or an officer of the Trust disclosing that he/she is a director or officer of or has a material interest in a person and is to be regarded as interested in any contract made or any transaction entered into with that person, is a sufficient disclosure of interest in relation to any contract so made or transaction so entered into. In the event that a meeting of Unitholders is called to confirm or approve a contract or transaction which is the

subject of a general notice to the Trustees, the notice and extent of the interest in the contract or transaction of the person giving such general notice shall be disclosed in reasonable detail in the notice calling the said meeting of Unitholders or in any information circular required to be provided by this Contract of Trust or by law;

4.7.8 where a material contract is made or a material transaction is entered into between the Trust and a Trustee or an officer of the Trust, or between the Trust and another person of which a Trustee or an officer of the Trust is a director or officer or in which he/she has a material interest:

4.7.8.1 such person is not accountable to the Trust or to the Unitholders for any profit or gain realized from the contract or transaction; and

4.7.8.2 the contract or transaction is neither void nor voidable;

by reason only of that relationship or by reason only that such person is present at or is counted to determine the presence of a quorum at the meeting of the Trustees or Investment Committee that authorized the contract or transaction, if such person disclosed his interest in accordance with this section 4.7, and the contract or transaction was approved by the Trustees or the Unitholders and was reasonable and fair to the Trust at the time it was so approved;

4.7.9 notwithstanding anything in this section, but without limiting the effect of subsection 4.7.8, a Trustee or an officer of the Trust, acting honestly and in good faith, is not accountable to the Trust or to the Unitholders for any profit or gain realized from any such contract or transaction by reason only of his holding such office or position, and the contract or transaction, if it was reasonable and fair to the Trust at the time it was approved, is not by reason only of such person's interest therein void or voidable, where:

4.7.9.1 the contract or transaction is confirmed or approved at a meeting of Unitholders duly called for that purpose; and

4.7.9.2 the nature and extent of such person's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in any information circular required to be provided by this Contract of Trust or by law; and

4.7.10 subject to subsections 4.7.8 and 4.7.9, where a Trustee or an officer of the Trust fails to disclose his interest in a material contract or transaction in accordance with this Contract of Trust or otherwise fails to comply with this section, the Trustees or any Unitholder, in addition to exercising any other rights or remedies in connection with such failure exercisable at law, may apply to a court for an order setting aside the contract or transaction and/or directing that such person account to the Trust for any profit or gain realized.

ARTICLE 5 INVESTMENT GUIDELINES AND OPERATING POLICIES

Section 5.1 Investment Guidelines.

The assets of the Trust may be invested only in accordance with the following guidelines:

5.1.1 the Trust will focus its direct and indirect acquisition activities on existing income-producing properties that are capital property of the Trust, including office, retail, industrial and mixed use properties, ~~<that are substantially leased>~~ and assets ancillary thereto necessary for the ownership, utilization or operation of same;

5.1.2 notwithstanding anything in this Contract of Trust to the contrary, the Trust shall not make any investment or take any action or omit to take any action that would result in (i) Units not being units of a “mutual fund trust” <and of>, a “real estate investment trust”, or a “unit trust” within the meaning of the Tax Act<,>; (ii) that would result in Units being disqualified for investment by registered retirement savings plans, registered retirement income funds or deferred profit sharing plans <,> that would result in >; (iii) the Trust being liable <under the Tax Act to pay a tax imposed as a result of holdings by the Trust of foreign property as defined in the Tax Act, that would result in Units being foreign property for the purposes of the Tax Act or that would result in > to pay a tax imposed under paragraph 122(1)(b) of the Tax Act; or (iv) the Trust paying a tax under the registered investment provisions of the Tax Act imposed for exceeding certain investment limits;

5.1.3 the Trust may ~~<invest in a joint venture arrangement only if:>~~ , directly or indirectly, invest in a joint venture arrangement or similar arrangement (^including, without limitation, ^a co-ownership, corporation, general partnership, limited partnership, general partnership and limited liability company) for purposes of owning interests, directly or indirectly, principally in immovable property or interests or investments otherwise permitted to be held by the Trust, provided that such arrangement contains terms and conditions which in the opinion of the Trustees are commercially reasonable relating to restrictions on transfer, liquidity to the Trust, liabilities in respect of third party liabilities, and management of the interest, as applicable;

~~<5.1.3.1 the arrangement is one pursuant to which the Trust holds an interest in immovable property jointly or in common with others (“joint venturers”) either directly or through the ownership of an interest in a corporation or other entity (a “joint venture entity”) as co-owners and not as partners and such immovable property is capital property of the Trust and if owned through the ownership of an interest in a joint venture entity, the said immovable property is capital property of the joint venture entity;¶>~~

~~< 5.1.3.2 the Trust's interest in the joint venture arrangement is not subject to any restriction on transfer other than a right of first refusal, if any, in favour of the joint venturers;¶ >~~

~~< 5.1.3.3 the Trust has a right of first refusal to buy the interests of the other joint venturers;¶ >~~

~~< 5.1.3.4 the joint venture arrangement provides an appropriate buy-sell mechanism to enable a joint venturer to purchase the other joint venturers' interests or to sell its interest;¶ >~~

~~< 5.1.3.5 the joint venture arrangement provides that the liability of the Trust to third parties is joint and not solidary, provided however, that subject to any remedies that each joint venturer may have against the other joint venturers, a joint venturer shall be hypothecarily liable to the full extent of the property and further, may be required to give up its interest in any particular property owned by the joint venture entity as a result of another joint venturer's failure to honour its proportionate share of the obligations relating to such property; and¶ >~~

~~< 5.1.3.6 the joint venture arrangement permits, but does not require, the Trust or its designee to participate fully in the management thereof; >~~

5.1.4 except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, or Caisse centrale Desjardins, short-term government debt securities ~~< , some or all of the receivables under the Instalment Receipt Agreement or in >~~ or money market instruments of, or guaranteed by, a Schedule 1 Canadian bank or Caisse centrale Desjardins maturing prior to one year from the date of issue, ~~^or some or all of the receivables under the Instalment Receipt Agreement^~~, or except as permitted pursuant to the investment guidelines and operating policies of the Trust herein, the Trust may not hold securities of a person other than ~~< securities of a joint venture entity or an entity or corporation wholly owned by the Trust >~~ to the extent such securities would constitute, directly or indirectly, an investment or an interest in immovable property, or in any entity formed and operated, in whole or in part, for the purpose of < holding a particular immovable property or immovable properties > ^or some or all of the receivables under the Instalment Receipt Agreement^ < or > carrying on ancillary activities to any immovable property owned, directly or indirectly, in whole or in part, by the Trust, and other than for any other purpose relating to the activities of the Trust, and provided further that, notwithstanding anything contained in this Contract of Trust to the contrary, the Trust may acquire securities of other real estate investment trusts or real estate operating companies;

5.1.5 except as otherwise prohibited in this Contract of Trust, the Trust may, **directly or indirectly**, invest in interests (including ownership and leasehold interests) in income-producing immovable property in Canada and the United States that is capital property of the Trust;

5.1.6 the Trust shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in immovable property that is capital property of the Trust;

5.1.7 the Trust shall not invest in operating businesses <{> unless such investment is incidental to a transaction **or purpose** (i) where revenue will be derived, directly or indirectly, principally from <real> **immovable** property, or (ii) which principally involves the ownership, **maintenance, development, leasing, management** or operation, directly or indirectly, of <real> **immovable** property (in each case as determined by the Trustees) <}> ~~or acquire interests in general partnerships or limited partnerships provided, that the Trust 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 Trust'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 Trust 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 Trust, (B) would not disqualify the Trust as a "mutual fund trust" within the meaning of the Tax Act, and (C) would not result in the Trust losing any status under the Tax Act that is otherwise beneficial to the Trust and its Unitholders > ;~~

5.1.8 the Trust may, with the prior approval of the Trustees, **directly or indirectly**, invest in raw land to be held as capital property for development and ownership or for other development projects, in any such case, for the purpose of (i) renovating or expanding existing facilities that are capital property of the Trust or (ii) developing new facilities which will be income producing and constitute capital property of the Trust, provided that the aggregate value of the investments of the Trust in raw land will not exceed 5% of the Adjusted Unitholders' Equity;

5.1.9 the Trust may, **directly or indirectly**, invest in hypothecs, mortgages or mortgage bonds (including, with the consent of a majority of the Trustees, a participating or convertible hypothec or mortgage) where:

5.1.9.1 the immovable property which is security therefor is income-producing immovable property which otherwise meets the general investment

guidelines of the Trust adopted by the Trustees from time to time in accordance with this Contract of Trust and the restrictions set out therein;

5.1.9.2 the amount of the hypothecary or mortgage loan is not in excess of 75% of the market value of the property securing the hypothec or mortgage and the hypothec or mortgage has at least 1.2X debt service coverage;

5.1.9.3 the immovable hypothec or mortgage is a first-ranking immovable hypothec or mortgage or of subsequent rank registered on title to the immovable property which is security therefore; and

5.1.9.4 the aggregate value of the investments of the Trust in these hypothecs and mortgages, after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity;

5.1.10 the Trust may invest in hypothecs or mortgages if ~~<the sole>~~ its intention is to use the acquisition of the hypothecs and mortgages as a method of acquiring control of an income-producing immovable property which would otherwise meet the investment guidelines of the Trust and provided the aggregate value of the investments of the Trust in these hypothecs and mortgages, after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity; and

5.1.11 subject to subsection 5.1.2, the Trust may, directly or indirectly, invest an amount (which, in the case of an amount invested to acquire immovable property, is the purchase price less the amount of any indebtedness assumed or incurred by the Trust and secured by a hypothec or mortgage on such property) of up to 15% of the Adjusted Unitholders' Equity of the Trust in investments or transactions which do not comply with subsections 5.1.4, 5.1.5, 5.1.9 and 5.1.10 above or subsection 5.2.3.

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate consolidation basis. In addition, any references in the foregoing to investment in immovable property will be deemed to include an investment in a joint venture arrangement. Nothing in the guidelines prohibits the Trust from holding or assigning some or all of the receivables due pursuant to any instalment receipt agreement.

Except as specifically set forth herein to the contrary, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by the Trust.

Section 5.2 Operating Policies.

The operations and affairs of the Trust shall be conducted in accordance with the following policies:

5.2.1 the Trust shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term “hedging” shall have the meaning ascribed thereto by National Policy No. 39 adopted by the Canadian Securities Administrators, as amended from time to time;

5.2.2 (i) any written instrument creating an obligation which is or includes the granting by the Trust of a hypothec or mortgage, and (ii) to the extent the Trustees determine to be practicable and consistent with their duty to act in the best interests of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the Trust, but that only property of the Trust or a specific portion thereof shall be bound; the Trust, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the Trust upon the acquisition of immovable property;

5.2.3 the Trust shall not lease or sublease to any person any immovable property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing immovable property, premises or space having a fair market value ~~< net of encumbrances >~~ in excess of 20% of the Adjusted Unitholders' Equity of the Trust;

5.2.4 the limitation contained in subsection 5.2.3 shall not apply to the renewal of a lease or sublease and shall not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by:

5.2.4.1 the Government of Canada, the Government of the United States, any province of Canada, any state of the United States or any municipality in Canada or the United States, or any agency thereof;

5.2.4.2 any corporation, the bonds, debentures or other evidences of indebtedness of or guaranteed by which are authorized as an investment for insurance companies pursuant to subsection 86(1)(k) of the *Canadian and British Insurance Companies Act* in effect on December 31, 1991; or

5.2.4.3 a Canadian chartered bank registered under the laws of a province of Canada;

5.2.5 title to each immovable property shall be drawn up in the name of the Trustees or, to the extent permitted by applicable law, the Trust or a corporation or other entity ~~< wholly >~~ owned, in whole or in part, directly or indirectly, by the Trust, or jointly

by the Trust with ~~<joint venturers>~~ **other persons, including in co-ownership with other persons;**

5.2.6 the Trust shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total indebtedness of the Trust would be more than 60% of the Gross Book Value (65% if convertible debentures of the Trust are outstanding, including the full face value of any convertible debentures). If as a result of an acquisition or if as a result of a variation in Gross Book Value the 60% limit (the 65% limit if convertible debentures of the Trust are outstanding, including the full face value of any convertible debentures) is exceeded, the Trust shall reduce its indebtedness or issue additional Units, or take other action, in order to comply with such limit within the twelve months from the date such limit was exceeded, subject to such reasonable extensions beyond such 12-month period as approved by the Trustees;

5.2.7 the Trust shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, ~~except indebtedness <assumed or incurred under a hypothec or mortgage by a corporation or other entity wholly owned by the Trust or jointly by the Trust with joint venturers and operated solely for the purpose of holding a particular property or properties where such hypothec or mortgage,>~~ **or liabilities assumed or incurred by an entity in which the Trust holds, directly or indirectly, an interest or an investment or in respect of an entity in which the Trust holds an interest or an investment, directly or indirectly, or by an entity jointly owned by the Trust, directly or indirectly, with others or in respect of an entity jointly owned by the Trust, directly or indirectly, and others, or in respect of an immovable co-owned by the Trust, directly or indirectly, with others, where such indebtedness** if granted by the Trust directly, would not cause the Trust to otherwise contravene the restrictions set out in this section 5.2 and section 5.1 ~~<, and, where such hypothec or mortgage is granted by a joint venture entity, subject to a joint venturer being required to give up its interest in a property owned by the joint venture entity as a result of another joint venturer's failure to honour its proportionate share of the obligations relating to such property, the liability of the Trust is limited strictly to the proportion of the hypothecary or mortgage loan equal to the Trust's proportionate ownership interest in the joint venture entity>;~~

5.2.8 the Trust shall obtain **or review** an independent appraisal of each property that it intends to acquire;

5.2.9 the Trust shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the Trust and the accidental loss of value of the assets of the Trust from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and

5.2.10 the Trust shall ~~<have conducted>~~ **obtain or review** a Phase I environmental audit of each immovable property to be acquired by it and, if the Phase I environmental audit report recommends a Phase II environmental audit be conducted, **in any material respect,** the Trust shall ~~<have conducted>~~ **obtain or review** a Phase II environmental audit, in each case by an independent and experienced environmental consultant ~~< such audit as a condition to any acquisition, shall be satisfactory to the Trustees. All new leases granted by the Trust shall contain appropriate covenants from the lessee respecting environmental matters as determined by the Trustees from time to time > .~~

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

All of the foregoing prohibitions, limitations or requirements pursuant to the foregoing policies shall be determined as at the date of investment or other action by the Trust.

Section 5.3 Regulatory Matters.

If at any time a government or regulatory authority having jurisdiction over the Trust or any property of the Trust shall enact any law, regulation or requirement which is in conflict with any investment restriction of the Trust then in force, such restriction in conflict shall, if the Trustees on the advice of legal counsel to the Trust so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary herein contained, any such resolution of the Trustees shall not require the prior approval of Unitholders.

Section 5.4 Acquisition of Portfolio.

At the Property Closing (as defined in the Prospectus), the Trustees shall use a portion of the proceeds, net of expenses and the Underwriters' Fee (as defined in the Prospectus), from the sale of Receipt Units pursuant to the Prospectus, to pay to Cominar, the cash portion of the purchase price for the Portfolio and the Assets.

ARTICLE 6 TRUST UNITS

Section 6.1 Units.

The beneficial interests in the Trust shall constitute a single class of Units, which may be represented by instalment receipts. The number of Units which the Trust may issue is unlimited. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees.

Section 6.2 Ranking of Units.

Each Unit shall represent an equal undivided interest in the Trust with all other outstanding Units, all Units outstanding from time to time shall participate equally and ratably in any distributions by the Trust and, in the event of termination of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities and no Unit shall have any preference or priority over any other.

Section 6.3 Consideration for Units.

Subject to the last two sentences of this section 6.3, a Unit shall not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Trustees may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. Units may be issued and sold on an instalment basis, in which event beneficial ownership of such Units may be represented by instalment receipts, but shall otherwise be non-assessable. When Units are issued and sold on an instalment basis, the Trust may take security over such Units as security for unpaid instalments, including, without limitation, a pledge as contemplated by an instalment receipt agreement.

Section 6.4 No Pre-Emptive Rights.

There are no pre-emptive rights attaching to the Units.

Section 6.5 Fractional Units.

If as a result of any act of the Trustees hereunder any person becomes entitled to a fraction of a Unit, such person is not entitled to receive a certificate therefor. Fractional Units shall not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at, meetings of Unitholders. Subject to the foregoing, such fractional Units shall have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

Section 6.6 Title to Assets of the Trust.

The titles to the assets of the Trust and the right to conduct the affairs of the Trust are vested exclusively in the Trustees, subject to the provisions of this Contract of Trust, and the Unitholders shall have no interest therein other than the interest in the Trust conferred by their Units issued hereunder as described in section 2.7. No Unitholder has or is deemed to have any right of ownership in any of the assets of the Trust.

Section 6.7 Allotment and Issue.

The Trustees may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by Unitholders of their distributions of the Trust in Units), and for such consideration and to such person, persons or class of persons as the Trustees in their sole discretion shall determine. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such Units shall express the fair equivalent in money of the other consideration received.

Section 6.8 Rights, Warrants and Options.

The Trustees may create and issue rights, warrants or options to subscribe for fully paid Units which rights, warrants or options may be exercisable at such subscription price or prices and at such time or times as the Trustees may determine. The rights, warrants or options so created may be issued for such consideration or for no consideration, all as the Trustees may determine. A right, warrant or option shall not be a Unit and a holder thereof shall not be a Unitholder. Upon the approval by the Trustees of any Unit option plan for trustees, officers and/or employees of the Trust, the Compensation ~~and Governance~~ Committee may, upon receiving authority from the Trustees, grant options upon the terms and subject to the conditions set forth in such plan.

Section 6.9 Commissions and Discounts.

The Trustees may provide for the payment by the Trust of commissions or may allow discounts to persons in consideration of their subscribing or agreeing to subscribe, whether absolutely or conditionally, for Units or of their agreeing to produce subscriptions therefor, whether absolute or conditional.

Section 6.10 Transferability.

The Units are freely transferable and the Trustees shall not impose any restriction on the transfer of Units. The Trustees shall use all reasonable efforts to obtain and maintain a listing for the Units on one or more stock exchanges in Canada.

Section 6.11 Non-Resident Ownership Constraint.

At no time may non-residents of Canada (within the meaning of the *Tax Act*) be the beneficial owners of more than 49% of the Units then outstanding and the Trustees shall inform the transfer agent and registrar of this restriction. The transfer agent and registrar may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the transfer agent and registrar becomes aware, as a result of requiring such declarations as to beneficial ownership, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar will advise the Trustees and, upon receiving a direction from the Trustees, may make a public

announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident of Canada. If, notwithstanding the foregoing, the transfer agent and registrar determines that more than 49% of the Units are held by non-residents, the transfer agent and registrar may upon receiving a direction and suitable indemnity from the Trustees, send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the transfer agent and registrar may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the transfer agent and registrar with satisfactory evidence that they are not non-residents of Canada within such period, the transfer agent and registrar, may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale the Unitholders thereby affected shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificate representing such Units.

The Trustees' Regulations may include provisions to implement the foregoing.

Section 6.12 Certificates.

Each Unitholder or his duly authorized agent is entitled to a certificate bearing an identifying serial number in respect of the Units held by him, signed in the manner hereinafter prescribed, but the Trust is not bound to issue more than one certificate in respect of a Unit or Units held jointly or in common by two or more persons and delivery of a certificate to one of them shall be sufficient delivery to all. No certificate shall be issued to evidence any fractional Units.

Section 6.13 Execution of Certificates.

Certificates representing Units shall be signed manually by at least one Trustee or officer of the Trust holding office at the time of signing, provided, however, that if the Trustees have appointed a registrar and transfer agent which countersigns manually such Unit certificate, signatures of Trustees or officers of the Trust required on Unit certificates may be printed or otherwise mechanically reproduced thereon and certificates so signed are as valid as if they had been signed manually. If a Unit certificate contains a printed or mechanically reproduced signature of a person, the Trust may issue the certificate even though the person has ceased to be a Trustee or an officer of the Trust and such certificate is as valid as if the person were a Trustee or an officer of the Trust at the date of its issue.

Section 6.14 Certificate Fee.

The Trustees may establish a reasonable fee to be charged for every certificate issued.

Section 6.15 Form of Certificate.

The form of certificate representing Units (sometimes called the “**Unit Certificates**”) shall be in such form as is from time to time authorized by the Trustees. The definitive form of the Unit Certificates shall be in both the English and French languages. The Unit Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Trustees may determine, and the Unit Certificate issued in respect of the Initial Contribution (and any Unit Certificate issued to a transferee of such Unit) may be typewritten.

Section 6.16 Unit Register and Transfer Ledgers to be Maintained.

A register (the “**Register**”) shall be kept by, or on behalf and under the direction of the Trustees, which Register shall contain the names and addresses of Unitholders, the respective numbers of Units held by them, the certificate numbers of the certificates of such Units and a record of all transfers thereof. The Trustees may appoint one or more chartered banks or trust companies to act as transfer agents and to act as registrars for Units and may provide for the transfer of Units in one or more places within Canada. In the event of such appointment, such transfer agents and registrars shall keep all necessary registers and other books (which may be kept in a bound or looseleaf book or may be entered or recorded by any system of mechanical or electronic data processing or any other information storage device) for recording original issues and registering and transferring the Units. If the Trustees have appointed a registrar and transfer agent, no certificate for Units shall be valid unless countersigned manually by or on behalf of a transfer agent and registrar. Only persons whose Units are recorded on the Register shall be entitled to vote or to receive distributions or otherwise exercise or enjoy the rights of Unitholders.

Section 6.17 Entry on Register.

Upon any issue of Units, the name of the subscriber or other person entitled thereto shall be promptly entered on the Register as the owner of the number of Units issued to such subscriber or other person, or if the subscriber is already a Unitholder, the Register shall be amended to include his additional Units.

Section 6.18 Transfer of Units.

Units shall be for all purposes of the Trust and this Contract of Trust, movable property, and shall be transferable at any time and from time to time by the Unitholder by endorsement and delivery of the certificates representing the Units subject to such provisions and conditions as may be prescribed by the Trustees from time to time. No transfer shall be recorded on the Register unless the transferor has executed the instrument of transfer as reproduced in the Unit certificate and the transferee has delivered to the transfer agent and/or registrar a Unit certificate representing the Units transferred. Subject to the foregoing, transfers shall be recorded on the Register and a new certificate for the Units so transferred shall be issued to the transferee and in case of a transfer of only part of the Units represented by any certificate, a new certificate for the remaining Units shall be issued to the transferor.

Section 6.19 Successors in Interest to Unitholders.

Any person becoming entitled to any Units as a consequence of the death, bankruptcy or incapacity of any Unitholder or otherwise by operation of law shall be recorded in the Register as the holder of such Units and shall receive a new certificate therefor upon production of evidence thereof satisfactory to the Trustees and delivery of the existing certificate to the Trustees or a transfer agent or registrar of the Trust, but until such record is made, the Unitholder of record shall continue to be and be deemed to be the holder of such Units for all purposes whether or not the Trust, the Trustees or the transfer agent or registrar of the Trust shall have actual or other notice of such death, bankruptcy, incapacity or other event.

Section 6.20 Units Held Jointly or in Fiduciary Capacity.

The Trust may treat two or more persons holding any Unit as joint owners of the entire interest therein unless the ownership is expressly otherwise recorded on the Register of the Trust, but no entry shall be made in the Register or on any certificate that any person is in any other manner entitled to any future, limited or contingent interest in any Unit; provided, however, that any person recorded in the Register as a Unitholder may, subject to the provisions herein contained, be described in the Register or on any certificate as a fiduciary of any kind and any customary words may be added to the description of the holder to identify the nature of such fiduciary relationship.

Section 6.21 Performance of Trusts.

None of the Trustees, officers of the Trust, Unitholders or any transfer agent, registrar or other agent of the Trust or the Trustees shall have a duty to inquire into any claim that a transfer of a Unit or other security of the Trust was or would be wrongful or that a particular adverse person is the owner of or has an interest in the Unit or other security or any other adverse claim, or be bound to see to the performance of any trust, express, implied or of any charge, pledge or equity to which any of the Units or other securities or any interest therein are or may be subject, or to ascertain or inquire whether any sale or transfer of any such Units or other securities or interest therein by any such Unitholder or holder of such security or his personal representatives is authorized by such trust, charge, pledge or equity, or to recognize any person as having any interest therein, except for the person recorded as Unitholder of such security.

Section 6.22 Lost Certificates.

In the event that any certificate for Units is lost, stolen, destroyed or mutilated, the Trustees may authorize the issuance of a new certificate for the same number of Units in lieu thereof. The Trustees may in their discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make such affidavit or statutory declaration, setting forth such facts as to the loss, theft, destruction or mutilation as the Trustees deem necessary and may require the applicant to supply to the Trust a "lost certificate" or similar bond in such reasonable amount as the

Trustees direct indemnifying the Trustees, the transfer agents and registrars for so doing. The Trustees shall have the power to acquire from an insurer or insurers a blanket lost security bond or bonds in respect of the replacement of lost, stolen, destroyed or mutilated certificates. The Trust shall pay all premiums and other sums of money payable for such purpose out of the property of the Trust with such contribution, if any, by those insured as may be determined by the Trustees. If such blanket lost security bond is acquired, the Trustees may authorize and direct (upon such terms and conditions as they from time to time impose) any registrar, transfer agent, trustee or others to whom the indemnity of such bond extends to take such action to replace such lost, stolen, destroyed or mutilated certificates without further action or approval by the Trustees.

Section 6.23 Death of Unitholders.

The death of a Unitholder during the continuance of the Trust shall not terminate the Trust or give the personal representatives or the heirs of the estate of the deceased Unitholder a right to an accounting or to take any action in the courts or otherwise against other Unitholders or the Trustees, officers of the Trust or the property of the Trust, but shall only entitle the personal representatives or the heirs of the estate or succession of the deceased Unitholder to demand and receive, pursuant to the provisions of section 6.19, a new certificate for Units in place of the certificate held by the deceased Unitholder, and upon the acceptance thereof such personal representatives or the heirs of the estate or succession of the deceased Unitholder shall succeed to all rights of the deceased Unitholder under this Contract of Trust.

Section 6.24 Unclaimed Payments.

In the event that the Trustees hold any amounts to be paid to Unitholders under Article 10 or otherwise because such amounts are unclaimed or cannot be paid for any reason, neither the Trustees nor any distribution disbursing agent shall be under any obligation to invest or reinvest the same and shall only be obligated to hold the same in a current or other non-interest bearing account with a chartered bank or trust company, pending payment to the person or persons entitled thereto. The Trustees shall, as and when required by law, and may at any time prior to such required time, pay all or part of such amounts so held to a court in the province where the Trust has its head office or to the Public Curator (or other similar government official or agency) in the province where the Trust has its head office whose receipt shall be a good release, acquittance and discharge of the obligations of the Trustees.

Section 6.25 Repurchase of Units.

The Trust shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Units, at a price per Unit (or fraction of a Unit, if applicable), and on a basis determined by the Trustees in compliance with all applicable securities regulatory laws, regulations or policies or the policies of any applicable stock exchange.

Section 6.26 Instalment Receipts.

The Trust shall be entitled to exercise all rights to which it is entitled under any instalment receipt agreement in the event of non-payment of any instalment by a registered holder of an instalment receipt, including in particular its rights under Article 3 of the Instalment Receipt Agreement. The provisions of Article 3 of the Instalment Receipt Agreement are hereby incorporated herein by reference. For greater certainty, it is confirmed that: (i) the Receipt Units to be pledged pursuant to the Instalment Receipt Agreement by the Underwriters (as defined in the Prospectus) will remain as Units outstanding notwithstanding that said Receipt Units are registered in the name of the Custodian (as defined in the Instalment Receipt Agreement) as holder for the Trust or any assignee thereof in its capacity as creditor of said pledge; (ii) the Receipt Units so pledged are, subject to the provisions of the Instalment Receipt Agreement, to be beneficially owned by the holders of Instalment Receipts; and (iii) the Trust, or any assignee thereof, shall, pursuant to Article 3 of the Instalment Receipt Agreement, have the right, *inter alia*, to take such Receipt Units in payment and to otherwise deal with such Receipt Units as the Trustees may determine (including, without limitation, the sale thereof), the whole subject to the provisions of the Instalment Receipt Agreement, without the obligation to cancel them, the whole notwithstanding section 6.25.

Section 6.27 Take-Over Bids.

6.27.1 If within 120 days after the date of a take-over bid the bid is accepted by the holders of not less than 90% of the Units, other than Units held at the date of the take-over bid by or on behalf of the offeror or an affiliate or associate of the offeror, the offeror is entitled, on complying with this section, to acquire the Units held by the dissenting offerees.

6.27.2 An offeror may acquire Units held by a dissenting offeree by sending by registered mail within 60 days after the date of termination of the take-over bid and in any event within 180 days after the date of the take-over bid, an offeror's notice to each dissenting offeree stating that:

6.27.2.1 the offerees holding more than 90% of the Units to which the bid relates accepted the take-over bid;

6.27.2.2 the offeror is bound to take up and pay for or has taken up and paid for the Units of the offerees who accepted the take-over bid;

6.27.2.3 a dissenting offeree is required to elect:

6.27.2.3.1 to transfer his Units to the offeror on the terms on which the offeror acquired the Units of the offerees who accepted the take-over bid, or

6.27.2.3.2 to demand payment of the fair value of his Units in accordance with subsections 6.27.8 to 6.27.17 by notifying the offeror within 20 days after he/she receives the offeror's notice;

6.27.2.4 a dissenting offeree who does not notify the offeror in accordance with subparagraph 6.27.2.3.2 is deemed to have elected to transfer his Units to the offeror on the same terms that the offeror acquired the Units from the offerees who accepted the take-over bid; and

6.27.2.5 a dissenting offeree must send his Units to which the take-over bid relates to the Trust within 20 days after he/she receives the offeror's notice.

6.27.3 Concurrently with sending the offeror's notice under subsection 6.27.2, the offeror shall send to the Trust a notice of adverse claim disclosing the name and address of the offeror and the name of the dissenting offeree with respect to each Unit held by a dissenting offeree.

6.27.4 A dissenting offeree to whom an offeror's notice is sent under subsection 6.27.2 shall, within 20 days after he/she receives that notice, send his Unit Certificates to the Trust.

6.27.5 Within 20 days after the offeror sends an offeror's notice under subsection 6.27.2, the offeror shall pay or transfer to the Trust the amount of money or other consideration that the offeror would have had to pay or transfer to a dissenting offeree if the dissenting offeree had elected to accept the take-over bid under subparagraph 6.27.2.3.1.

6.27.6 The Trust is deemed to hold in trust for the dissenting Unitholder the money or other consideration it receives under subsection 6.27.5, and the Trust shall deposit the money in a separate account in a bank or other body corporate any of whose deposits are insured by the Canada Deposit Insurance Corporation (or any successor thereof) or guaranteed by the Quebec Deposit Insurance Board (or any successor thereof), and shall place the other consideration in the custody of a bank or such other body corporate.

6.27.7 Within 30 days after the offeror sends an offeror's notice under subsection 6.27.2, the Trust shall:

6.27.7.1 issue to the offeror a Unit Certificate in respect of the Units that were held by dissenting offerees;

6.27.7.2 give to each dissenting offeree who elects to accept the take-over bid terms under subparagraph 6.27.2.3.1 and who sends his Unit Certificates as required under subsection 6.27.4, the money or other consideration to which he/she is entitled, disregarding fractional Units, if any, which may be paid for in money; and

6.27.7.3 send to each dissenting offeree who has not sent his Unit Certificates as required under subsection 6.27.4 a notice stating that:

6.27.7.3.1 his Units have been cancelled,

6.27.7.3.2 the Trust or some designated person holds in trust for him the money or other consideration to which he/she is entitled as payment for or in exchange for his Units, and

6.27.7.3.3 the Trust will, subject to subsections 6.27.8 to 6.27.17, send that money or other consideration to him forthwith after receiving his Units.

6.27.8 If a dissenting offeree has elected to demand payment of the fair value of his Units under subparagraph 6.27.2.3.2, the offeror may, within 20 days after it has paid the money or transferred the other consideration under subsection 6.27.5, apply to a court to fix the fair value of the Units of that dissenting offeree.

6.27.9 If an offeror fails to apply to a court under subsection 6.27.8, a dissenting offeree may apply to a court for the same purpose within a further period of 20 days.

6.27.10 Where no application is made to a court under subsection 6.27.9 within the period set out in that subsection, a dissenting offeree is deemed to have elected to transfer his Units to the offeror on the same terms that the offeror acquired the Units from the offerees who accepted the take-over bid.

6.27.11 An application under subsection 6.27.8 or 6.27.9 shall be made to a court having jurisdiction in the place where the Trust has its head office or in the province where the dissenting offeree resides if the Trust carries on its affairs in that province.

6.27.12 A dissenting offeree is not required to give security for costs in an application made under subsection 6.27.8 or 6.27.9.

6.27.13 On an application under subsection 6.27.8 or 6.27.9:

6.27.13.1 < ~~6.27.13.1.1~~—all dissenting offerees referred to in subparagraph 6.27.2.3.2 whose Units have not been acquired by the offeror shall be joined as parties and shall be bound by the decision of the court; and

6.27.13.2 < ~~6.27.13.1.2~~—the offeror shall notify each affected dissenting offeree of the date, place and consequences of the application and of his right to appear and be heard in person or by counsel.

6.27.14 On an application to a court under subsection 6.27.8 or 6.27.9 the court may determine whether any other person is a dissenting offeree who should be joined as a party, and the court shall then fix a fair value for the Units of all dissenting offerees.

6.27.15 A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the Units of a dissenting offeree.

6.27.16 The final order of the court shall be made against the offeror in favour of each dissenting offeree and for the amount for his Units as fixed by the court.

6.27.17 In connection with proceedings under this section, a court may make any order it thinks fit and, without limiting the generality of the foregoing, it may:

6.27.17.1 < ~~6.27.17.1.1~~ fix the amount of money or other consideration that is required to be held in trust under subsection 6.27.6;

6.27.17.2 < ~~6.27.17.1.2~~ order that money or other consideration be held in trust by a person other than the Trust; and

6.27.17.3 < ~~6.27.17.1.3~~ allow a reasonable rate of interest on the amount payable to each dissenting offeree from the date he/she sends or delivers his Unit Certificates under subsection 6.27.4 until the date of payment.

Section 6.28 Power of Attorney.

Each Unitholder hereby grants to the Trustees and each of them, their successors and assigns, a power of attorney constituting the Trustees, and each of them, with full power of substitution, as his true and lawful attorney to act on his behalf, with full power and authority in his name, place and stead, and to execute, under seal or otherwise, swear to, acknowledge, deliver, make or file or record when, as and where required:

6.28.1 this Contract of Trust, any amendment to this Contract of Trust and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a mutual fund trust;

6.28.2 any instrument, deed, agreement or document in connection with carrying on the activities and affairs of the Trust as authorized in this Contract of Trust;

6.28.3 all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust in accordance with the terms of this Contract of Trust; and

6.28.4 any and all elections, determinations or designations whether jointly with third parties or otherwise, under the *Tax Act* or any other taxation or other legislation or

similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Unitholder's interest in the Trust.

The Power of Attorney granted herein is, to the extent permitted by applicable law, irrevocable and will survive the assignment by the Unitholder of all or part of his interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Unitholder.

ARTICLE 7

MEETINGS OF UNITHOLDERS

Section 7.1 Annual Meeting.

There shall be an annual meeting of the Unitholders at such time and place as the Trustees shall prescribe for the purpose of electing < ~~Independent~~ > Trustees, appointing the auditors of the Trust and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of Unitholders shall be held after delivery to the Unitholders of the annual report referred to in section 15.6 and, in any event, within 180 days after the end of each fiscal year of the Trust.

Section 7.2 Other Meetings.

The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place as the Trustees may determine. Unitholders holding in the aggregate not less than 5% of the outstanding Units of the Trust may requisition the Trustees to call a special meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business to be transacted at the meeting and shall be sent to each of the Trustees at the head office of the Trust. Upon receiving the requisition, the Trustees shall call a meeting of Unitholders to transact the business referred to in the requisition, unless: (a) a record date for a meeting of the Unitholders has been fixed and notice thereof has been given to each stock exchange in Canada on which the Units are listed for trading; (b) the Trustees have called a meeting of the Unitholders and have given notice thereof pursuant to section 7.3; or (c) in connection with the business as stated in the requisition:

7.2.1 it clearly appears that the matter covered by the requisition is submitted by the Unitholder primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the Trust, the Trustees, the officers of the Trust or its Unitholders, or primarily for the purpose of promoting general economic, political, racial, religious, social or similar causes;

7.2.2 the Trust, at the Unitholder's request, included a matter covered by a requisition in an information circular relating to a meeting of Unitholders held within two years preceding the receipt of such request and the Unitholder failed to present the matter, in person or by proxy, at the meeting;

7.2.3 substantially the same matter covered by the requisition was submitted to Unitholders in an information circular (including a dissident's information circular) relating to a meeting of Unitholders held within two years preceding the receipt of the Unitholder's request and the matter covered by the requisition was defeated; or

7.2.4 the rights conferred by this section 7.2 are being abused to secure publicity.

If the Trustees do not within 21 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting in accordance with the provisions of sections 7.3 and 7.7 and the Trustees' Regulations, *mutatis mutandis*. If there shall be no Trustees, the officers of the Trust shall promptly call a special meeting of the Unitholders for the election of successor Trustees. The phrase "meeting of the Unitholders" wherever it appears in this Contract of Trust shall mean and include both an annual meeting and any other meeting of Unitholders.

Section 7.3 Notice of Meeting of Unitholders.

Notice of all meetings of the Unitholders shall be mailed or delivered by the Trustees to each Unitholder at his address appearing in the Register, to each Trustee and to the auditors of the Trust not less than 21 nor more than 50 days before the meeting. Notice of any meeting of the Unitholders shall state the purposes of the meeting.

Section 7.4 Quorum; Chairman.

A quorum for any meeting of Unitholders shall be individuals present not being less than two in number and being Unitholders or representing by proxy Unitholders who hold in the aggregate not less than 25% of the total number of outstanding Units. The Chairman, or any Trustee determined by the Trustees, shall be the chairman of any meeting of the Unitholders.

Section 7.5 Voting.

Holders of Units may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit shall be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders shall, except as otherwise required by this Contract of Trust or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting shall not have a second or casting vote.

Section 7.6 Matters on which Unitholders Shall Vote.

None of the following shall occur unless the same has been duly approved by the Unitholders at a meeting duly called and held:

7.6.1 except as provided in sections 3 < ~~2, 3.3~~ > .1, 3.4, 3.6, or 3.7, the election, appointment < ~~, election~~ > or removal of Trustees;

7.6.2 except as provided in section 15.4, the appointment or removal of auditors of the Trust;

7.6.3 any amendment to the Contract of Trust (except as provided in section 5.3 or ~~<section>~~ 12.1 ~~<>~~);

7.6.4 an increase or decrease by the Unitholders in the number of Trustees pursuant to section 3.1 (or any authorization by the Unitholders to the ~~<Independent>~~ Trustees to effect such increase or decrease and, if applicable, to appoint additional ~~<Independent>~~ Trustees pursuant to section 3.1) or any increase in the maximum number of Trustees (to more than ~~<eleven>~~ 11 ~~<>~~) Trustees) or decrease in the minimum number of Trustees (to less than nine ~~<(9)>~~ Trustees);

7.6.5 the sale or transfer of the assets of the Trust as an entirety or substantially as an entirety (other than as a part of an internal reorganization of the assets of the Trust as approved by the Trustees); or

7.6.6 the distribution pursuant to section 13.2 of all the Trust Property.

Except with respect to the foregoing matters specified in this section 7.6 or matters submitted to a vote of the Unitholders by the Trustees, no vote of the Unitholders shall in any way bind the Trustees. In particular, under no circumstances may Unitholders authorize the forgiveness of the obligation of holders of any instalment receipts to pay amounts owing thereunder in respect of Units represented by such instalment receipts. Nothing in this section, however, shall prevent the Trustees from submitting to a vote of Unitholders any matter which they deem appropriate.

Section 7.7 Record Dates.

For the purpose of determining the Unitholders who are entitled to receive notice of and vote at any meeting or any adjournment thereof, or who are entitled to receive any distribution, or for the purpose of any other action, the Trustees may from time to time, without notice to Unitholders, close the transfer books for such period, not exceeding 30 days, as the Trustees may determine; or with or without closing the transfer books the Trustees may fix a date not more than 60 days prior to the date of any meeting of the Unitholders or distribution or other action as a record date for the determination of Unitholders entitled to receive notice of and to vote at such meeting or any adjournment thereof or to receive such distribution or to be treated as Unitholders of record for purposes of such other action, as the case may be, and any Unitholder who was a Unitholder at the time so fixed shall be entitled to receive notice of and vote at such meeting or any adjournment thereof or to receive such distribution, even though he/she has since that date disposed of his Units, and no Unitholder becoming such after that date shall be entitled to receive notice of and vote at such meeting or any adjournment thereof or to receive such distribution or to be treated as a Unitholder of record for purposes of such other action.

Section 7.8 Proxies.

Whenever the vote or consent of Unitholders is required or permitted under this Contract of Trust, such vote or consent may be given either directly by the Unitholder or by a proxy in such form as the Trustees may prescribe from time to time. A proxy need not be a Unitholder. The Trustees may solicit such proxies from the Unitholders or any of them in any matter requiring or permitting the Unitholders' vote, approval or consent.

The Trustees may adopt, amend or repeal such rules relating to the appointment of proxyholders and the solicitation, execution, validity, revocation and deposit of proxies, as they in their discretion from time to time determine.

Section 7.9 Resolution in Lieu of Meeting.

A resolution signed in writing by all of the Unitholders entitled to vote on that resolution at a meeting of Unitholders is as valid as if it had been passed at a meeting of Unitholders.

ARTICLE 8
MEETINGS OF THE TRUSTEES

Section 8.1 Trustees May Act Without Meeting.

The Trustees ~~< (or, when only the approval of a majority of all of the Independent Trustees is required, the Independent Trustees) >~~ may act with or without a meeting. Any action of the Trustees ~~< (or the Independent Trustees in the circumstances mentioned in the preceding sentence) >~~ may be taken at a meeting by vote or without a meeting by written consent or resolution signed by all of the Trustees, or all of the ~~< Independent >~~ Trustees, as the case may be. Any such consent or resolution may be signed in counterpart.

Section 8.2 Notice of Meeting.

Meetings of the Trustees may be held from time to time upon the giving of notice by the President, the Secretary or other officer of the Trust or any two Trustees. Regular meetings of the Trustees may be held without call or notice at a time and place fixed by the Trustees' Regulations. Notice of the time and place of any other meetings shall be mailed or otherwise given not less than 48 hours before the meeting but may be waived in writing by any Trustee either before or after such meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Each committee of Trustees appointed by the Trustees may adopt its own rules or procedures for the calling, conduct, adjournment and regulation of the meetings of such committees as it sees fit and may amend or repeal such rules or procedures from time to time; provided, however, that the Trustees' Regulations and any such rules or procedures shall not be inconsistent with this Contract of Trust.

Section 8.3 Quorum.

A quorum for all meetings of the Trustees or any committee thereof shall be at least a majority of the Trustees or of the Trustees on such committee, as the case may be, present in person < , at least one of whom shall, except for the Compensation and Governance Committee (all of whose members must be Independent Trustees), be an Independent Trustee; provided, however, that until appointment of Independent Trustees pursuant to the Underwriters' Appointment, the quorum for meetings of the Trustees shall be at least three Initial Trustees > .

Section 8.4 Voting at Meetings.

Questions arising at any meeting of the Trustees shall be decided by a majority of the votes cast < ; provided, however, that the approval required with respect to any Independent Trustee Matter shall require only the approval of a majority of all of the Independent Trustees (provided that the foregoing shall apply only for so long as Cominar is entitled to appoint four Trustees in accordance with section 3.2) and shall not be voted upon by the Cominar Trustees > . In the case of an equality of votes, the chairman of the meeting, who shall be the Chairman if present, shall not have a second or casting vote in addition to his original vote, if any.

Section 8.5 Meeting by Telephone.

Any Trustee may participate in a meeting of the Trustees or any committee thereof by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and a Trustee so participating shall be considered for the purposes of this Contract of Trust to be present in person at that meeting.

ARTICLE 9 DELEGATION OF POWERS

Section 9.1 General.

The Trustees may appoint from among their number one or more committees of Trustees and may, subject to applicable law and to any provision hereof to the contrary, delegate to such committee or committees any of the powers of the Trustees. The Trustees shall have the power to appoint, employ or contract with any person for any matter relating to the Trust or its assets or affairs. The Trustees may grant or delegate such authority to a property manager as the Trustees may, subject to applicable law, in their sole discretion deem necessary or desirable without regard to whether such authority is normally granted or delegated by trustees. Subject to section 8.4, the Trustees shall have the power to determine the term and compensation of a property manager or any other person whom they may employ or with whom they may contract. < In no event shall the Trustees delegate authority with respect to any Independent Trustee Matter other than as may be permitted under section 9.2. > The Trustees shall have the power to grant powers of attorney as required in connection with any financing or security relating thereto.

Section 9.2 Investment Committee.

The Trustees may appoint an investment committee (the “**Investment Committee**”) to consist of not less than three Trustees ~~<, a majority of whom shall be Independent Trustees and, for so long as Cominar is entitled to appoint four Trustees in accordance with section 3.2, one of whom shall be a Cominar Trustee>~~. At least two-thirds of the members of the Investment Committee shall have at least five (5) years substantial experience in the real estate industry. The duties of the Investment Committee will be to recommend to the Trustees whether or not to approve or reject proposed transactions, including proposed acquisitions and dispositions of investments by the Trust and borrowings (including the assumption or granting of any hypothec or mortgage by the Trust). 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, disposition or borrowing, as the case may be, would be in or for an amount in excess of 10% of Adjusted Unitholders’ Equity. Questions arising at any meeting of the Investment Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Investment Committee. Any member of the Investment Committee may call a meeting of the Investment Committee upon not less than 48 hours’ notice. Where for any reason a member of the Investment Committee is disqualified from voting on or participating in a decision, any ~~<Independent>~~ Trustee who is disinterested and is not already a member of the Investment Committee may be designated by the Trustees to act as an alternate. Notwithstanding the appointment of the Investment Committee, the Trustees may consider and approve any matter which the Investment Committee has the authority to consider or approve.

Section 9.3 Audit Committee.

The Trustees shall appoint an audit committee (the “**Audit Committee**”) to consist of not less than three Trustees ~~<, a majority of whom shall be Independent Trustees and, for so long as Cominar is entitled to appoint four Trustees in accordance with section 3.2, one of whom shall be a Cominar Trustee>~~. The Audit Committee shall review the financial statements of the Trust and report thereon to the Trustees. The auditors of the Trust are entitled to receive notice of every meeting of the Audit Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Audit Committee, shall attend any meeting of the Audit Committee held during the term of office of the auditors. Questions arising at any meeting of the Audit Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Audit Committee. The auditors of the Trust or a member of the Audit Committee may call a meeting of the Audit Committee on not less than 48 hours’ notice.

Section 9.4 Compensation ~~<and Governance>~~ Committee.

The Trustees ~~<shall>~~ may appoint a compensation ~~<and governance>~~ committee (the “**Compensation ~~<and Governance>~~ Committee**”) to consist of not less than three

Trustees ~~<, all of whom shall be Independent Trustees >~~. The duties of the Compensation ~~< and Governance >~~ Committee will be to review the compensation of management of the Trust ~~< and >~~. Questions arising in any meeting of the Compensation Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Compensation Committee. Any member of the Compensation Committee may call a meeting of the Compensation Committee upon not less than 48 hours' notice. Where for any reason a member of the Compensation Committee is disqualified from voting on or participating in a decision (and no such member shall be disqualified with respect to any matter referred to in section 4.7.6), any other Trustee who is disinterested and is not already a member of the Compensation Committee may be designated by the Trustees to act as an alternate. Notwithstanding the appointment of the Compensation Committee, the Trustees may consider and approve any matter which the Compensation Committee has the authority to consider or approve.

Section 9.5 Nominating and Governance Committee.

The Trustees may appoint a nominating and governance committee (the “Nominating and Governance Committee”) to consist of not less than three Trustees. The duties of the Nominating and Governance Committee will be to review the governance of the Trust. Questions arising in any meeting of the ~~<Compensation>~~ **Nominating** and Governance Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the ~~<Compensation>~~ **Nominating** and Governance Committee. Any member of the ~~<Compensation>~~ **Nominating** and Governance Committee may call a meeting of the ~~<Compensation>~~ **Nominating** and Governance Committee upon not less than 48 hours' notice. Where for any reason a member of the ~~<Compensation>~~ **Nominating** and Governance Committee is disqualified from voting on or participating in a decision (and no such member shall be disqualified with respect to any matter referred to in section 4.7.6), any other ~~<Independent>~~ Trustee who is disinterested and is not already a member of the ~~<Compensation>~~ **Nominating** and Governance Committee may be designated by the Trustees to act as an alternate. Notwithstanding the appointment of the ~~<Compensation>~~ **Nominating** and Governance Committee, the Trustees may consider and approve any matter which the ~~<Compensation>~~ **Nominating** and Governance Committee has the authority to consider or approve.

Section 9.6 <Section 9.5 Property Manager.

The Trustees may exercise broad discretion in allowing any property manager to manage the immovable properties of the Trust, including operating, maintaining, leasing and marketing the said properties, to act as agent for the Trust in respect thereof and to execute documents on behalf of the Trustees in respect thereof, all subject to the overriding authority of the Trustees over the management and affairs generally of the Trust.

ARTICLE 10 DISTRIBUTIONS

Section 10.1 Distributions.

The Trust may distribute to Unitholders monthly on each Distribution Date such percentage of the Distributable Income for the preceding calendar month and, in the case of distributions made on December 31, for the calendar month then ended, as the Trustees may so determine in their discretion. The Trust may also distribute to Unitholders on December 31 of each year (i) the net realized capital gains of the Trust and the net recapture income of the Trust for the year then ended and (ii) any excess of the income of the Trust for purposes of the *Tax Act* for the year then ended over distributions otherwise made for that year, as the Trustees may so determine. Distributions, if any, shall be made in cash or Units, as the case may be, pursuant to any distribution reinvestment plan or distribution reinvestment and Unit purchase plan adopted by the Trustees pursuant to section 10.6. Distributions, if any, shall be made proportionately to persons who are Unitholders on the record date for such distribution. Distributions, if any, shall be made to Unitholders of record on a date to be determined by the Trustees in accordance with section 7.7. The Trustees, if they so determine when income has been accrued but not collected may, on a temporary basis, transfer sufficient moneys from the capital to the income account of the Trust to permit distributions so determined by them under this section 10.1, if any, to be effected.

Section 10.2 Allocation.

Income and net taxable capital gains for purposes of the *Tax Act* will be allocated to Unitholders in the same proportions as distributions received by Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances.

Section 10.3 Payment of Distributions.

Distributions shall be made by cheque payable to or to the order of the Unitholder or by such other manner of payment approved by the Trustees from time to time. The payment, if made by cheque, shall be conclusively deemed to have been made upon hand-delivery of a cheque to the Unitholder or to his agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at his address as it appears on the Register unless the cheque is not paid on presentation. The Trustees may issue a replacement cheque if they are satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that they may in their discretion consider necessary.

Section 10.4 Income Tax Matters.

For greater certainty, in reporting income for income tax purposes, the Trust may claim the maximum amount available to it as deductions under the relevant law, including but not limited to maximum capital cost allowance.

Section 10.5 Designations.

The Trustees shall make such designations, determinations and allocations for income tax purposes in respect of amounts paid or payable to Unitholders for such amounts that the Trustees consider to be reasonable, including, without limitation, designations relating to taxable dividends received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust for the year.

Section 10.6 Distribution Reinvestment and Unit Purchase Plan.

Subject to any required regulatory approvals, the Trustees may in their sole discretion establish one or more distribution reinvestment plans, distribution reinvestment and Unit purchase plans or Unit option plans at any time and from time to time.

Section 10.7 Withholding Taxes.

The Trustees may deduct or withhold from the distributions payable to any Unitholder amounts required by law to be withheld from such Unitholder's distributions.

~~< Section 10.8 ——— > < Budget Proposal. > < ¶ >~~

~~< For greater certainty, if an amount of the Trust's income for a taxation year is considered not to have been paid or made payable by the end of the said taxation year then the Trust may, if permitted by applicable law, satisfy the amount of said income within one month after the end of the year end or such longer period as may be permitted by the Tax Act and the Trust shall be permitted to elect that its income and the income of the Unitholders at the end of the said taxation year be determined as if the satisfaction of the amount had occurred at the end of the relevant taxation year. >~~

**ARTICLE 11
FEES AND EXPENSES**

Section 11.1 Expenses.

The Trust shall pay all expenses incurred in connection with the administration and management of the Trust and its investments, including without limitation fees of auditors, lawyers, appraisers, registrars and transfer agents and other agents, stock exchanges,

consultants and professional advisors employed by or on behalf of the Trust and the cost of reporting or giving notices to Unitholders.

Section 11.2 Payment of Immovable Property and Brokerage Commissions.

The Trust may pay immovable property and brokerage commissions at commercial rates in respect of the acquisition and disposition of any investment acquired or disposed of by it. Such commissions may be paid to a property manager or to others.

Section 11.3 Property Management, Leasing and Financing Fees.

The Trust may pay property management fees, leasing fees and financing fees in respect of any immovable property owned by it. Such fees may be paid to a property manager or to others.

ARTICLE 12 AMENDMENTS TO THE CONTRACT OF TRUST

Section 12.1 Amendments by the Trustees.

The Trustees may, without the approval of or any notice to Unitholders, make amendments to this Contract of Trust:

12.1.1 for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the Trust, its status as a “unit trust”, a “mutual fund trust”, **a “real estate investment trust”** and a “registered investment” under the *Tax Act* or the distribution of its Units;

12.1.2 which, in the opinion of the Trustees, provide additional protection for the Unitholders;

12.1.3 to remove any conflicts or inconsistencies in the Contract of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;

12.1.4 which, in the opinion of the Trustees, are necessary or desirable to conform this Contract of Trust to the disclosure in the Prospectus;

12.1.5 which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws from time to time, including, without limiting the generality of the foregoing, amendments which may affect the Trust, the Unitholders or annuitants under a plan of which a Unitholder acts as trustee or carrier or which may permit the Trust to qualify for any status under the *Tax Act* which would benefit the Trust or the Unitholders;

12.1.6 ~~<12.1.5A~~ which in the opinion of the Trustees, are necessary or desirable as a result of changes in accounting standards (including, without limitation, International Financial Reporting Standards) from time to time, which may affect the Trust or the Unitholders, including without limitation to ensure that the Units qualify as equity for purposes of International Financial Reporting Standards for January 1, 2010 and thereafter;

12.1.7 ~~<12.1.6~~ for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required), if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable; and

12.1.8 ~~<12.1.7~~ which, in the opinion of the Trustees, are necessary or desirable to enable the Trust to issue Units for which the purchase price is payable on an instalment basis.

Section 12.2 Amendments by Unitholders.

Subject to section ~~<s>~~ 12.3 ~~<and 12.4>~~, this Contract of Trust may be amended by the vote of a majority of the votes cast at a meeting of Unitholders called for that purpose.

Section 12.3 Two-Thirds Unitholder Vote.

None of the following shall occur unless the same has been duly approved by the affirmative vote of at least two-thirds of the votes cast at a meeting of Unitholders duly called and held:

12.3.1 any amendment to this section 12.3;

12.3.2 any amendment to change a right with respect to any outstanding Units of the Trust to reduce the amount payable thereon upon termination of the Trust or to diminish or eliminate any voting rights pertaining thereto;

12.3.3 any amendment to the duration or term of the Trust;

12.3.4 ~~<any amendment to the provisions relating to staggered terms of the Trustees as provided for in section 3.3, >~~ any amendment to increase the maximum number of Trustees (to more than ~~<eleven (> 11 <)>~~ Trustees) or to decrease the minimum number of Trustees (to less than nine ~~<(9)>~~ Trustees), any increase or decrease by the Unitholders in the number of Trustees pursuant to section 3.1 (or any authorization by the Unitholders to the ~~<Independent>~~ Trustees to effect such increase or decrease and, if applicable, to appoint additional ~~<Independent>~~ Trustees pursuant to section 3.1);

12.3.5 any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees;

12.3.6 any sale or transfer of the assets of the Trust as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the Trust as approved by the Trustees);

12.3.7 any approval pursuant to subsection 7.6.6 or section 13.2; or

12.3.8 any amendment to section 5.1 or subsections 5.2.6, 5.2.7, 5.2.8, 5.2.9 or 5.2.10;

except for any amendment contemplated by section 5.3 or section 12.1.

~~< Section 12.4 ——— > < Amendment of Section 3.2. > <¶>~~

~~< For so long as it is applicable, section 3.2 may not be amended without the approval of a majority of the Cominar Trustees. >~~

Section 12.4 ~~< Section 12.5 Trustees to Sign Amendment.~~

When a vote of the Unitholders approves an amendment to this Contract of Trust which, pursuant to the provisions of this Contract of Trust, binds the Trustees to make such amendment, the Trustees shall sign such documents as may be necessary to effect such amendment.

ARTICLE 13 TERMINATION OF THE TRUST

Section 13.1 Term of the Trust.

The term of the Trust shall commence on the date hereof and shall continue in full force and effect until no property of the Trust is held by the Trustees, and the Trustees shall have all the powers and discretions, expressed and implied, conferred upon them by law or by this Contract of Trust.

Section 13.2 Distribution of Trust Property by Vote of Unitholders.

Notwithstanding the provisions of section 13.1, if there is an affirmative vote of at least two-thirds of the votes cast at a meeting of Unitholders called for that purpose requiring that the Trustees distribute to the Unitholders all Trust Property, the Trustees will be bound and obligated to make such distribution to the Unitholders.

Section 13.3 Effect of Termination.

Upon the termination of the Trust or the affirmative vote referred to in section 13.2, the liabilities of the Trust shall be discharged with due speed and the net assets of the Trust shall be liquidated and the proceeds distributed proportionately to ~~<—the>~~ Unitholders. Such

distribution may be made in cash or in kind or partly in each, all as the Trustees in their sole discretion may determine.

Section 13.4 Procedure Upon Termination.

Forthwith upon being required to commence to discharge the liabilities of and liquidate the Trust, the Trustees shall give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the Register of Units of the Trust shall be closed.

Section 13.5 Powers of the Trustees Upon Termination.

After the date on which the Trustees are required to discharge the liabilities of and liquidate the Trust, the Trustees shall carry on no activities except for the purpose of winding-up the affairs of the Trust as hereinafter provided and, for this purpose, the Trustees shall continue to be vested with and may exercise all or any of the powers conferred upon the Trustees under this Contract of Trust.

Section 13.6 Further Notice to Unitholders.

In the event that less than all of the Unitholders have surrendered their Units for cancellation within six months after the time specified in the notice referred to in section 13.4, the Trustees shall give further notice to the remaining Unitholders to surrender their Units for cancellation and if, within one year after the further notice, all the Units shall not have been surrendered for cancellation, such remaining Units shall be deemed to be cancelled without prejudice to the rights of the holders of such Units to receive their shares, equally and ratably, of the remaining Trust Property, and the Trustees may either take appropriate steps, or appoint an agent to take appropriate steps, to contact such Unitholders (deducting all expenses thereby incurred from the amounts to which such Unitholders are entitled as aforesaid) or, in the discretion of the Trustees, may pay such amounts into Court or to the Public Curator (or other appropriate government official or agency) whose receipt shall be a good discharge and release of the Trustees.

Section 13.7 Responsibility of the Trustees after Sale and Conversion.

The Trustees shall be under no obligation to invest the proceeds of any sale of investments or other assets or cash forming part of the Trust Property after the date referred to in section 13.4 and, after such sale, the sole obligation of the Trustees under this Contract of Trust shall be to hold such proceeds in trust for distribution pursuant to section 13.3.

ARTICLE 14

LIABILITIES OF THE TRUSTEES AND OTHERS

Section 14.1 Liability and Indemnification of the Trustees.

The Trustees shall at all times be indemnified and saved harmless out of the property of the Trust from and against all liabilities, damages, losses, debts, claims, actions, suits and proceedings whatsoever, including costs, charges and expenses in connection therewith, sustained, incurred, brought, commenced or prosecuted against them for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of their duties as Trustees and also from and against all other liabilities, damages, losses, debts, claims, costs, charges and expenses which they sustain or incur in or about or in relation to the affairs of the Trust. Further, the Trustees shall not be liable to the Trust or to any Unitholder or annuitant for any loss or damages relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust or its assets. The foregoing provisions of this section 14.1 in favour of any Trustee do not apply unless:

14.1.1 the Trustee acted honestly and in good faith with a view to the best interests of the Trust and the Unitholders and in accordance with the provisions of Article 1309 of the *Civil Code*; and

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

The provisions of this section 14.1 with respect to indemnification and saving harmless shall apply, *mutatis mutandis*, to any former Trustee and to any officer or former officer of the Trust.

Section 14.2 Liability of the Trustees.

The Trustees shall not be liable to the Trust or to any Unitholder, annuitant or any other person for the acts, omissions, receipts, neglects or defaults of any person, firm or corporation employed or engaged by the Trust as permitted hereunder, or for joining in any receipt or act of conformity or for any loss, damage or expense caused to the Trust through the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Trust shall be paid out or invested, or for any loss or damage arising from the bankruptcy, insolvency or delictual or tortious act of any person, firm or corporation with whom or which any moneys, securities or property of the Trust shall be lodged or deposited, or for any loss occasioned by error in judgment or oversight on the part of the Trustees, or for any other loss, damage or misfortune which may happen in the execution by the Trustees of their duties hereunder, except to the extent the Trustees have not acted in accordance with subsections 14.1.1 and 14.1.2.

Section 14.3 Reliance Upon Advice.

The Trustees may rely and act upon any statement, report or opinion prepared by or any advice received from the auditors, lawyers or other professional advisors of the Trust and shall not be responsible or held liable for any loss or damage resulting from so relying or acting.

Section 14.4 Liability of Unitholders and Others.

14.4.1 No Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier shall be held to have any personal liability as such, and no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any Unitholder or annuitant for any liability whatsoever, in delict, tort, contract or otherwise, to any person in connection with the Trust Property or the affairs of the Trust, including, without limitation, for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustees or any obligation which a Unitholder or annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such, but rather the assets of the Trust only are intended to be liable and subject to levy or execution for satisfaction of such liability. Each Unitholder and annuitant under a plan of which a Unitholder acts as trustee or carrier shall be entitled to be reimbursed out of the assets of the Trust in respect of any payment of a Trust obligation made by such Unitholder or annuitant. Without limiting the generality of the foregoing, each Unitholder or annuitant shall be entitled to the benefits of the second sentence of Article 1322 of the *Civil Code* in respect of the obligations referred to therein.

14.4.2 (i) Any written instrument creating an obligation which is or includes the granting by the Trust of a hypothec or mortgage and (ii) to the extent the Trustees determine to be practicable and consistent with their obligations to act in the best interests of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision or be subject to an acknowledgment to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Unitholders or annuitants under a plan of which a Unitholder acts as trustee or carrier, but the property of the Trust or a specific portion thereof only shall be bound. If the Trust makes any immovable property investment subject to existing contractual obligations, including obligations under hypothecs or mortgages, the Trustees shall use all reasonable efforts to have any such obligations modified so as to achieve the aforesaid disavowal of contractual liability. Further, the Trustees shall cause the operations of the Trust to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent which they determine to be practicable and consistent with their obligations to act in the best interests of the Unitholders, any material risk of liability on the Unitholders for claims against the Trust, and shall, to the extent available on terms which they determine to be practicable, including the cost of premiums, cause the insurance carried by the Trust, to

the extent applicable, to cover the Unitholders and annuitants as additional insureds. Any potential liability of the Trustees with respect to their foregoing obligations or their failure to perform the same shall be governed by the provisions of sections 14.1, 14.2 and 14.3.

ARTICLE 15 GENERAL

Section 15.1 Execution of Instruments.

The Trustees shall have power from time to time to appoint any Trustee or Trustees or any person or persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing. Provisions respecting the foregoing may be contained in the Trustees' Regulations.

Section 15.2 Manner of Giving Notice.

Any notice required or permitted by the provisions of this Contract of Trust to be given to a Unitholder, a Trustee or the auditors of the Trust shall be deemed conclusively to have been given if given either by hand delivery or by prepaid first-class mail addressed to the Unitholder at his address shown on the Register, to the Trustee at the last address provided by such Trustee to the Secretary of the Trust, or to the auditors of the Trust at the last address provided by such auditors to the Secretary of the Trust, as the case may be, provided that if there is a general discontinuance of postal service due to strike, lockout or otherwise, such notice may be given by publication twice in the Report on Business section of the National Edition of The Globe and Mail or a similar section of any other newspaper having national circulation in Canada; provided further that if there is no such newspaper having national circulation, then by publishing twice in the business section of a newspaper in the city where the Register is maintained. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed or, in the case of notice being given by publication, after publishing such notice twice in the designated newspaper or newspapers. In proving notice was mailed, it shall be sufficient to prove that such notice was properly addressed, stamped and mailed. Notice to any one of several joint holders of Units shall be deemed effective notice to the other joint holders. Any notice sent by mail to or left at the address of a Unitholder pursuant to this section shall, notwithstanding the death or bankruptcy of such Unitholder, and whether or not the Trustees have notice of such death or bankruptcy, be deemed to have been fully given and shall be deemed sufficient notice to all persons having an interest in the Units concerned.

Section 15.3 Failure to Give Notice.

The failure by the Trustees, by accident or omission or otherwise unintentionally, to give any Unitholder, any Trustee or the auditors of the Trust any notice provided for herein shall not affect the validity, effect, taking effect or time of taking effect of any action referred to in such notice, and the Trustees shall not be liable to any Unitholder for any such failure.

Section 15.4 Trust Auditors.

The auditors of the Trust shall be appointed at each annual meeting, save that, until the first such annual meeting, such auditors shall be appointed by the Trustees. If at any time a vacancy occurs in the position of auditors of the Trust, the Trustees may appoint a firm of chartered accountants qualified to practice in all provinces of Canada to act as the auditors of the Trust until the next annual meeting of Unitholders. The auditors of the Trust shall report to the Trustees and the Unitholders on the annual financial statements of the Trust and shall fulfil such other responsibilities as they may properly be called upon by the Trustees to assume. The auditors shall have access to all records relating to the affairs of the Trust.

Section 15.5 Fiscal Year.

The fiscal year of the Trust shall terminate on December 31 in each year.

Section 15.6 Reports to Unitholders.

Within 140 days of the end of each fiscal year, commencing in the fiscal year 1998 (subject to regulatory approval), and at least 21 days prior to each annual meeting of Unitholders, the Trustees shall send to each Unitholder a report, including audited comparative financial statements for such year, prepared in compliance with applicable laws. Within 60 days after the end of each of the first three fiscal quarters of each year, the Trustees shall send unaudited comparative financial statements for the period then ended to each Unitholder. The Trustees will supply Unitholders with any information that may be required by them in connection with their obligations under the *Tax Act* and equivalent provincial legislation.

Section 15.7 Trust Property to be Kept Separate.

The Trustees shall maintain the property of the Trust separate from all other property in their possession.

Section 15.8 Trustees May Hold Units.

Subject to the requirement in section 3.4 that at least one Trustee will be a Non-Unitholder Trustee, any Trustee or associate of a Trustee may be a Unitholder or may be an annuitant.

Section 15.9 Income Tax: Obligations of the Trustees.

The Trustees shall satisfy, perform and discharge all obligations and responsibilities of the Trustees under the *Income Tax Act* and neither the Trust nor the Trustees shall be accountable or liable to any Unitholder by reason of any act or acts of the Trustees consistent with any such obligations or responsibilities.

Section 15.10 Day not a Business Day.

In the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a business day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a business day. This section is not applicable to any distributions which are to be made hereunder on December 31.

Section 15.11 Income Tax: Elections.

In respect of the first taxation year of the Trust, the Trust shall, within the time prescribed, elect pursuant to subsection 132(6) of the *Income Tax Act* (as same may be amended) that the Trust be deemed to be a mutual fund trust for the entire year.

The Trust shall also apply to be a registered investment for the purposes of the *Income Tax Act* in accordance with the definition of “registered investment” set out at section 204.4 thereof.

Section 15.12 Trust Records.

The Trustees shall prepare and maintain, at the head office of the Trust or at any other place in Canada designated by the Trustees, records containing: (i) the Contract of Trust; (ii) minutes of meetings and resolutions of Unitholders; and (iii) the Register. The Trust shall also prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the Trustees and any committee thereof. Such records shall be kept at the head office of the Trust or at such other place as the Trustees think fit and shall at all reasonable times be open to inspection by the Trustees.

Section 15.13 Right to Inspect Documents.

A Unitholder and any agent, consultant or creditor of the Trust shall have the right to examine the Contract of Trust, the Trustees’ Regulations, the minutes of meetings and resolutions of Unitholders, the Register and any other documents or records which the Trustees determine should be available for inspection by such persons, during normal business hours at the head office of the Trust. Unitholders and creditors of the Trust shall have the right to obtain or make or cause to be made a list of all or any of the registered holders of Units, to the same extent and upon the same conditions as those which apply to shareholders and creditors of a corporation governed by the *Canada Business Corporations Act*, as amended from time to time.

Section 15.14 Execution and Effect of Restated Contract of Trust.

Subject to Article 12, a restated Contract of Trust, setting forth the terms of this Contract of Trust, as amended to the time of execution, may be executed at any time or from time to time by the Trustees and such restated Contract of Trust as so executed shall thereafter be effective and may thereafter be referred to in lieu of the original Contract of Trust as so amended;

provided, however, that no such execution of a restated Contract of Trust shall be deemed to constitute a termination of the Trust or this Contract of Trust.

Section 15.15 Consolidations.

Any one or more Trustees or the Secretary may prepare consolidated copies of the Contract of Trust as it may from time to time be amended or amended and restated and may certify the same to be a true consolidated copy of the Contract of Trust, as amended or amended and restated.

Section 15.16 Counterparts.

This Contract of Trust may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

Section 15.17 Severability.

The provisions of this Contract of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of the Contract of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Contract of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Contract of Trust in any jurisdiction. Notwithstanding the provisions of section 2.10, but without limiting the generality of the foregoing provisions of this section, to the extent any provision hereof contravenes a requirement of public order contained in the *Civil Code*, such provision hereof shall be severed as aforesaid from this Contract of Trust without thereby affecting or impairing any remaining provision hereof and should any applicable provision of public order contained in the *Civil Code* not be included herein, such provision shall nonetheless apply hereto, the whole without in any way affecting or impairing any other provision hereof which is not in contravention of such provision of public order.

Section 15.18 Headings for Reference Only and Preamble.

The headings preceding the articles and sections hereof have been inserted for convenience and reference only and shall not be construed to affect the meaning, construction or effect of this Contract of Trust. The preamble and recitals hereto (and all definitions therein contained) shall form an integral part of this Contract of Trust.

Section 15.19 Successors and Assigns.

The provisions of this Contract of Trust shall enure to the benefit of, and be binding upon, the parties and their heirs, executors, administrators, personal representatives, successors and assigns.

Section 15.20 Time of the Essence.

Time shall be of the essence of this Contract of Trust. The mere lapse of time in the performance of the terms of this Contract of Trust by any person shall have the effect of putting such person in default in accordance with Articles 1594 to 1600 of the *Civil Code*.

Section 15.21 Language.

The parties acknowledge that they have requested that this agreement and all documents, notices, correspondence and legal proceedings arising from this agreement or relating hereto be drawn up in English. *Les parties reconnaissent qu'elles ont exigé que cette convention ainsi que tout document, avis, correspondance et procédure légale découlant de cette convention soient rédigés en anglais.*

Section 15.22 Governing Law.

This Contract of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Québec. Any and all disputes arising under this Contract of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Québec and each of the Trustees hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

Section 15.23 Transition.

Notwithstanding any other provision hereof, the approval of the Investment Committee shall not be required, and the provisions of sections 4.7 and 9.2 shall not be operative or effective, with respect to the entering into of, any material contract or transaction or proposed material contract or transaction disclosed under the heading "Material Contracts" in the Prospectus. ~~Only the approval of a majority of the Independent Trustees (and no approval of the Cominar Trustees) will be required with respect to the following material contracts: >~~

- ~~< a) — the Purchase Agreements;¶ >~~
- ~~< b) — the Non-Competition Agreement;¶ >~~
- ~~< c) — the Instalment Loan; and¶ >~~
- ~~< d) — the Instalment Receipt Agreement.¶ >~~
- ~~< (each as defined in the Prospectus). >~~

IN WITNESS WHEREOF each of the undersigned caused these presents to be executed as of May 1 < 4 > 6, 20 < 08 > 12.

(signed) Lyne Morin
Witness

(signed) Gérard Coulombe
Gérard Coulombe

(signed) Lyne Morin Witness

(signed) Alain Dallaire
Alain Dallaire

(signed) Lyne Morin
Witness

(signed) Michel Dallaire
Michel Dallaire

(signed) Lyne Morin
Witness

(signed) < Alain ——— Dallaire > Alban D'Amours
< — >
< Alain Dallaire > Alban D'Amours

(signed) Lyne Morin
Witness

(signed) < Michel ——— Paquet > Robert Després
< — >
< Michel Paquet > Robert Després

(signed) Lyne Morin
Witness

(signed) < Yvan ——— Caron > Dino Fuoco
< — >
< Yvan Caron > Dino Fuoco

(signed) Lyne Morin

Witness

(signed) < ~~Alban~~ — ~~D'Amours~~ > Pierre
Gingras

< ~~Alban D'Amours~~ > **Pierre Gingras**

(signed) Lyne Morin

Witness

(signed) < ~~Robert~~ — ~~Després~~ > Ghislaine
Laberge

< ~~Robert Després~~ > **Ghislaine Laberge**

(signed) Lyne Morin

Witness

(signed) < ~~Ghislaine~~ — ~~Laberge~~ > Michel
Paquet

< ~~Ghislaine Laberge~~ > **Michel Paquet**

(signed) Lyne Morin

Witness

3466736 CANADA INC., as Intervenant

Per: (signed) < ~~Dino~~ — ~~Fuoco~~ > Michel
Dallaire

Michel Dallaire

< ~~Dino~~ — ~~Fuoco~~ > **President and Sole**
Director

< ~~(signed) Lyne~~
~~Morin~~ >

< ~~Witness~~ >

< ~~(signed)~~
~~Coulombe~~ >

< ~~Gérard-Coulombe~~ >

< ~~(signed) Lyne~~
~~Morin~~ >
< Witness >

< ~~3466736 CANADA INC., as Intervenant~~ >

< Per: ~~(signed)~~ ~~Michel~~
~~Dallaire~~ >
< ~~Michel Dallaire~~ >
< ~~President and Sole Director~~ >

SCHEDULE “B”

RESOLUTION OF UNITHOLDERS OF COMINAR REAL ESTATE INVESTMENT TRUST - AMENDMENTS TO UNIT OPTION PLAN

The following is the text of the ordinary resolution that unitholders are being asked to approve at the meeting:

“BE IT RESOLVED THAT:

1. The amendments to the unit option plan (the “**Option Plan**”) of Cominar Real Estate Investment Trust (the “**REIT**”) dated as of May 21, 1998, as amended, supplemented or restated from time to time, substantially as described in Exhibit 1 hereto, including the increase of the maximum number of Units which may be granted thereunder from 6,303,642 to 10,315,583 Units, and any additional and/or alternative amendments to the Option Plan that the trustees of the REIT determine to be necessary or desirable in order to achieve the objectives and purposes described in Section 5.2 of the Management Proxy Circular of the REIT dated March 29, 2012, be and are hereby authorized and approved.
2. The amendment to the Option Plan (including its renaming as the Equity Incentive Plan) shall become effective on the date of approval by unitholders of the REIT.
3. The making of an application to the Toronto Stock Exchange to list thereon 5,314,391 additional units of the REIT (of which 4,011,941 units represent the increase in the maximum number of units which may be issued upon the exercise or awards granted under such plan and 1,302,450 units represent the replenishment of such plan), as reserved for issuance under the Option Plan, be and it is hereby ratified.
4. The trustees of the REIT are hereby authorized and directed to execute or cause to be executed on behalf of the REIT an amended and restated Option Plan reflecting the foregoing changes and amendments.
5. The trustees of the REIT are hereby authorized to grant or issue Awards under the amended and restated Option Plan.
6. Notwithstanding that the foregoing resolutions have been duly passed, the Board of the REIT may, without further notice to or approval of the unitholders of the REIT, determine the timing and arrange for the implementation of the amendment and/or restatement of the Option Plan, decide not to proceed with the amendment and/or restatement of the Option Plan, or modify the amendment and/or restatement of the Option Plan, provided that any modification will not be materially prejudicial to unitholders of the REIT, or revoke this resolution at any time prior to the amendments to and/or restatement of the Option Plan.
7. The trustees of the REIT are hereby authorized to execute or cause to be executed on behalf of the REIT or to deliver or cause to be delivered all such documents, amendments, agreements (including grant and Award agreements) and instruments and do or cause to be done all such other acts and things as they shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the executed and delivery of such document, amendment, agreement or instrument or the doing of any such act or thing.”

EXHIBIT 1 TO SCHEDULE “B”

COMINAR REAL ESTATE INVESTMENT TRUST

~~<AMENDED AND RESTATED UNIT~~

OPTION>EQUITY INCENTIVE PLAN

1. Purpose of the Plan

- 1.1 The purpose of this equity incentive plan (the “Plan”) is to attract, retain and motivate persons as service providers to [^]Cominar Real Estate Investment Trust[^] (the “Trust”) and to advance the interests of the Trust by providing such persons with the opportunity, through ~~<unit options>~~ Awards (as defined below), to acquire a proprietary interest in the Trust, subject to certain conditions as hereinafter set forth. The Plan amends and restates the existing Amended and Restated Unit Option Plan of the Trust.

2. Defined Terms

Where used herein, the following terms shall have the following meanings,
respectively:¶

- 2.1 “Affiliate” has the meaning ascribed thereto in the Securities Act (Québec), provided that the term “companies” in the definition is deemed to be replaced by the term “Person” as used in the Plan;

- 2.2 ~~<2.1 “Associate<”>”~~ means any associate, as such term~~s~~ is defined in ~~<Section 5 of~~
~~>the Securities Act (Québec);¶~~

- 2.3 “Award” means a grant of Options, Restricted Units or Deferred Units pursuant to the provisions of the Plan;¶

- 2.4 “Award Agreement” means, with respect to Options, Restricted Units and Deferred Units, the written document that sets forth the terms of that particular Award;

- 2.5 ~~<2.2 “Blackout Period<”>”~~ means a period when the Optionee is prohibited from trading in the Trust’s securities pursuant to a blackout period established by the Trust;¶

- 2.6 “Board” means the Board of Trustees of the Trust, as constituted from time to time, provided, however, that, if the Board appoints a Committee to perform some or all of the Board’s administrative functions under the Plan, references in the Plan to the “Board” will be deemed to also refer to that Committee in connection with matters to be performed by that Committee;¶

- 2.7 “Board Compensation” means the annual retainer payable by the Trust to a Trustee in respect of a calendar year for service on the Board, together with Board committee fees, chairmanship fees, attendance fees, and additional fees and retainers to the Board and committee chairs;¶
- 2.8 “Business Day” means a day, other than a Saturday, a Sunday or a statutory holiday in Québec;¶
- 2.9 “Business Entities” means any one or more corporations or business organizations (including, without limitation, a trust, a partnership and a limited partnership);¶
- 2.10 “Cash Distributions” means distributions declared and paid in cash (or in additional Units) on any Units, whether pursuant to regular monthly or other related periodic or special like distributions, but excluding extra-ordinary non-related distributions;¶
- 2.11 “Change of Control” means:¶
- (a) a successful take-over bid;¶
 - (b) any change in the beneficial ownership or control of the outstanding securities or other interests which results in:¶
 - (i) a person or group of persons (other than the Trust and its Subsidiaries and Affiliates) “acting jointly or in concert” (as defined in Regulation 62-104 Respecting take-over bids and issuer bids (Québec), as amended from time to time), or¶
 - (ii) an “affiliate” or “associate” (each as defined in the Securities Act (Québec), as amended from time to time) of such person or group of persons,¶

holding, acquiring or controlling, directly or indirectly, within a twelve (12) month period, more than thirty percent (30%) of the issued and outstanding Units, other than as a result of a transaction or series of transactions approved by the Incumbent Trustees unless such holding, owning or controlling, directly or indirectly, exceeds fifty percent (50%) of the issued and outstanding Units;¶
 - (c) the acquisition, within a twelve (12) month period, by any person of Units (or other securities of the Trust or its Subsidiaries having rights of purchase, conversion or exchange into Units) which together with securities of the Trust held by such person, together with persons acting jointly or in concert with such person, exceeds thirty percent (30%) of the issued and outstanding Units (assuming the purchase, conversion or

exchange of such other securities, whether then purchasable, convertible or exchangeable or not, into the highest number of Units, such person or persons would be entitled to);¶

(d) the amalgamation, arrangement, merger or other consolidation or combination of the Trust with or into or with any one or more other Business Entities;¶

(i) pursuant to which a person or company or combination of persons and/or companies thereafter hold a greater number of Units or other securities of the successor or continuing Business Entity having rights of purchase, conversion or exchange into Units of the successor or continuing Business Entity (assuming the purchase, conversion or exchange of such other securities, whether then purchasable, convertible or exchangeable or not into the highest number of Units of the successor or continuing Business Entity such persons and/or companies would be entitled to) than the number of Units of the successor or continuing Business Entity held directly and indirectly by former unitholders of the Trust; and¶

(ii) pursuant to which the President and Chief Executive Officer of the Trust immediately prior thereto is not immediately thereafter the President and Chief Executive Office of the successor or continuing Business Entity and a majority of the board of Trustees (as it was constituted prior to such amalgamation, arrangement, merger or other consolidation or combination) do not continue as members of the board of the successor or continuing Business Entity;¶

(e) the acquisition by any person or persons acting jointly or in concert of:¶

(i) all or substantially all of the assets of the Trust (other than an acquisition by the Trust or its Subsidiaries in connection with an internal reorganization); or¶

(ii) more than fifty percent (50%) of the outstanding Units;¶

(f) a liquidation or dissolution of the Trust; or¶

(g) any similar event deemed by the Board to constitute a Change of Control for purposes of the Plan;¶

2.12 “Deferred Unit” means a right granted under and subject to restrictions pursuant to Article 8 hereof;¶

2.13 “Deferred Unit Account” has the meaning ascribed to such term in Section 8.6 hereof;

2.14 ~~<2.3-~~ **“Designated Exchange”** means the Toronto Stock Exchange or such other exchange as may be designated from time to time by the ~~<Trustees>~~ **Board**;

2.15 ~~<2.4-~~ **“Eligible Person”** means:

- (a) a Trustee, officer or employee of the Trust or any Subsidiary **of the Trust** (an ~~<->~~ **“Eligible Individual”**);
- (b) a corporation controlled by an Eligible Individual, the issued and outstanding voting shares 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 (an ~~<->~~ **“Employee Corporation”**); or
- (c) a family trust of which the sole trustee is an Eligible Individual and/or the beneficiary or beneficiaries are any one (1) or combination of such Eligible Individual and/or the spouse, minor children and/or minor grandchildren of such Eligible Individual (an ~~<->~~ **“Employee Trust”**);¶

2.16 **“Incumbent Trustees” means any member of the Board who was a member of the Board at the effective date of the Plan and any successor to an Incumbent Trustee who was recommended or elected or appointed to succeed any Incumbent Trustee^ by the affirmative vote of ^the Board, including a majority of the Incumbent Trustees then on the Board, prior to the occurrence of the transaction, transactions, elections or appointments giving rise to a Change of Control;**

2.17 ~~<2.5-~~ **“Insider”** means any insider, as such term is defined in Section 89 of the *Securities Act* (Québec), of the Trust, other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary **of the Trust**, and includes any Associate of any such insider;

2.18 ~~<2.6-~~ **“Market Price”** on any particular day means the market price of one (1) Unit and shall be calculated by reference to the closing price for a board lot of Units on the Designated Exchange, on that day, or if at least one (1) board lot of Units shall not have been traded on the Designated Exchange on that day, on the immediately preceding day for which at least one (1) board lot was so traded; or if, at any time, the Units are no longer listed on the Designated Exchange, 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>~~ **Board** in ~~<their>~~ **its** sole discretion;¶

2.19 **“Non-Employee Member of the Board” means a Trustee who is not an employee of the Trust or a Subsidiary of the Trust;**

- 2.20** ~~<2.7-“Option<”>”~~ means an option to purchase Units granted to ~~<an Eligible Person>~~ **a Participant** under the Plan;
- 2.21** ~~<2.8-“Option Price<”>”~~ means the price per Unit at which Units may be purchased under an Option, as the same may be adjusted from time to time in accordance with Article ~~<8>~~ **6** hereof;
- 2.22** ~~<2.9-“Optioned Units<”>”~~ means the Units issuable pursuant to an exercise of Options;
- 2.23** ~~<2.10-“Optionee<”>”~~ means ~~<an Eligible Person>~~ **a Participant** to whom an Option has been granted and who continues to hold such Option;
- ~~<2.11-“Plan” means the Unit Option Plan of the Trust dated as of May 21, 1998 as amended and restated as of March 27, 2001, on November 13, 2003, on March 20, 2006, on March 13, 2007, on February 27, 2008, on May 14, 2008, on May 18, 2010 and on May 17, 2011, and as the same may be further amended, supplemented, restated or varied from time to time;>~~¶
- 2.24** **“Participant” means an Eligible Individual to whom an Award is granted, or an Employee Corporation or an Employee Trust to whom an Award has been transferred pursuant to the Plan;¶**
- 2.25** **“Person” means an individual, partnership, limited partnership, corporation, limited liability company, trust, joint venture, unincorporated association, or other entity or association;¶**
- 2.26** **“Plan” has the meaning ascribed to such term in Section 1.1 hereof;¶**
- 2.27** **“Restricted Unit” or means a right granted under and subject to restrictions pursuant to Article 7 hereof;¶**
- 2.28** **“Restricted Unit Account” has the meaning ascribed to such term in Section 7.6 hereof;¶**
- 2.29** **“Restricted Unit Settlement Date” means the date on which Units are issued to an Eligible Person following the vesting of such Eligible Person’s Restricted Units, such date being as soon as practicable after the vesting of such Restricted Units;**
- 2.30** ~~<2.12-“Subsidiary<” means any corporation which is a subsidiary, as such term is defined>”~~ **has the meaning ascribed thereto** in Section 9 of the *Securities Act* (Québec), ~~<of the Trust>~~ **provided that the term “company” in the definition is deemed to be replaced by the term “Person” as used in the Plan;**
- 2.31** ~~<2.13-“Trust<” means>~~ **“Cominar Real Estate Investment Trust” has the meaning ascribed to such term in Section 1.1 hereof,** and includes any successor thereof;

2.32 ~~<2.14 "Trustees">~~ means, at any particular time, the trustees of the Trust ~~<or, except for the purposes of Subsection 2.4(a), Section 10.6 and Section 10.7 hereof, the Compensation and Governance Committee of the Trustees of the Trust>~~, and "Trustee" means any one of them; and

2.33 ~~<2.15 "Units">~~ means the units of the Trust ~~<or>~~, and includes in the event of an adjustment contemplated by Article ~~<8>~~ **10** hereof, such other units or securities to which ~~<an Optionee>~~ a Participant may be entitled upon the exercise of an ~~<Option>~~ Award as a result of such adjustment.

3. Administration of the Plan

3.1 The Plan shall be administered by the ~~<Trustees>~~ Board. The Plan shall be effective as at March 29, 2012.

3.2 The ~~<Trustees>~~ Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:

(a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;

(b) to interpret and construe the Plan and to determine all questions arising out of the Plan or any ~~<Option>~~ Award, and any such interpretation, construction or determination made by the ~~<Trustees>~~ Board shall be final, binding and conclusive for all purposes;

(c) to determine the type of Award to be granted;

(d) to determine the number of Units, if any, to be covered by each ~~<Option>~~ Award;

(e) ~~<(d)>~~ to determine the Option Price of each Option;

(f) ~~<(e)>~~ to determine the time or times when Options will be granted and exercisable;

(g) ~~<(f)>~~ to establish the terms and conditions of each Award Agreement between the Trust and the Participant;

(h) to determine if the Units which are issuable on the exercise of an ~~<Option>~~ Award will be subject to any restrictions upon the exercise of such ~~<Options>~~ Awards; and

(i) ~~<(g)>~~ to prescribe the form of the instruments used in conjunction with the Plan, including those relating to the grant and exercise of ~~<Options>~~ Awards.

- 3.3 The Board shall have the authority to establish, amend and rescind such administrative rules, guideline and practices governing the Plan as it, from time to time, deems advisable. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent it deems necessary to carry out the intent of the Plan.**
- 3.4** ~~<3.3-Any <Option>~~**Award** granted under the Plan shall be subject to the requirement that, if at any time counsel to the Trust shall determine that the listing or qualification of the Units subject to such ~~<Option>~~**Award** upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such ~~<Option>~~**Award** or the issuance or purchase of Units thereunder, such ~~<Option>~~**Award** may not be accepted or exercised in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the ~~<Trustees>~~**Board**. Nothing herein shall be deemed to require the Trust to apply for or to obtain such listing, qualification, consent or approval.¶
- 3.5 The Trust may deduct from any payment under the Plan any applicable withholding taxes and deductions at source on such terms as the Board or the Trust determines.**
- 4. Units Subject to the Plan¶**
- 4.1 The Units to be subject to or related to Awards under the Plan will be authorized and unissued Units of the Trust.¶**
- 4.2 No Participant may be granted Awards with respect to more than 5% of the issued and outstanding Units. In addition, (i) the number of Units issuable to Insiders, at any time, pursuant to the Plan and any other security-based compensation arrangement adopted by the Trust, cannot exceed 10% of the issued and outstanding Units; (ii) the number of Units issued to Insiders, within any one (1) year period, under the Plan and any other security-based compensation arrangement adopted by the Trust cannot exceed 10% of the issued and outstanding Units; and (iii) the number of Units issued to any one (1) Insider and such Insider's Associates within any one (1) year period, under the Plan and any other security-based compensation arrangement adapted by the Trust cannot exceed 5% of the issued and outstanding Units.¶**
- 4.3 If and to the extent that an Option expires, terminates or is cancelled or forfeited for any reason without having been exercised in full, the Units associated with that Option will again become available for grant under the Plan. Similarly, if and to the extent a Restricted Unit or Deferred Unit is cancelled or forfeited for any reason, the Units subject to that Restricted Unit or Deferred Unit will again become available for grant under the Plan.**

4.4 ~~<4.1 Options>~~**Awards** may be granted in respect of authorized and unissued Units, provided that the aggregate number of Units reserved for issuance upon the exercise of all ~~<Options>~~**Awards** granted under the Plan, subject to any adjustment of such number pursuant to the provisions of Article ~~<8>~~**10** hereof, shall not, from and after March ~~29~~, 201~~<1>~~**2** exceed ~~<6,303,642>~~**10,315,583** Units or such greater number of Units as may be determined by the ~~<Trustees>~~**Board** and approved, if required, by the unitholders of the Trust and by any relevant stock exchange or other regulatory authority. ~~<Optioned>~~Units in respect of which ~~<Options>~~**Awards** are not exercised within the time periods set forth in Sections ~~<5>~~**6**, ~~<2>~~**1** and ~~<5>~~**6**, ~~<4>~~**3** hereof or which are cancelled without having been exercised shall be available for subsequent ~~<Options>~~**Awards** under this Plan. ~~*^No fractional Units may be purchased or issued under the Plan.^*~~**¶**

4.5 ~~*^No fractional Units may be purchased or issued under the Plan.^*~~ **No fractional Unit will be issued pursuant to an Award granted hereunder. The number of Units issuable upon payment of any award granted under this Plan will be rounded down to the nearest whole number of Unit. No payment or other adjustment will be made with respect to the fractional Unit so disregarded.**

5. Eligibility<: Grant; Terms of Options>

5.1 ~~<Options>~~**Subject to Sections 5.2 and 6.4 hereof, Awards** may be granted to any Eligible ~~<Person>~~**Individual** as determined by the ~~<Trustees>~~**Board** from time to time in accordance with the provisions hereof.**¶**

5.2 **If authorized to do so by the Board, a Non-Employee Member of the Board may elect to be paid his or her Board Compensation, in whole or in part, in Deferred Units, in lieu of cash, subject to such terms and conditions as the Board may determine in its sole discretion.¶**

6. Options

6.1 ~~<5.2>~~Subject as herein otherwise specifically provided, the ~~<Trustees>~~**Board** shall determine the number of Units subject to each Option, the Option Price of each Option, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and any other terms and conditions relating to each Option; provided, however, that if no specific determination is made by the ~~<Trustees>~~**Board** with respect to any of the foregoing matters, each Option shall contain the following terms and conditions:

- (a) the Option shall become exercisable in respect of 20% of the Units subject to such Option after each anniversary of the granting of such Option (i.e. 20% of such Units after the first **(1st)** anniversary, 40% of such Units after the second **(2nd)** anniversary, etc.);
- (b) following the fifth (5th) anniversary of the granting of Options, the Options shall be exercisable in full for a period beginning on the day following the date of the fifth

(5th) anniversary of the granting of such Options and ending at 5:00 p.m., Québec City time, on the date of the seventh (7th) anniversary of the granting of such Options; and

- (c) the Option Price shall be the Market Price on the trading day immediately preceding the date of the grant of the Option.

6.2 ~~<5.3~~ Subject to any adjustments pursuant to the provisions of Article ~~<8>~~**10** hereof, the Option Price of any Option shall in no circumstances be lower than the Market Price on the trading day immediately preceding the day on which the grant of the Option is approved by the ~~<Trustees>~~**Board**.

6.3 ~~<5.4~~ The term of an Option shall not exceed seven (7) years from the date of the grant of the Option unless determined otherwise by a resolution of the ~~<Trustees>~~**Board**. In no event may the term of an Option exceed ten (10) years from the date of the grant of the Option.

~~<5.5~~ The total number of Units issuable to any Optionee under this Plan together with any Units reserved for issuance to such Optionee under any other share compensation arrangement shall not exceed 5 % of the issued and outstanding Units at the date of the grant of the Option. Except with the approval of the unitholders of the Trust given[^] ~~by the affirmative vote of ^~~ a majority of the votes cast at a meeting of the unitholders of the Trust, excluding the votes attaching to Units beneficially owned by Insiders to whom Units may be issued pursuant to the proposed share compensation arrangement and their Associates, no Options shall be granted to any Optionee if such grant could result, at any time, in:[¶]

~~<(a)~~ the number of Units reserved for issuance to Insiders pursuant to Options and any other share compensation arrangements exceeding 10% of the issued and outstanding Units;[¶]

~~<(b)~~ the issuance to Insiders pursuant to Options and any other share compensation arrangements, within a one-year period, of a number of Units exceeding 10% of the issued and outstanding Units; or[¶]

~~<(c)~~ the issuance to any one Insider and such Insider's Associates, within a one-year period, of a number of Units exceeding 5% of the issued and outstanding Units.>

6.4 ~~<5.6~~ In addition: (i) the aggregate fair value of options granted under all security-based compensation arrangements of the Trust to any one **(1)** non-employee Trustee entitled to receive a benefit under the Plan, within any one~~<->~~ **(1)** year period, cannot exceed \$100,000 valued on a *Black-Scholes* basis and as determined by the ~~<Trustees>~~**Board**; and (ii) the aggregate number of securities issuable to all non-employee Trustees entitled to receive a benefit under the Plan, within any one~~<->~~ **(1)** year period, under all security-based compensation arrangements of the Trust, cannot exceed ~~<one percent (>1%<)>~~ of its issued and outstanding securities.

6.5 ~~<5.7-Except as provided in Section 1<0>2.<3>~~**10** hereof, 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 hereunder shall be hypothecated, mortgaged, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

6.6 ~~<5.8-If the term of an Option held by any Eligible Person expires during or within~~ **ten (10)** Business Days of the expiration of a Blackout Period, then the term of such Option or the unexercised portion thereof, shall be extended by **ten (10)** Business Days after the expiration of the Blackout Period (the ~~<">~~**"Blackout Expiration Term"**~~<">~~).¶

6.7 *^Subject to the provisions of the Plan and of the Option, an Option may be exercised from time to time by delivery to the Trust at its registered office of a written notice of exercise addressed to the Secretary of the Trust specifying the number of Units with respect to which the Option is being exercised and accompanied by payment in full, by cash or cheque, of the Option Price of the Units then being purchased. ^^Subject to any provisions of the Plan to the contrary, certificates for such Units shall be issued and delivered to the ^Participant^ within a reasonable time following the receipt of such notice and payment.^¶*

6.8 *^Notwithstanding any of the provisions contained in the Plan or in any Option, the Trust^^s obligation to issue Units to ^a Participant^ pursuant to the exercise of any Option shall be subject to:^^¶*

(a) ^completion of such registration or other qualification of such Units or obtaining approval of such governmental or regulatory authority as the Trust shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof:^^¶

(b) ^the admission of such Units to listing on any stock exchange on which the Units may then be listed; and^^¶

(c) the receipt from the Participant^ of such representations, warranties, agreements and undertakings, as the Trust determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.^¶

The^ Trust shall, to the extent necessary, take all commercially reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Units in compliance with applicable securities laws and for the listing of such Units on any stock exchange on which the Units are then listed.^¶

7. Restricted Units¶

7.1 **Restricted Units may be granted hereunder and credited to a Participant's Restricted Unit Account, subject to such terms and conditions as the Board may**

impose. Each Restricted Unit shall initially have a value equal to the Market Price of a Unit when the subject Award is made. Each Restricted Unit will represent the right to receive from the Trust, subject to fulfillment of any applicable conditions on the Restricted Unit Settlement Date, one (1) Unit on the Restricted Unit Settlement Date. The issuance of Units to the Participant shall be made by the Trust as soon as practicable (and in any event not later than thirty (30) days) after vesting of the Restricted Unit and the fulfillment of any applicable conditions. Unless otherwise determined by the Board, and except as provided in Section 12.10 hereof, Restricted Units are personal to each Participant and are non-assignable (other than by will or the law of succession) and shall not be hypothecated, mortgaged, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity. All other terms and conditions governing Restricted Units, such as vesting, performance criteria (if any), time and form of payment, and termination of Restricted Units shall be set forth in the applicable Award Agreement between the Trust and the Participant.¶

7.2 Restricted Units will vest on and after the third (3rd) anniversary of the date of grant, subject to the right of the Board to determine at the time of grant that a particular Restricted Unit will vest on different dates and to determine at any time after the time of grant that a particular Restricted Unit will vest at an earlier or later time.¶

7.3 Following vesting, and subject to the Participant's satisfaction of any conditions, restrictions or limitations imposed by the Board, each Restricted Unit granted to a Participant shall entitle the Participant to receive on the Restricted Unit Settlement Date one (1) Unit from treasury. As of the Restricted Unit Settlement Date, the Restricted Units in respect of which such Units are issued shall be cancelled and no further payments shall be made to the Participant under the Plan in relation to such Restricted Units.¶

7.4 Whenever a Cash Distribution is paid on the Units, additional Restricted Units, the number of which will be computed pursuant to Section 7.5 hereof, shall accrue in respect of each Participant who has, prior to such Cash Distribution, been granted Restricted Units (whether or not such Restricted Units are vested on the date of such Cash Distribution). Restricted Units granted pursuant to this Section 7.4 hereof will be credited to the Restricted Unit Account of the applicable Participant and vest on the same terms and time (and subject to vesting) as the Restricted Units in respect of which the additional Restricted Units were accrued.¶

7.5 The number of additional Restricted Units which shall accrue in respect of each applicable Participant under Section 7.4 hereof shall be calculated by dividing: (i) the amount determined by multiplying (a) the number Restricted Units credited to the Participant on the record date for the payment of such Cash Distribution by (b) the Cash Distribution paid per Unit; by (ii) the Market Price of a Unit on the Cash Distribution payment date for such Cash Distribution, in each case, with fractions computed to two (2) decimal places.¶

7.6 Certificates need not be issued with respect to Restricted Units. An account, to be referred to as a "Restricted Unit Account" shall be maintained by the Trust for each Participant granted Restricted Units and will be credited with notional grants of Restricted Units received by a Participant from time to time. Statements of such account will be provided to Participants on an annual basis.¶

8. Deferred Units¶

8.1 Deferred Units may be granted hereunder and credited to a Participant's Deferred Unit Account, subject to such terms and conditions as the Board may impose. Each Deferred Unit shall initially have a value equal to the Market Price of a Unit when the subject Award is made. Each Deferred Unit will represent, subject to vesting and following such vesting and the date the Participant ceases to be an Eligible Person, the right to receive from the Trust on the date designated by the Participant in a written notice to the Trust, one (1) Unit. Unless otherwise determined by the Board, and except as provided in Section 12.10 hereof, Deferred Units are personal to each Participant and are non-assignable (other than by will or the law of succession) and shall not be hypothecated, mortgaged, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity. All other terms and conditions governing Deferred Units, such as vesting, time and form of payment and termination of Deferred Units shall be set forth in the applicable Award Agreement between the Trust and the Participant.¶

8.2 Subject to the right of the Board to determine at the time of grant that a particular Deferred Unit will vest in whole or in part on different dates (including an earlier or later date) and to determine at any time after the time of grant that a particular Deferred Unit will vest in whole or in part on earlier or later dates for any reason, Deferred Units granted on a particular date will vest in accordance with the following schedule:¶

(a) one-third of the Deferred Units will vest on the first (1st) anniversary of the date of grant;¶

(b) one-third of the Deferred Units will vest on the second (2nd) anniversary of the date of grant; and¶

(c) one-third of the Deferred Units will vest on the third (3rd) anniversary of the date of grant.¶

8.3 Each Participant who has Deferred Units credited to their Deferred Unit Account shall be entitled to receive, after the Participant ceases to be an Eligible Person for any reason and after the Deferred Units credited to the Participant's Deferred Unit Account have vested in accordance with Section 8.2 hereof, on a day designated by the Participant and communicated to the Board by the Participant in writing at least fifteen (15) days prior to the designated day (or such earlier date after the Participant ceases to be an Eligible Person and after the Participant's

Deferred Units have vested, as the Participant and the Trust may agree, which date shall be no later than the later of the end of the calendar year following the year in which (i) the Participant ceases to be an Eligible Person, or (ii) the Participant's Deferred Units vest), and if no such notice is given, then on the first (1st) anniversary of the effective date the Participant ceases to be an Eligible Person, that number of Units equal to the number of Deferred Units credited to the Participant's Deferred Unit Account, such Units to be issued from treasury of the Trust.¶

8.4 Whenever a Cash Distribution is paid on the Units, additional Deferred Units, the number of which will be computed pursuant to Section 8.5 hereof, shall accrue in respect of each Participant who has, prior to such Cash Distribution, been granted Deferred Units (whether or not such Deferred Units have vested). Deferred Units granted pursuant to this Section 8.4 will be credited to the Deferred Unit Account of the applicable Participant and vest on the same terms and time as the Deferred Units in respect of which the additional Deferred Units were accrued.¶

8.5 The number of additional Deferred Units which shall accrue in respect of each applicable Participant under Section 8.4 shall be calculated by dividing: (i) the amount determined by multiplying (a) the number of Deferred Units credited to the Participant on the record date for the payment of such Cash Distribution by (b) the Cash Distribution paid per Unit; by (ii) the Market Price of a Unit on the Cash Distribution payment date for such Cash Distribution, in each case, with fractions computed to two (2) decimal places.¶

8.6 Certificates need not be issued with respect to Deferred Units. An account, to be referred to as a "Deferred Unit Account" shall be maintained by the Trust for each Participant granted Deferred Units and will be credited with notional grants of Deferred Units received by a Participant from time to time. Statements of such account will be provided to Participants on an annual basis.

9. <6. Bankruptcy, Death, Disability, Voluntary Resignation, Retirement or Termination of Employment or <Death>Engagement

9.1 <6.1 Subject to Sections <6>9.2, <6>9.3 and <6>9.4 hereof and to any express resolution passed by the <Trustees>Board with respect to an <Option, an Option and all rights to purchase Units pursuant thereto>Award, an Award shall expire and terminate immediately upon the <Optionee who holds such Option>Participant ceasing to be an Eligible Person.

9.2 <6.2 The <Trustees>Board may, in <their>its entire discretion, at the time of the granting of <Options>Awards hereunder, determine the provisions relating to expiration of <an Option>such Awards upon the bankruptcy, death, disability, voluntary resignation, retirement or termination of employment or engagement with the Trust or any Subsidiary of <an Optionee>the Trust of a Participant while holding an <Option>Award which has not been fully exercised or vested, as the case may be,

provided, however, that upon the termination of ~~<an Optionee's>~~ a Participant's position, employment~~<, position>~~ or engagement with the Trust or any Subsidiary of the Trust otherwise than by reason of death or retirement, any ~~<Option or unexercised part thereof granted to such Optionee>~~ Award may be exercised by him for that number of Units only which he was entitled to acquire under the ~~<Option>~~ Award at the time of such termination or cessation and provided further that such ~~<Option>~~ Award shall in no event expire later than the earlier of (i) three (3) months following the ~~<Optionee's>~~ Participant's, employment, position or engagement being terminated and (ii) the expiry date of such ~~<Option>~~ Award. The provisions relating to such expiration shall be contained in the written ~~<option agreement, instrument or certificate>~~ Award Agreement between the Trust and the ~~<Optionee>~~ Participant.

9.3 ~~<6.3>~~ Upon the termination of ~~<an Optionee's>~~ a Participant's employment, position or engagement with the Trust by reason of retirement, any ~~<Option or unexercised part thereof granted to such Optionee>~~ Award may be exercised by him of her for that number of Units only which he or she was entitled to acquire under the ~~<Option>~~ Award at the time of such termination or cessation and provided further that such ~~<Option>~~ Award shall in no event expire later than the earlier of (i) one (1) year following the ~~<Optionee's>~~ Participant's, employment, position or engagement being terminated by reason of retirement and (ii) the expiry date of such ~~<Option>~~ Award. The provisions relating to such expiration shall be contained in the written ~~<option agreement, instrument or certificate>~~ Award Agreement between the Trust and the ~~<Optionee>~~ Participant.

9.4 ~~<6.4>~~ If ~~<an Optionee>~~ a Participant shall die holding an ~~<option>~~ Award which has not been fully exercised, his personal representatives, heirs or legatees may, at any time following the ~~<grant>~~ death of ~~<probate of the will or letters of administration of the estate of the deceased>~~ the Participant, and prior to the period of time provided under the terms of the written ~~<option agreement, instrument or certificate>~~ Award Agreement between the Trust and the ~~<Optionee>~~ Participant for exercise of an ~~<Option>~~ Award upon the death of the ~~<Optionee>~~ Participant, exercise the ~~<Option>~~ Award with respect to the unexercised balance of the Units subject to the ~~<Option>~~ Award, but only to the same extent to which the deceased could have exercised the ~~<Option>~~ Award immediately before the date of such death provided that such ~~<Option>~~ Award shall in no event expire later than (i) one (1) year following the ~~<Optionee's>~~ Participant's death and (ii) the expiry date of such ~~<Option>~~ Award. The provisions relating to such expiration shall be contained in the written ~~<option agreement, instrument or certificate>~~ Award Agreement between the Trust and the ~~<Optionee>~~ Participant.

9.5 ~~<6.5>~~ For the purposes of this Article ~~<6>~~ 9 hereof and any written ~~<option agreement, instrument or certificate>~~ Award Agreement between the Trust and ~~<an Optionee>~~ a Participant, a determination by the Trust or any Subsidiary of the Trust that the ~~<Optionee>~~ Participant was ~~<discharged>~~ terminated for cause shall be binding on the ~~<Optionee>~~ Participant.

9.6 ~~<6.6>~~ If the ~~<Optionee>~~ **Participant** is an Employee Corporation or Employee Trust, the references to the ~~<Optionee>~~ **Participant** in this Article ~~<6>~~ **9** shall be deemed to refer to the Eligible Individual associated with the Employee Corporation or Employee Trust.

~~<7.>~~ **Exercise of Options**

~~<7.1>~~ ~~>^Subject to the provisions of the Plan and of the Option, an Option may be exercised from time to time by delivery to the Trust at its registered office of a written notice of exercise addressed to the Secretary of the Trust specifying the number of Units with respect to which the Option is being exercised and accompanied by payment in full, by cash or cheque, of the Option Price of the Units then being purchased. ^ ^Subject to any provisions of the Plan to the contrary, certificates for such Units shall be issued and delivered to the ^<Optionee>^ within a reasonable time following the receipt of such notice and payment. ^<¶>~~

~~<7.2>~~ ~~>^Notwithstanding any of the provisions contained in the Plan or in any Option, the Trust ^<'>^s obligation to issue Units to ^<an Optionee>^ pursuant to the exercise of any Option shall be subject to: ^<¶>~~

~~<(a)>~~ ~~>^completion of such registration or other qualification of such Units or obtaining approval of such governmental or regulatory authority as the Trust shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; ^<¶>~~

~~<(b)>~~ ~~>^the admission of such Units to listing on any stock exchange on which the Units may then be listed; and ^<¶>~~

~~<(c)>~~ ~~the receipt from the Optionee>^ of such representations, warranties, agreements and undertakings, as the Trust determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction. ^<¶>~~

~~<In this connection the>^ Trust shall, to the extent necessary, take all commercially reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Units in compliance with applicable securities laws and for the listing of such Units on any stock exchange on which the Units are then listed. ^~~

10. **<8.> Certain Adjustments**

10.1 ~~<8.1>~~ In the event of any subdivision or redivision of the Units into a greater number of Units at any time after the grant of an ~~<Option>~~ **Award** to any ~~<Optionee>~~ **Participant** and prior to the expiration of the term of such ~~<Option>~~ **Award**, the Trust shall deliver to such ~~<Optionee>~~ **Participant** at the time of any subsequent exercise of his or her ~~<Option>~~ **Award** in accordance with the terms hereof, in lieu of the number of Units to which he or she was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Units as such ~~<Optionee>~~ **Participant**

would have held as a result of such subdivision or redivision if, on the record date thereof, the ~~<Optionee>~~**Participant** had been the registered holder of the number of Units to which he or she was theretofore entitled upon such exercise.

10.2 ~~<8.2>~~In the event of any consolidation of the Units into a lesser number of Units at any time after the grant of an ~~<Option>~~**Award** to any ~~<Optionee>~~**Participant** and prior to the expiration of the term of such ~~<Option>~~**Award**, the Trust shall deliver to such ~~<Optionee>~~**Participant** at the time of any subsequent exercise of his or her ~~<Option>~~**Award** in accordance with the terms hereof, in lieu of the number of Units to which he or she was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Units as such ~~<Optionee>~~**Participant** would have held as a result of such consolidation if, on the record date thereof, the ~~<Optionee>~~**Participant** had been the registered holder of the number of Units to which he or she was theretofore entitled upon such exercise.

10.3 ~~<8.3>~~If at any time after the grant of an ~~<Option>~~**Award** to any ~~<Optionee>~~**Participant** and prior to the expiration of the term of such ~~<Option>~~**Award**, the Units shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Sections ~~<8>~~**10.1** and ~~<8>~~**10.2** hereof or, subject to the provisions of Subsection ~~<9>~~**11.3(a)** hereof, the Trust shall consolidate, merge or amalgamate with or into another trust or entity (the entity resulting or continuing from such consolidation, merger or amalgamation being herein called the ~~<">"~~**Successor Entity**~~<">"~~) or, the Trust shall pay a distribution in Units (other than any distributions pursuant to a distribution reinvestment plan), the ~~<Optionee>~~**Participant** shall be entitled to receive upon the subsequent exercise of his or her ~~<Option>~~**Award** in accordance with the terms hereof and shall accept in lieu of the number of Units to which he or she was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the aggregate number of securities of the appropriate class and/or other consideration from the Trust or the Successor Entity (as the case may be) that the ~~<Optionee>~~**Participant** would have been entitled to receive as a result of such reclassification, reorganization or other change or, subject to the provisions of Subsection ~~<9>~~**11.3(a)** hereof, as a result of such consolidation, merger, amalgamation, or distribution in Units, if on the record date of such reclassification, reorganization, other change or distribution in Units, or the effective date of such consolidation, merger or amalgamation, as the case may be, he or she had been the registered holder of the number of Units to which he or she was theretofore entitled upon such exercise.

11. ~~<9>~~**Amendment or Discontinuance of the Plan**

11.1 ~~<9.1>~~The Trustees may, subject to regulatory approval, amend the Plan at any time without notice or approval from the unitholders of the Trust or any ~~<Optionee>~~**Participant**, for any purpose whatsoever, including, without limitation for the purpose 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 vesting provisions of an ~~<Option>~~ **Award** of the Plan;
- (c) a change to the termination provisions of an ~~<Option>~~ **Award** 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,>~~ which provides for a full deduction of the number of underlying Units from the number of Units reserved for issuance under the Plan;

provided, however, that no such amendment may increase the maximum number of Units that may be ~~<optioned>~~ **awarded** under the Plan, change the manner of determining the minimum Option Price, alter the Blackout Expiration Term or, without the consent of the ~~<Optionee>~~ **Participant**, alter or impair any ~~<Option>~~ **Award** previously granted to ~~<an Optionee>~~ **a Participant** under the Plan. Furthermore, the Trustees may, subject to regulatory approval, discontinue the Plan at any time without notice or approval from the unitholders of the Trust or any ~~<Optionee>~~ **Participant**, for any purpose whatsoever.

11.2 ~~<9.2-Notwithstanding <Subsection 9>~~ **Section 11.1** hereof, (i) a reduction in the Option Price, (ii) an extension of the expiration date of an outstanding ~~<Option>~~ **Award**, (iii) any amendment to the definition of "Eligible Person" under the Plan, or (iv) any amendment which would permit ~~<Options>~~ **Awards** to be transferable or assignable other than for normal estate settlement purposes **and other than as specified in Section 12.10 hereof**, may not be made without the approval of the unitholders of the Trust (excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment), provided that: (~~<x>~~ **i**) an adjustment to the Option Price pursuant to Article ~~<8>~~ **10** hereof and (~~<y>~~ **ii**) an extension of the expiry date pursuant to Section ~~<5>~~ **6**. ~~<8>~~ **6** hereof, in each case subject to any applicable regulatory requirements, shall not require approval of the unitholders of the Trust.

11.3 ~~<9.3-Notwithstanding anything <contained> to the contrary~~ **set forth** in th~~<is>~~ **e** Plan, **upon** or in ~~<any resolution of the Trustees in implementation thereof>~~ **anticipation of any Change of Control of the Trust**:

- (a) ~~<in the event the Trust 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 Trust or any part thereof shall be made to all or substantially all holders of Units of the Trust, the Trust 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;~~ **the Board may, in its sole and absolute discretion and without the need for the consent of any Participant, cancel any Award in exchange for a substitute award with respect to the capital successor entity or its parent contingent upon the occurrence of that Change of Control (a "Plan Substitution"). Substitute awards shall have no less economic value, no more stringent performance conditions, and similar vesting schedules as existing Awards, in all material respects.**

- (b) ~~<in the event of the sale by the Trust of all or substantially all of the assets of the Trust as an entirety or substantially as an entirety so that the Trust 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;~~ **>If a Plan Substitution is not effected by the Board, the Board may cause any or all outstanding Awards to become vested and immediately exercisable, and provide for a method of cashless exercise, on such terms and conditions as it may determine.**

~~<Notwithstanding the provisions of this Article 9, 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 Trust now is or hereafter becomes subject, such changes shall be made 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 Trust 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.>~~

12. <10- Miscellaneous Provisions

- 12.1** ~~<10.1 An Optionee~~ **A Participant** shall not have any rights as a unitholder of the Trust with respect to any of the Units subject to ~~<such Option>~~ **an Award** until the date of issuance of a certificate for Units upon the exercise of such ~~<Option>~~ **Award**, in full or in part, and then only with respect to the Units represented by such certificate or certificates. Without in any way limiting the generality of the foregoing and subject to the provisions of Article ~~<8>~~ **10** hereof, no adjustment shall be made for distributions or other rights for which the record date is prior to the date such unit certificate is issued.

- 12.2** ~~<10.2 The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan.~~ Nothing in the Plan or any ~~<Option>~~ **Award** shall confer upon ~~<an Optionee>~~ **a**

Participant any right to continue in the employ of the Trust or any Subsidiary **of the Trust**, or affect in any way the right of the Trust or any Subsidiary **of the Trust** to terminate his or her employment at any time; nor shall anything in the Plan or any ~~<Option>~~**Award** be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Trust or any Subsidiary **of the Trust** to extend the employment of any ~~<Optionee>~~**Participant** beyond the time which he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Trust or any Subsidiary **of the Trust** or any present or future retirement policy of the Trust or any Subsidiary **of the Trust**, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Trust or any Subsidiary **of the Trust.**¶

12.3 **The administration of the Plan shall be subject to and made in conformity with all applicable laws and any regulations of a duly constituted regulatory authority. If at any time the Board determines that the listing, registration or qualification of the Units subject to the Restricted Units or Deferred Units upon any securities exchange or under any provincial, state, federal or other applicable law, or the consent or approval of any governmental body, securities exchange, or the holders of the Units generally, is necessary or desirable, as a condition of, or in connection with, the granting of such Restricted Unit or Deferred Unit or the issue of Units thereunder, no such Restricted Unit or Deferred Unit may be awarded or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board.**¶

12.4 **The existence of any Restricted Units or Deferred Units shall not affect in any way the right or power of the Trust or its unitholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Trust's capital structure or its business, or to create or issue any bonds, debentures, units or other securities of the Trust or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Trust, or any amalgamation, combination, merger or consolidation involving the Trust or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.**¶

12.5 **Under no circumstances shall Restricted Units or Deferred Units be considered Units or other securities of the Trust, nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Units or other securities of the Trust, nor shall any Participant be considered the owner of Units by virtue of the Award of Restricted Units or Deferred Units. A Participant will acquire rights to Units in respect of Restricted Units or Deferred Units only upon the allotment and issuance to the Participant of certificates representing such Units.**¶

12.6 **Unless otherwise determined by the Board, the Plan shall be unfunded and the Trust will not secure its obligations under the Plan. To the extent any Participant**

or his or her estate holds any rights by virtue of a grant of Restricted Units or Deferred Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Trust.¶

12.7 No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Units, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Trust makes no representations or warranties to Participants with respect to the Plan or the Units whatsoever. In seeking the benefits of participation in the Plan, a Participant agrees to accept all risks associated with a decline in the market price of Units.¶

12.8 Each Participant shall provide the Trust with all information (including, without limitation, personal information) required by the Trust in order to administer to the Plan. Each Participant acknowledges that information required by the Trust in order to administer the Plan may be disclosed to the custodian and other third parties in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Trust to make such disclosure on the Participant's behalf.¶

12.9 Every trustee of the Trust will at all times be indemnified and saved harmless by the Trust from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such trustee may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the trustee, otherwise than by the Trust, for or in respect of any act done or omitted by the trustee in respect of the Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein.

12.10 ~~<40.3-Notwithstanding <Section 5.7 hereof, Options>~~ **Sections 6.5, 7.1 and 8.1 hereof, and subject to applicable securities laws, an Award** may be transferred or assigned between an Eligible Individual and the related Employee Corporation or Employee Trust provided the assignor delivers **written** notice to the Trust prior to the assignment and the Trustees approve such assignment.

12.11 ~~<40.4-~~The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

12.12 ~~<40.5-~~For greater certainty, where any reference is made in this Plan to an act to be performed by the Trust or to rights of the Trust, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by the ~~<Trustees>~~ **Board** on behalf of the Trust or by some other person duly authorized to do so by the ~~<Trustees>~~ **Board** or pursuant to the provisions hereof, or to the rights of the Trustees, in their capacity as ~~<T>~~ **trustees** of the Trust, as the case may be.

12.13 ~~<10.6~~—The obligations of the Trust hereunder are not personally binding upon any Trustee, any registered or beneficial holder of units of the Trust or any annuitant under a plan of which a registered or beneficial holder of units of the Trust acts as trustee or carrier, and resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing (including, without limitation, their private property) for any liability whatsoever, in delict, tort, contract or otherwise, but the property of the Trust only shall be bound by such obligations. Any obligation of the Trust set out in this Plan shall to the extent necessary to give effect to such obligation be deemed to constitute, subject to the provisions of the previous sentence, an obligation of the Trustees in their capacity as trustees of the Trust.

12.14 ~~<10.7~~—The Trust and the Trustees shall assume no responsibility as regards the tax consequences that participation in this Plan will have for Eligible Persons, and such Eligible Persons are urged to consult with their tax advisors in such regard.

~~<Dated May 21, 1998, as amended and restated on March 27, 2001, on November 13, 2003, on March 20, 2006, on March 13, 2007, on February 27, 2008 and on May 14, 2008.>~~

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SCHEDULE "C"

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, May 15, 2007, May 14, 2008, May 18, 2010 and May 17, 2011. 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 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 a combination of such Eligible Individual and/or the spouse, minor children, and/or minor grandchildren of such Eligible Individual. Options are granted 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 Trustees, and in no event may the term of any option exceed ten years from the date the option was granted. In addition, if the term of an option of any Eligible Person under the Plan expires during a Blackout Period (as this term is defined in the Plan) 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. 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 granted options become vested in blocks of 20% on a cumulative basis after the first, second, third, fourth and fifth anniversary of the granting of such option.

"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 Toronto Stock Exchange ("**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 authorized for issuance under the Plan was 6,303,642 Units (approximately 6.1% of the outstanding Units, i.e. 103,155,831 as at March 29, 2012). As at March 29, 2012, options to purchase 3,766,200 Units were outstanding (approximately 3.7% of the outstanding Units as at March 21, 2012).

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 may not 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, may not 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, may not exceed five percent (5%) of the issued and outstanding Units. In addition: (i) the aggregate fair value of the options allocated during a year in connection with all security-based compensation arrangements of the REIT to all non-employee Trustees entitled to options under the Plan may not exceed \$100,000, according to the value determined using the Black-Scholes model; and (ii) the aggregate number of securities which may be issued during a year in connection with all security-based compensation arrangements of the REIT to all non-employee Trustees entitled to

options under the Plan may not exceed one percent (1%) of its issued and outstanding securities. On March 15, 2007, the Board of Trustees terminated the granting of unit options for all non-employee Trustees.

An option or interest therein is personal to each optionee and is non-assignable other than by will or in accordance with estate laws. 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, 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 (i) three (3) months following the optionee's employment, position or engagement being terminated or ceased, and (ii) the expiry date of such option.

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 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 dies 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 the earlier of (i) one (1) year following the optionee's death, and (ii) 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 is 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 any 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 options may be exercised as to all or any part of the underlying Units in respect of which the optionee would have been entitled to exercise the options 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 options; provided, however, that the optionee shall not be entitled to exercise the options with respect to any other underlying 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 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 comply with the terms and provisions of this Plan, as 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 optionees, 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 of the term of validity thereof 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 or amendments may increase the maximum number of Units issuable pursuant to the Plan, change the manner of determining the minimum Option Price (as this term is defined in the Plan), change the period during which an option can be exercised after the expiration of the Blackout Period (as this term is 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.

However, (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, however, that: (x) an adjustment to the Option Price pursuant to section 9 of the Plan and (y) an extension of the expiration 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.

Unitholders are being asked at the Meeting to consider and, if thought fit, to adopt a resolution ratifying and confirming the amendments to the Option Plan set forth in Exhibit 1 to Schedule “B” to this Circular, described at Section 5.2 thereof.

SCHEDULE “D”

Charter of the 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 be aware of and have approved 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 business are managed responsibly. Such audit shall be carried out in part by governing and approving, among other things, the strategic plan and the 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 will also provide an essential defence against allegations of failure to comply with the obligations of the Trustees in the performance of their duties.

Regulatory authorities are increasingly adopting corporate governance policies in order to ensure that the Trustees are more active and independent in performing their mandate. Regulatory authorities have, among other things, pointed out that the Board 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;
- select officers and approve their compensation;
- do succession planning, including recruiting, training and career management and oversee the performance and evaluation of officers;
- review the compensation system for board members and ensure that the board nomination procedure is well established and transparent;
- oversee and manage potential conflicts of interest of the officers and 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 bound 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 granted loans or 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 officers 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 to do so.

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.