



# COMINAR REAL ESTATE INVESTMENT TRUST

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NOTICE OF ANNUAL MEETING  
OF UNITHOLDERS  
AND  
MANAGEMENT PROXY CIRCULAR

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March 26, 2013

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**COMINAR REAL ESTATE INVESTMENT TRUST**  
MANAGEMENT PROXY CIRCULAR  
**NOTICE OF ANNUAL MEETING  
OF UNITHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual 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 15, 2013, at 11:00 a.m. (Québec City time), for the following purposes:

1. **TO RECEIVE** the consolidated financial statements of the REIT for the fiscal year ended December 31, 2012 together with the report of the independent auditor thereon;
2. **TO ELECT** nine trustees of the REIT for the fiscal year ending December 31, 2013;
3. **TO APPOINT** the independent auditor and authorize the trustees of the REIT to fix its remuneration; and
4. **TO TRANSACT** such other business as may properly come before the Meeting or any adjournment thereof.

Items 2 and 3 above require the approval of a majority of the votes cast at the Meeting. The accompanying management proxy circular dated March 26, 2012, provides additional information relating to the matters to be dealt with at the Meeting and forms an integral part of this notice.

The Board of Trustees of the REIT (the “**Board**”) has set April 10, 2013, 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 13, 2013, or, if the Meeting is adjourned, the last business day preceding the day of any adjourned meeting.**

Unitholders are invited to attend the Meeting, where they will have the opportunity to ask questions and meet management, the Board and fellow Unitholders. At the Meeting, the REIT will also report on its 2012 business activities.

**SIGNED** in Québec City, Québec, on the 26th day of March, 2013.

**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 meeting (the “**Meeting**”) of holders of units of the REIT (“**Unitholders**”) to be held on May 15, 2013 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**”), the 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 26, 2013.

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:

- 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
- 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. (“**Computershare**”), 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 13, 2013 or, if the Meeting is adjourned, the last business day preceding any adjourned Meeting.

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 the latest on May 13, 2013 at 5 p.m., or prior to the date of any adjournment thereof or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

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 such direction, proxyholders designated in advance in the form of proxy or voting instructions will vote the Units:**

- (i) **IN FAVOUR OF the election of the nine nominees put forward by management as Trustees; and**
- (ii) **IN FAVOUR OF the appointment of the independent auditor of the REIT and the authorization given to the Trustees to fix its remuneration.**

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 of the REIT knows of no changes to the agenda, nor of any other matter that may properly come before the Meeting.

#### **1.5 Voting at Meeting and Quorum**

As at March 26, 2013, 124,793,475 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, 2013, 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 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 Confidentiality of Votes

In order to protect confidentiality, the votes cast by the Unitholders of record are received and compiled for the Meeting by Computershare, whereas the votes cast by the Beneficial Owners are compiled and transferred to Computershare by the Intermediaries. Computershare only provides a copy of a proxy form to the REIT if a Unitholder clearly wishes to communicate the Unitholder's personal opinion to management or where legal requirements justify it.

## 1.7 Result of the Votes

After the Meeting, the REIT shall present the results of the votes on the SEDAR Website ([www.sedar.com](http://www.sedar.com)).

## 1.8 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 Reception of Financial Statements and Independent Auditor's Report

The consolidated financial statements of the REIT for the fiscal year ended December 31, 2012, and the report of the independent auditor thereon are contained in the REIT's 2012 Annual Report and the approval of the Unitholders with respect thereto is not required.

### 2.2 Election of 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 "Corporate Governance Practices Statement"). The candidates nominated for election to fill the Trustee positions at the REIT were recommended to the Board by the Nominating and Governance Committee. Seven of the proposed nominees are Independent, namely Robert Després, Gérard Coulombe, Alban D'Amours, Ghislaine Laberge, Mary-Ann Bell and Pierre Gingras, whose term expires at the close of the Meeting, and Johanne M. Lépine, a new nominee. The other Trustees, namely Alain Dallaire and Michel Dallaire are not Independent Trustees, as they are senior executives of the REIT.

The persons designated in the enclosed form of proxy for use at the Meeting intend to vote **IN FAVOUR OF** the election of each of the nominees, that is, Robert Després, Gérard Coulombe, Alban D'Amours, Ghislaine Laberge, Mary-Ann Bell, Pierre Gingras, Johanne M. Lépine, Alain Dallaire and Michel Dallaire, as Trustees, to hold office until the close of the annual meeting of Unitholders for the fiscal year ending December 31, 2013, or until their successors are duly elected or appointed, or until the close of the next annual meeting of Unitholders, unless the Unitholder who has given the proxy has directed that the Units represented thereby be withheld from voting on the election of Trustees. A majority vote mechanism is in place for the election of the proposed nominees. For more information on the majority vote, see Section 2.2.1 "Majority Vote" of the Circular.

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.


### **2.2.1 Majority Vote**


The Board adopted a policy on the election of Trustees by uncontested majority vote. This policy specifies that each nominee for Trustee must be elected by a majority of the votes expressed by the Unitholders who are present or represented by proxy at the Meeting and who exercise their right to vote for said nominee. A nominee for Trustee shall not be deemed to have received the support of the Unitholders, even if elected, should the number of abstained votes be higher than the number of votes in favour of the nominee's election at the Meeting. In such cases, the Trustee elected under these circumstances shall immediately offer his/her resignation to the Nominating and Governance Committee, which shall review same and then make a recommendation to the Board. The Board shall in turn review the recommendation of the Nominating and Governance Committee within forty-five (45) days of the final scrutineers' report on the results of the vote for the Trustee election. As soon as a decision is made, the Board will issue a press release either announcing the resignation of the Trustee or explaining the reasons behind the Board's refusal of the resignation. The policy does not apply in the case of a contested election of Trustees.


### **2.2.2 Nominees for Election as Trustees**


The following tables present information on each of the nominees proposed for election as Trustees of the REIT. This information includes, namely, a summary of their work experience, their Committee membership, their attendance at Board and Committee meetings over the past year, the total number of securities held and if they meet the minimum unitholding requirements imposed on each Trustee. Unitholdings of each nominee and their market value were determined as at December 31, 2012. On December 31, 2012, the closing price of Units on the TSX (as defined below) was \$22.57.





 <p><b>Robert Després, O.C., G.O.Q.</b> Québec City, Québec</p> <p><b>Independent</b></p> <p><b>Age: 88</b></p> <p><b>Trustee since: 1998</b></p>	<b>Principal Occupation</b>	Chairman of the Board of Trustees of the REIT			
	<p>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 served on the board of numerous 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 en management accrédités du Québec</i> (Order of Accredited Management Accountants of Québec or FCMA), the <i>Ordre des comptables professionnels agréés du Québec</i> (Order of Certified Professional Accountants of Québec) (FCPA), and the <i>Ordre des comptables généraux licenciés du Québec</i> (FCGA) (Order of Certified General Accountants of Québec). Mr. Després is also a Fellow of the Institute of Corporate Directors and of the <i>Collège des administrateurs de sociétés</i>.</p> <p>Areas of expertise: accounting, finance, mergers and acquisitions, corporate governance and management.</p> <p>Member of the following Committees: Audit Committee and Nominating and Governance Committee (Chair).</p>				
	<b>Meetings Attended in Fiscal Year 2012<sup>(1)</sup></b>	<b>#</b>	<b>%</b>		
	Board of Trustees	15 of 16	94		
	Audit Committee	4 of 4	100		
	Nominating and Governance Committee	3 of 3	100		
	<b>Securities Held or Controlled</b>				
		<b>Units (#)</b>	<b>Total market value of Units directly held</b>	<b>Options (#)</b>	<b>Meets unitholding requirements</b>
	<b>2012</b>	17,000	383,690	–	Yes
	<i>(1) As Chairman of the Board, M. Després also attends the meetings of committees of which he is not a member.</i>				

 <p><b>Me Gérard Coulombe, QC</b> Montréal, Québec</p> <p><b>Independent</b></p> <p><b>Age: 65</b></p> <p><b>Trustee since: 2007</b></p>	<b>Principal Occupation</b>	Partner, Lavery, de Billy, L.L.P.			
	<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., and Casavant Frères, L.P.</p> <p>Areas of expertise: business and corporate law, financial services and corporate governance.</p> <p>Member of the following Committees: Compensation Committee (Chair) and Nominating and Corporate Governance Committee.</p> <p>Board member of other reporting issuers: National Bank of Canada (TSX).</p>				
	<b>Meetings Attended in Fiscal Year 2012</b>	<b>#</b>	<b>%</b>		
	Board of Trustees	15 of 16	94		
	Compensation Committee	4 of 4	100		
	Nominating and Governance Committee	3 of 3	100		
	<b>Securities Held or Controlled</b>				
		<b>Units (#)</b>	<b>Total market value of Units directly held</b>	<b>Options (#)</b>	<b>Meets unitholding requirements</b>
	<b>2012</b>	2,831	63,896	–	Yes


 <p><b>Alain Dallaire</b> Québec City, Québec</p> <p><b>Age: 43</b></p> <p><b>Non-Independent</b></p> <p><b>Trustee since: 2006</b></p>	<b>Principal Occupation</b>	Executive Vice-President, Operations, Office and Industrial			
	<p>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.</p> <p>Areas of expertise: real estate, leasing and management.</p>				
	<b>Meetings Attended in Fiscal Year 2012</b>			<b>#</b>	<b>%</b>
	Board of Trustees			15 of 16	94
	<b>Securities Held or Controlled</b>				
	<b>Units (#)</b>	<b>Total market value of Units directly held</b>	<b>Options (#)</b>	<b>Meets unitholding requirements</b>	
<b>2012</b>	8,705,959 <sup>(1)</sup>	196,493,495	111,200	Yes	
<p><i>(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 which are Michel Dallaire, Alain Dallaire and Michel Paquet.</i></p>					

 <p><b>Michel Dallaire, P. Eng.</b> Québec City, Québec</p> <p><b>Age: 51</b></p> <p><b>Non-Independent</b></p> <p><b>Trustee since: 1998</b></p>	<b>Principal Occupation</b>	President and Chief Executive Officer of the REIT			
	<p>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>.</p> <p>Areas of expertise: real estate, construction, mergers and acquisitions, development, finance and management.</p>				
	<b>Meetings Attended in Fiscal Year 2012</b>			<b>#</b>	<b>%</b>
	Board of Trustees			16 of 16	100
	<b>Securities Held or Controlled</b>				
	<b>Units (#)</b>	<b>Total market value of Units directly held</b>	<b>Options (#)</b>	<b>Meets unitholding requirements</b>	
<b>2012</b>	8,773,385 <sup>(1)</sup>	198,015,300	577,800	Yes	
<p><i>(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 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 which are Michel Dallaire, Alain Dallaire and Michel Paquet.</i></p>					


 <p><b>Pierre Gingras</b> Québec City, Québec</p> <p><b>Age: 76</b></p> <p><b>Independent</b></p> <p><b>Trustee since: 1998</b></p>	<b>Principal Occupation</b>		Corporate Director			
	<p>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 member of the board of directors 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 a Master's degree in administration from Laval University.</p> <p>Areas of expertise: finance, accounting and general management</p> <p>Member of the following Committees: Investment Committee (Chair)</p> <p>Board member of other reporting issuers: Northwest &amp; Ethical Investments L.P., Nuvolt Corporation Inc. (TSX)</p>					
	<b>Meetings Attended in Fiscal Year 2012</b>			<b>#</b>	<b>%</b>	
	Board of Trustees			16 of 16	100	
	Investment Committee			4 of 4	100	
	<b>Securities Held or Controlled</b>					
		<b>Units (#)</b>	<b>Total market value of Units directly held</b>	<b>Options (#)</b>	<b>Meets unitholding requirements</b>	
	<b>2012</b>	104,735 <sup>(1)</sup>	2,363,869	–	Yes	
	<i>(1) Includes 21,235 Units of the REIT held by Placements Moras Inc.</i>					

 <p><b>Alban D'Amours, M.C., G.O.Q., Fellow Adm. A.</b> Québec City, Québec</p> <p><b>Age: 72</b></p> <p><b>Independent</b></p> <p><b>Trustee since: 2009</b></p>	<b>Principal Occupation</b>		Corporate Director			
	<p>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.</p> <p>He is honorary president of the <i>Confédération Internationale des Banques Populaires</i>, 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 <i>Caisse de dépôt et placement du Québec</i> and former chairman of the Board of Directors of the University of Sherbrooke.</p> <p>Areas of expertise: finance, economics, accounting, corporate governance and management, pension plans</p> <p>Member of the following Committees: Compensation Committee and Audit Committee.</p>					
	<b>Meetings Attended in Fiscal Year 2012</b>			<b>#</b>	<b>%</b>	
	Board of Trustees			15 of 16	94	
	Audit Committee			4 of 4	100	
	Compensation Committee			4 of 4	100	
	<b>Securities Held or Controlled</b>					
		<b>Units (#)</b>	<b>Total market value of Units directly held</b>	<b>Options (#)</b>	<b>Meets unitholding requirements</b>	
	<b>2012</b>	5,000	112,850	–	Yes	

 <p><b>Ghislaine Laberge, ASC</b> Longueuil, Québec <b>Age: 68</b> <b>Independent</b> <b>Trustee since: 1998</b></p>	<b>Principal Occupation</b>		Corporate Director			
	<p>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 <i>Caisse de dépôt et placement du Québec</i>, including Cadim Inc., Hypothèques CDPQ inc., N45 Inc. and Otera Holding Inc.</p> <p>Areas of expertise: real estate, finance, mergers and acquisitions</p> <p>Member of the following Committees: Compensation Committee, Nominating and Governance Committee and Investment Committee.</p>					
	<b>Meetings Attended in Fiscal Year 2012</b>			<b>#</b>	<b>%</b>	
	Board of Trustees			16 of 16	100	
	Compensation Committee			4 of 4	100	
Nominating and Governance Committee			3 of 3	100		
Investment Committee			4 of 4	100		
<b>Securities Held or Controlled</b>						
	<b>Units (#)</b>	<b>Total market value of Units directly held</b>	<b>Options (#)</b>	<b>Meets unitholding requirements</b>		
<b>2012</b>	7,249	163,610	–	Yes		

 <p><b>Mary-Ann Bell, Eng. ASC</b> Montréal (Québec) <b>Age: 53</b> <b>Independent</b> <b>Trustee since: November 6, 2012</b></p>	<b>Principal Occupation</b>		Senior Vice-President, Bell Aliant			
	<p>Mary-Ann Bell has been Senior Vice-President, Québec and Ontario at Bell Aliant Regional Communications since January 2009. From 1982 to January 2009, she was with the BCE group. Since 2012, Ms. Bell has presided the <i>Institut national de recherche scientifique</i> (Quebec's national institute of scientific research), which is part of the Universités du Québec's network, and is a member of the <i>Ordre des ingénieurs du Québec</i>. She has also been a board member of several private companies and non-profit organizations.</p> <p>Areas of expertise: information technology, management of sector with profits and losses</p> <p>Member of the following Committees: Audit Committee and Investment Committee</p>					
	<b>Meetings Attended in Fiscal Year 2012</b>			<b>#</b>	<b>%</b>	
	Board of Trustees			2 of 2	100	
	Audit Committee			1 of 1	100	
Investment Committee			1 of 1	100		
<b>Securities Held or Controlled</b>						
	<b>Units (#)</b>	<b>Total market value of Units directly held</b>	<b>Options (#)</b>	<b>Meets unitholding requirements</b>		
<b>2012</b>	–	–	–	No <sup>(1)</sup>		

1) Ms. Bell does not, directly or indirectly, hold any interest in the REIT in the form of Units issued, in accordance with the Contract of Trust which stipulates that, at all times, at least one Trustee cannot hold Units.

 <p><b>Johanne M. Lépine</b> <b>Age: 59</b> <b>Independent</b> <b>New Nominee</b></p>	<b>Principal Occupation</b>		President and Chief Executive Officer of Aon Parizeau Inc.			
	<p>Johanne M. Lépine has been President and Chief Executive Officer of Aon Parizeau Inc. since 2002 and Senior Vice-President and Regional Director, Eastern Canada of Aon Reed Stenhouse since 2011; she is responsible for the company's insurance brokerage operations and risk management for Ontario, Québec and Atlantic provinces. Ms. Lépine is member of Aon Reed Stenhouse's Canadian executive committee.</p> <p>Areas of expertise: risk management, general insurance, administration</p>					
	<b>Meetings Attended in Fiscal Year 2012</b>			<b>#</b>	<b>%</b>	
	New nominee			-	-	
	<b>Securities Held or Controlled</b>					
	<b>Units (#)</b>	<b>Total market value of Units directly held</b>	<b>Options (#)</b>	<b>Meets unitholding requirements</b>		
<b>2012</b>	-	-	-	-		

Each of the nominees for election as Trustee 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.

The management of the REIT and the Trustees as a group (23 people) beneficially owned, or exercised control or direction over, 9,147,741 Units, or approximately 7.3% of the issued and outstanding Units as at March 26, 2013.

### 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 Record of Board and Committee Meetings

In fiscal year 2012, the Board and its Committees held the following number of meetings:

Board of Trustees	16
Audit Committee ("AC")	4
Nominating and Governance Committee ("NGC")	3
Investment Committee ("IC")	4
Compensation Committee ("CC")	4
<b>Total:</b>	<b>31</b>

## 2.2.5 Attendance Record of Trustees at Board and Committee Meetings

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	
	Number of Meetings	Attendance Percentage	Number of Meetings	Attendance Percentage
Robert Després	15 of 16	94%	7 of 7	100%
Michel Dallaire	16 of 16	100%	N/A	N/A
Michel Paquet	16 of 16	100%	N/A	N/A
Alain Dallaire	15 of 16	94%	N/A	N/A
Pierre Gingras	16 of 16	100%	4 of 4	100%
Gérard Coulombe	15 of 16	94%	7 of 7	100%
Dino Fuoco <sup>(1)</sup>	12 of 12	100%	5 of 5	100%
Ghislaine Laberge	16 of 16	100%	11 of 11	100%
Alban D'Amours	15 of 16	94%	8 of 8	100%
Mary-Ann Bell <sup>(2)</sup>	2 of 2	100%	2 of 2	100%
<b>Attendance Record</b>	Board	98%	AC IC NGC CC	100% 100% 100% 100%

1) Resigned as Trustee and member of the Audit Committee and Investment Committee on August 24, 2012.  
2) Trustee and member of the Audit Committee and Investment Committee since her appointment on November 6, 2012.

## 2.2.6 Additional Information on Trustee Nominees

To the knowledge of the REIT, as at the date of the Proxy Circular, none of the nominees proposed for election as Trustees of the REIT are, or have been within the 10 years preceding this date, director, chief executive officer or chief financial officer of a company, including the REIT, that, while the nominee was fulfilling his/her functions as director, chief executive officer or chief financial officer, or after the nominee ceased his/her duties as director, chief executive officer or chief financial officer and resulting from an event occurring while he/she was fulfilling such functions, was subject to one of the following orders which was in effect for more than 30 consecutive days, that is, any cease trade order or other order to that effect, or any order that denied the relevant company access to any exemption under securities legislation.

To the knowledge of the REIT, as at the date of the Proxy Circular, none of the nominees proposed for election as Trustees of the REIT are, or have been within the 10 years preceding this date, director or executive officer of a company, including the REIT, that, while that person was acting in that capacity, or within one year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, with the exception of the following individuals:

- Robert Després who was a director and Chairman of the Board 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
- Gérard Coulombe who, until September 28, 2005, was a Board member of *the Centre International de Gestion de Projets G.P.*, a non-profit company which became bankrupt on September 29, 2005, and was discharged from bankruptcy on April 4, 2008.

### **2.2.7 Unitholding Requirements**

The Board adopted minimum unitholding requirements for Trustees to maintain the trust of Unitholders and ensure that Trustees' interests are aligned with those of Unitholders. Each Trustee is required to hold at least 2,000 Units and must acquire the required number of Units before 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 does not directly or indirectly hold any Units. Mary-Ann Bell is the Trustee who does not hold, directly or indirectly, any Units, in accordance with the Contract of Trust requirement that, at all times, at least one Trustee not hold any Units. As at the date hereof, all other Trustees have complied with the minimum unitholding requirements.

### **2.3 Appointment of Independent Auditor**

As in every fiscal year, the Audit Committee proceeded with an evaluation of the quality of the services provided by PricewaterhouseCoopers LLP, Chartered Accountants, as the REIT's independent auditors. This evaluation was based mainly on the audit plan that was submitted, the types of interventions and the reports presented to the Committee.

Considering the positive results of this evaluation, the Audit Committee and the Board recommend voting **IN FAVOUR OF** the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the independent auditor of the REIT until the next annual meeting of Unitholders and the authorization of the Board to fix the remuneration of the auditor. PricewaterhouseCoopers LLP has been the independent auditor of the REIT since May 18, 2010.

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

Every year, the Audit Committee makes a recommendation to the Board to approve the fees to be paid to the independent auditor.

The following table sets forth the fees which were billed by PricewaterhouseCoopers LLP, Chartered Accountants, to the REIT for various services rendered during the past two fiscal years:

	Fiscal Year 2012 <sup>(1)</sup>	Fiscal Year 2011
Audit fees	299,500	138,600
Operating costs audit fees	–	10,000
Conversion to international financial reporting standards fees	–	47,775
Audit-related fees	40,600	45,030
Tax consulting fees	605,522	78,155
All other fees	544,340 <sup>(2)</sup>	242,408 <sup>(3)</sup>
<b>Total:</b>	<b>1,489,962</b>	<b>561,968</b>
<i>(1) Fees paid to PricewaterhouseCoopers LLP.</i>		
<i>(2) Fees related to quarterly review of financial statements: \$116,750</i>		
<i>Fees related to prospectuses: \$235,470</i>		
<i>Consulting fees: \$131,520</i>		
<i>Fees related to the documentation in connection with the offer to purchase units of Canmarc Real Estate Investment Trust: \$60,600</i>		
<i>Total: \$544,340</i>		
<i>(3) Fees related to quarterly review of financial statements: \$85,200</i>		
<i>Fees related to prospectuses: \$63,405</i>		
<i>Consulting fees: \$27,518</i>		
<i>Fees related to the documentation in connection with the offer to purchase units of Canmarc Real Estate Investment Trust: \$66,285</i>		
<i>Total: \$242,408</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 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 Skills Possessed by Members

All the members of the Compensation Committee have skills in human resources, compensation and risk management due to the experience they acquired in their offices or directorships, or due to their training. More specifically, Gérard Coulombe sits on the Board of Directors of the National Bank of Canada (the "Bank") and is currently the Chair of the Compensation Committee as well as a member of the Nomination and Governance Committee for the Bank; Ghislaine Laberge has held various management positions with Desjardins and the *Caisse de dépôt et placement du Québec*, and Alban D'Amours was



President and Chief Executive Officer of the *Mouvement des caisses Desjardins* and is currently Chair of the Committee of experts on the future of Québec's retirement system, whose mandate is part of an overall in-depth thought process on retirement systems. He is also a member of the REIT's Audit Committee, which allows prudent risk management to be considered in the Committee's assessment of the compensation. This gives Trustees a comprehensive view and allows them to make required comparisons among the issues faced.

### 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 and solvency.

The duties and responsibilities of the Compensation Committee are more fully described in its charter, which is reviewed periodically to ensure that it meets the strategic and financial objectives of the REIT.

The mandate of the Compensation Committee includes the following: review policies, analyze compensation plans and practices, review the performance and compensation of the President and CEO, manage the performance of the other executive officers, plan succession and ensure that the compensation plans comply with governance standards and foster healthy risk management.

### 3.1.4 Independent Outside Compensation Advisors

The Compensation Committee has the authority to retain the services of independent advisors to support it in the performance of its duties and provide it with information it requires about trends and practices in its benchmark group 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 fiscal year 2012, 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	Fiscal Year 2012			Fiscal Year 2011		
	Compensation of senior management – related fees	Other fees	Total	Compensation of senior management – related fees	Other fees	Total
Aon						
<b>Total:</b>	\$12,000	–	\$12,000	\$15,750	–	\$15,750

## 3.2 Compensation Analysis

The following analysis sets out the principles underlying the compensation of the executive officers 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 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 of each position;
- the compensation offered by real estate investment trusts and a company 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 group. This is referred to as external pay equity.

It is also designed to position the overall compensation offered to each executive officer compared to that offered to the other managers in order to ensure internal equity, which is based on the following processes: 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.

During fiscal 2012, the REIT's Compensation Committee conducted an analysis of the REIT's overall executive compensation following the significant increase in size of the REIT's portfolio to \$5.6 billion, including the acquisition of Canmarc Real Estate Investment Trust and of the portfolio acquired from GE Capital Real Estate, and for the purpose of attracting new officers to pursue the REIT's strategy and support its growth. The REIT's overall executive compensation was readjusted further to such analysis.

### **3.2.2 Compensation Risk Management**

The REIT considers compensation risk management an integral part of its development and favors harmonized management which is in line with its acquisition and development strategy. The risk management framework aims to provide reasonable assurance that risks incurred do not exceed acceptable thresholds and that they contribute to the creation of value for Unitholders.

The Compensation Committee meets annually (unless circumstances warrant that the committee meet more often) to ensure that the REIT's overall compensation policy promotes the achievement of the REIT's business goals without compromising its viability, solvency and reputation, and it then reports to the Board. In addition to ensuring that the compensation paid complies with external and internal equity, the Compensation Committee and the Board see that the REIT maintains consistency and balance between expected performance, risk management and compensation.

As part of its monitoring role in managing risks related to compensation, the Committee ensures that the overall compensation policies and plans do not encourage executive officers 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, that would go beyond the risk tolerance thresholds of the REIT. The

Board has approved the recommendation of the Compensation Committee that the proportion of overall compensation attributable to the long-term incentive plan be equal to or greater than that attributable to the short-term incentive plan.

### 3.2.3 Benchmark Group

Every year, the Compensation Committee updates the overall compensation policy to determine its competitive position *vis-à-vis* the compensation offered by its benchmark group.

The overall compensation policy for executive officers and other officers of the REIT is designed to situate their compensation at the median or 50th percentile (this is the value which designates that 50% of the observations are below and 50% of the observations are above) of the benchmark group, as per 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 real estate investment trusts and a Canadian company in the real estate sector of a comparable size and with similar activities to the REIT and generally having the following characteristics:

- They are public entities and operate in real estate; and
- they are of similar size and complexity to the REIT;

For fiscal year 2012, the benchmark group consists of the following entities<sup>(1)</sup>:

Real Estate Investment Trusts		Company
1. Allied Properties	6. H & R	10. First Capital Realty
2. Boardwalk	7. Northern Property	
3. Calloway	8. Primaris	
4. Canadian Apartment Properties (CAP REIT)	9. RioCan	
5. Canadian Hotel Income Properties (CHIP REIT)		

(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 rendered by the members of the executive team and other officers and to encourage the implementation by them of both short-term and long-term strategies aimed at ensuring the growth of distributions and increasing value for Unitholders of the REIT.

### 3.2.5 Components of Overall Compensation Policy

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

- fixed compensation consists of base salary and benefits and aims to be comparable to that of the Benchmark Group and the market in which the REIT operates;

- variable compensation is made up of the following incentive Plans, which take into account both short-term and long-term performance:
  - a short-term incentive plan which allows an executive officer to receive an annual bonus when the corporate, industry and individual goals of the executive officer are met. In general, if objectives are met, the target annual bonus is paid, whereas if the objectives are surpassed, the amount paid could be higher than the target annual bonus amount, which is subject to a maximum limit;
  - a long-term incentive plan which allows executive officers 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, which is composed of base salary and benefits;
- the median of its Benchmark Group in terms of overall compensation (fixed and variable compensation) when the level of achievement of corporate, industry 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, industry 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 his compensation must be determined by the Compensation Committee, which then recommends approval to the Board.

### **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 executive officers and other officers in the appropriate category or class.

#### **3.2.6.2 Short-Term Incentive Bonus ("STIB")**

The senior executives and other officers may receive a STIB designed to encourage them to achieve corporate, industry and individual goals. The model used is untiered and has a trigger threshold, that is, a minimum threshold under which no annual bonus is paid, which is separate from the target STIB. A performance multiplier is established for each case, according to an analysis of results attained for the evaluation indicators applied to each executive officer and other officer. The indicators are as follows: two evaluation criteria or more related to corporate objectives, two or more criteria related to sector objectives specific to the individual and one final criterion related to the personal performance of the individual.

The target STIB is 100% for the President and Chief Executive Officer and varies between 30% and 50% for the other executive officers.

The amount of the STIB paid to executive officers and other officers is established based on the target bonus (this is expressed as a percentage of the base salary if the results obtained meet the objectives, and 100% of the target bonus is payable; for a minimum bonus expressed as a percentage of the base

salary if results meet the trigger threshold, 50% of the target bonus is payable; and for a maximum bonus also expressed as a percentage of the base salary if results obtained exceeds expectations, 150% of the target bonus is payable), multiplied by the base salary and the performance multiplier.

The corporate objectives are essentially the same for senior executives whereas the individual performance indicators related to the specific responsibilities and mandates of each executive are set at the beginning of the fiscal year, and they are reviewed annually by the Compensation Committee.

### **3.2.6.3 Long-Term Incentive Bonus (“LTIB”)**

The LTIB is designed to compensate senior executives and other officers through the granting of Unit options (the “**options**”), restricted units (“**RUs**”) or deferred units (“**DUs**”) (collectively, the “**Securities**”), issued under the equity-based incentive plan (“**Plan**”) in recognition of their efforts in achieving growth objectives and to foster commitment to the REIT’s long-term profitability and prosperity in order to maximize value for the REIT’s Unitholders.

As part of the annual review of compensation of the REIT’s senior executives and other officers, after having received the proposals of the President and CEO, the Compensation Committee determines the grants of Securities under the Plan and submits its recommendations to the Board for approval.

The provisions governing the Plan are described in detail in Schedule “A” to this Circular.

The number of Securities granted to executive officers is established based on the amount of the target grant that was determined for each executive officer at the beginning of the fiscal year multiplied by the base salary and the performance multiplier. A weighting factor may be applied based on the performance of the REIT, the sector and the individual. The factor may vary between 50% and 150% of the target grant and a certain amount of Securities expressed as a percentage is fixed at 150% for the President and CEO and varies between 45% and 95% for the other executive officers, if the results obtained meet objectives. Other elements are also taken into account, including individual potential, retention objectives and succession planning. Securities granted to other officers and to employees of the REIT are determined based on the level of individual responsibility and performance. From the results obtained, 50% of the Securities are granted in the form of options and the other 50% as RUs or DUs, as selected by each executive officer. The Board is under no obligation to grant Securities every year.

Pursuant to the Overall Compensation Policy, the options granted to executive officers and other officers during fiscal year 2012 can be exercised only as follows: (i) if market price is at least 10% higher than the exercise price, and (ii) at all times each individual holds a number of Units corresponding to a multiple of his/her base salary (for the President and CEO, this multiple is 2.0, whereas for other executives, the multiple is 1.0), and (iii) if upon exercise the executive does not meet the minimum unitholding requirement established for his/her base salary, he/she must retain at least 5% of the Units until he/she holds the required number of Units required.

Up to 33 $\frac{1}{3}$ % of the options granted to executive officers pursuant to the Plan during fiscal year 2012 shall vest, on a cumulative basis, on the first, second and third anniversary of the award date, and the expiry date is the fifth (5th) anniversary date of the date of the grant.

Under the compensation policy, each year the REIT grants options to executive officers, other officers and employees. Effective March 15, 2007, the Board of Trustees discontinued the granting of options to the REIT’s non-employee Trustees as per the terms set out in a special resolution to that effect.

As at December 31, 2012, 5,979,500 options were outstanding, which represents approximately 4.8% of the aggregate Units outstanding on a non-diluted basis.

### **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 namely with regard to the practices of the entities making up the Benchmark Group, his duties and his performance. The Compensation Committee reviews this information, the performance of the REIT and the performance of the President and Chief Executive Officer when recommending the President and Chief Executive Officer's base salary for a given year. The base salary paid to the President and Chief Executive Officer in fiscal year 2012 was \$615,000 and corresponded to the Benchmark Group's median.

#### **3.2.7.2 Short-Term Incentive Bonus – (“STIB”)**

In fiscal year 2012, the STIB paid to the President and Chief Executive Officer was 102% of his base salary (the target STIB was 100%). The corporate, sector and individual objectives for fiscal year 2012 used in calculating the annual bonus are approved by the Board, upon the recommendation of the Compensation Committee. Individual objectives are set by the Compensation Committee and focus on strategic initiatives related to specific objectives that are established at the beginning of the fiscal year, which namely aim to attract and retain an experienced and motivated management team with the skills required to attain the REIT's long-term objectives, create new sources of revenue and make them grow, and make strategic acquisitions to enhance and better position the REIT's portfolio while improving its performance. The Compensation Committee uses the following formula to determine the amount of the annual bonus, which is calculated according to the base salary, the target bonus and the performance multiplier that was attributed to it. For fiscal year 2012, under these rules, the President and Chief Executive Officer received a bonus of \$627,300.

#### **3.2.7.3 Long-Term Incentive Bonus (“LTIB”)**

During fiscal year 2012, the LTIB paid to the President and CEO corresponded to 153% of his base salary (the target LTIB was set at 150%). The LTIB consists of options and DUs. The Compensation Committee uses the following formula to determine the amount of the LTIB, which is calculated according to the base salary, the target LTIB and the performance multiplier attributed to the President and CEO. For fiscal year 2012, the President and CEO was granted 205,800 options and 21,067 DUs under this Plan. The evaluation criteria consisted of corporate and individual performance objectives.

### **3.2.8 Other Executive Officers**

#### **3.2.8.1 Base Salary**

The base salary of the other executive officers is established essentially according to the same criteria as for that of the President and Chief Executive Officer, i.e., based on the practices of the entities making up the Benchmark Group for similar positions, their level of responsibility and individual performance. The President and Chief Executive Officer examines this information, the REIT's performance and the performance of each executive officer in order to recommend to the Compensation Committee the corresponding base salary for a given year.

#### **3.2.8.2 Short-Term Incentive Bonus (“STIB”)**

During fiscal year 2012, the STIB paid to the other executive officers varied between 26% and 40% of the base salary (the target bonuses vary between 30% and 50%). The corporate objectives used to determine the annual bonus for 2012 are substantially the same as those of the President and CEO and vary between 30% and 40%, and the sector objectives vary between 60% and 70%.

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	40%	101%
Michel Paquet	30%	88%
Alain Dallaire	30%	87%
Guy Charron <sup>(1)</sup>	30%	94%
Sylvain Cossette <sup>(2)</sup>	50%	–%

(1) Guy Charron took office as Executive Vice-President, Operations – Retail on May 15, 2012.  
 (2) Sylvain Cossette took office as Executive Vice-President and Chief Operations Officer on December 1, 2012.

### 3.2.8.3 Long-Term Incentive Bonus (“LTIB”)

During fiscal year 2012, the LTIBs paid to other senior executives were between 39% and 81% of their base salary (the target LTIBs were between 45% and 95%). The LTIBs for executives are distributed in the same way as for the President and CEO, consisting of options and either RUs or DUs and, in the case of the latter, according to the distribution selected by the executive officer. The Compensation Committee uses the same formula as the one used for the President and CEO to establish the amount of the LTIB paid to the other executive officers.

For fiscal year 2012, the other executive officers were allocated 221,100 options and 11,861 RUs and DUs under this Plan, according to the same criteria used for the President and CEO.

### 3.2.8.4 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, 2008, 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, 2008	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012
Cominar's Total - Return	100.00	84.56	111.78	129.34	145.99	159.02
S&P/TSX Index - Total Return	100.00	66.99	90.47	106.41	97.14	104.13

The above performance graph shows that since January 1, 2008, the REIT has outperformed the S&P/TSX Composite Index fairly consistently. Although the REIT outperformed the S&P/TSX Composite Index in 2008, 2009, 2010, 2011 and 2012, the two curves show comparable performance over the past five years.

### 3.3 Summary of Overall Compensation Paid to Executive Officers

The overall compensation paid by the REIT to its executive officers is made up of the following elements, one of which (the Securities) is related to the return on Units, whereas the annual bonus and salary are not. Therefore, the overall compensation paid to executive officers is not entirely dependent on the performance of the Units. In the opinion of the Compensation Committee, the compensation offered to executive officers represents a balanced and competitive mix.

The compensation model is designed to attract, retain and motivate competent executive officers in order to promote better alignment between their interests and those of the REIT's Unitholders.

An analysis of the overall compensation trend shows that the value of the compensation paid to executive officers of the REIT has increased over the past few years to take into account the size of the REIT compared to the Benchmark Group, due in particular to the sustained growth of the REIT.



### 3.3.1 Summary Compensation Table

The following table sets forth the compensation for the fiscal years ended December 31, 2012, 2011 and 2010 of the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, and the three other most highly compensated executive officers of the REIT (collectively called the “Named Executive officers”).

Name and Principal Position	Year	Salary (\$)	Yearly Bonus <sup>(4)</sup> (\$)	Compensation by Virtue of the Equity-Based Incentive Plan (\$)		Other Compensation <sup>(5)</sup> (\$)	Total Compensation (\$)
				Option-Based Awards <sup>(1)(2)</sup> (\$)	Awards Based on Restricted Units (“RUs”) or Deferred Units (“DUs”) <sup>(3)</sup> (\$)		
Michel Dallaire, P.Eng. President and Chief Executive Officer, Non-Independent Trustee	2012	615,000	627,300	176,988	479,696 (DU)	54,363	1,953,347
	2011	320,000	231,424	89,910	–	–	641,334
	2010	275,000	97,720	60,075	–	–	432,795
Sylvain Cossette Executive Vice-President and Chief Operating Officer	2012	107,385 <sup>(6)</sup>	–	72,885 330,000 <sup>(7)</sup>	–	–	510,270
Michel Berthelot, CA Executive Vice-President and Chief Financial Officer	2012	315,000	126,945	48,375	127,899(DU)	–	618,219
	2011	225,000	68,918	37,665	–	–	331,583
	2010	213,000	47,825	32,040	–	–	292,865
Michel Paquet, Attorney Senior Executive Vice-President and Secretary	2012	265,000	70,159	22,962	45,608(DU)	–	403,729
	2011	190,000	46,085	32,805	–	–	268,890
	2010	180,000	24,188	29,370	–	–	233,558
Alain Dallaire Executive Vice-President, Operations Non-Independent Trustee	2012	265,000	69,545	22,962	44,698(DU)	–	402,205
	2011	190,000	57,452	32,805	–	–	280,257
	2010	180,000	43,432	29,370	–	–	252,802
Guy Charron Executive Vice-President, Operations – Retail	2012	221,333 <sup>(8)</sup>	74,333	22,962	51,870(DU)	661,148 <sup>(9)</sup>	1,031,646

- (1) The options granted in December 2012 pursuant to the equity-based incentive plan are exercisable as follows: (i) 33½% 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 19, 2017. Options granted to Sylvain Cossette in August 2012 vest as follows: 50% on the employment start date and 50% on the first anniversary. They expire in August 2017. The options granted in fiscal years 2011 and 2010 fiscal year are exercisable in the same manner, but expire on December 15, 2016 and December 21, 2015, respectively.
- (2) In determining the fair value of the options granted on December 19, 2012, the Black-Scholes model, an established methodology, was used, with the following assumptions:
  - (i) Risk-free interest rate: 1.25% (1.01% for the 2011 fiscal year grants);
  - (ii) Expected volatility in the market price of the Units: 15.21% (15.8% for the 2011 fiscal year grants);
  - (iii) Expected yield: 6.59% (6.86% for the 2011 fiscal year grants); and
  - (iv) Expected life: 3.5 years.
 The fair value of the options granted on August 24 and 31, 2012 was also established using the Black-Scholes model, with the following assumptions:
  - (i) Risk-free interest rate: 1.26%;
  - (ii) Expected volatility in the market price of the Units: 16.10%;
  - (iii) Expected yield: 6.03% for those granted on August 24, 2012, and 6.19% for those granted on August 31, 2012; and
  - (iv) Expected life: 3.5 years.
- (3) Represents deferred units relating to executive compensation for the year ended December 31, 2012 and granted on March 26, 2013, as follows: 21,064 to Michel Dallaire, 5,617 to Michel Berthelot, 2,003 to Michel Paquet, 1,963 to Alain Dallaire and 2,278 to Guy Charron, in accordance with the equity-based incentive plan. The value of the units on their grant date was \$22.77.
- (4) See Section 3.2.6.2 “Short-term incentive bonus (“STIB”).
- (5) 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, with the exception of the President and CEO.
- (6) Sylvain Cossette took office as Executive Vice-President and Chief Operating Officer as of September 30, 2012. Mr. Cossette’s base salary is \$400,000.
- (7) Represents the options granted as an incentive upon the signing of his employment contract. The options granted to Sylvain Cossette in August 2012 vest as follows: 50% upon his taking office and 50% at the first anniversary. They expire in August 2017.
- (8) Guy Charron took office on February 1, 2012 and since May 15, 2012 is Executive Vice-President, Operations – Retail. Mr. Charron’s base salary is \$265,000.
- (9) Represents the change of control amount paid to Guy Charron in connection with the acquisition of Canmarc Real Estate Investment Trust.

### 3.4 Equity-Based Incentive Plan Awards

#### 3.4.1 Outstanding Option, RU and DU Awards

The following table indicates for each of the SEs all awards outstanding at the end of the 2012 fiscal year:

Name	Option-Based Awards				Unit-Based Awards		
	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options <sup>(1)</sup> (\$)	Number of RUs and DUs that have not vested <sup>(2)</sup> (#)	Market or Payout Value of Awards Based on RUs and DUs that Have Not Vested (\$)	Market or Payout Value of Awards Based on RUs or DUs that Have Vested (not paid out or distributed) (\$)
Michel Dallaire	52,500	18.68	Feb. 6, 2013	1,155,075	21,067(DU)	479,696	–
	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 15, 2016				
	205,800	22.70	Dec 19, 2017				
Sylvain Cossette	300,000	23.93	Aug. 31, 2017	–	–	–	–
	84,750	22.70	Dec. 19, 2017	–	–	–	–
Michel Berthelot	36,000	19.48	Dec. 21, 2014	206,085	5,617(DU)	127,899	–
	36,000	20.93	Dec. 21, 2015				
	46,500	21.80	Dec. 15, 2016				
	56,250	22.70	Dec 19, 2017				
Michel Paquet	33,000	19.48	Dec. 21, 2014	187,275	2,003(DU)	45,608	–
	33,000	20.93	Dec. 21, 2015				
	40,500	21.80	Dec. 15, 2016				
	26,700	22.70	Dec. 19, 2017				
Alain Dallaire	33,000	19.48	Dec. 21, 2014	187,275	1,963(DU)	44,698	–
	33,000	20.93	Dec. 21, 2015				
	40,500	21.80	Dec. 15, 2016				
	26,700	22.70	Dec. 19, 2017				
Guy Charron	26,700	22.70	Dec. 19, 2017	–	2,278(DU)	51,870	–

(1) Value based on the Unit closing price on the TSX on December 31, 2012.

(2) Represents deferred units relating to executive compensation for the year ended December 31, 2012 and granted on March 26, 2013, as follows: 21,064 to Michel Dallaire, 5,617 to Michel Berthelot, 2,003 to Michel Paquet, 1,963 to Alain Dallaire and 2,278 to Guy Charron, in accordance with the equity-based incentive plan. The value of the units on their grant date was \$22.77.

### 3.4.2 Options, RUs and DUs – Value Vested or Earned During the Year

The following table presents for each Named Executive Officer the securities value on vesting of all awards made and paid out during fiscal year 2012:

Nom	Option-Based Awards – Value on Vesting during the Fiscal Year <sup>(1)</sup> (\$)	Awards Based on RUs and DUs – Value Vested during the Fiscal Year <sup>(2)</sup> (\$)	In-the-Money Value of Awards Based on RUs and DUs Vested during the Fiscal Year (\$)
Michel Dallaire	176,988	479,696	–
Sylvain Cossette	402,885	–	–
Michel Berthelot	48,375	127,899	–
Michel Paquet	22,962	45,608	–
Alain Dallaire	22,962	44,698	–
Guy Charron	22,962	51,870	–

(1) See Note 16 to the REIT's audited consolidated financial statements for the fiscal year ended December 31, 2012, included in the 2012 Annual Report of the REIT.

(2) Represents deferred units relating to executive compensation for the year ended December 31, 2012 and granted on March 26, 2013, as follows: 21,064 to Michel Dallaire, 5,617 to Michel Berthelot, 2,003 to Michel Paquet, 1,963 to Alain Dallaire and 2,278 to Guy Charron, in accordance with the equity-based incentive plan. The value of the units on their grant date was \$22.77.

### 3.5 Pension Plan Benefits

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

### 3.6 Purchase of Financial Instruments

Executive officers 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 executive officers or Trustee.

### 3.7 Benefits in Case of Termination or Change of Control

Michel Dallaire, President and Chief Executive Officer of the REIT, as well as the other executive officers have entered into employment agreements with the REIT.

#### 3.7.1 President and Chief Executive Officer

Under his employment contract (the “**Employment Contract**”) effective since 2012, Michel Dallaire is entitled to receive an annual base salary and participate in the long-term incentive bonus as part of the equity-based incentive plan. He participates in any benefit plan, short-term incentive plan, and distribution reinvestment plan made available by the REIT from time to time. His base salary is \$633,500 in 2013 (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 and related benefits; (ii) a sum equal to two times the highest of the following amounts: the average annual bonus paid for the two (2) fiscal years immediately preceding the termination of employment, the target bonus for the fiscal year in which such termination occurs or the actual bonus accumulated during the fiscal year in which such termination occurs; (iii) a sum equal to two times the award percentage multiplied by the base salary; the award percentage is determined according to the Overall Compensation Policy for Senior

Executives of the REIT (see Section 3.2.6.1 “Base Salary”); (iv) participation in benefit plans for executive officers will be maintained for two (2) years following employment termination and will be reduced to the extent that he comes to enjoy similar benefits at no cost during the period of two (2) years following employment termination; (v) he will be entitled to two (2) years of uninterrupted participation in any pension plan or profit sharing plan offered by the REIT for a period of two (2) years following employment termination; (vi) he will continue to receive the above-mentioned benefits, which will be reduced to the extent that he comes to enjoy similar benefits at no cost during the period of two (2) years following employment termination; (vii) the REIT will cause the options and other awards granted under the equity-based incentive plan to be immediately vested, including any options granted through any separate agreement under the Plan, if applicable; and the REIT (viii) will immediately put an end to the retention period of the Units acquired by or for Michel Dallaire in connection with the long-term incentive plan or distribution reinvestment plan.

The Employment Contract also provides that if, within two (2) years following a “change of control” of the REIT as defined below, the contract is terminated by the REIT without cause or is terminated by Mr. Dallaire, the REIT will pay Mr. Dallaire 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 following amounts: the average annual bonus paid for the three (3) fiscal years immediately preceding the termination of employment, the target bonus for the fiscal year in which such termination occurs and the actual bonus accumulated during the fiscal year in which such termination occurs; (iii) a sum equal to three times the award percentage multiplied by the base salary; the award percentage is determined according to the Overall Compensation Policy for Senior Executives of the REIT; (iv) the REIT will maintain coverage of Michel Dallaire under its executive benefit plans for three (3) years following the termination of employment; (v) the REIT will pay the value of three (3) years of continued coverage under any pension or profit sharing plan maintained by the REIT following termination of employment; (vi) the REIT will continue to provide him with these benefits, provided that these benefits will be reduced to the extent Michel Dallaire receives comparable benefits without cost during the three (3)-year period following the termination of employment; (vii) the REIT will cause the options and other awards granted as part of the equity-based incentive plan to be vested, including options granted under any separate agreement under the Plan, if applicable; and the REIT (viii) will immediately put an end to the retention period of the Units acquired by or for Michel Dallaire as part of the long-term incentive plan or distribution reinvestment plan.

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 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 within 18 months of a transaction, the majority of the Trustees in office prior to the transaction is replaced; or (iii) if the Unitholders of the REIT approve a merger, consolidation, business combination or plan of arrangement with another entity, a liquidation plan for the REIT or the disposal of all or a substantial part of all the REIT’s assets.

### **3.7.2 Other Executive Officers**

Under their respective employment contract (the “**Employment Contract of the Other Executive Officers**”), the executive officers 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 Overall Compensation Policy for Senior Executives (see Section 3.2.6.1 “Base Salary”) and to participate in the equity-based long-term investment plan. They participate in any benefit plan, in the short-term incentive plan, and in the distribution reinvestment plan made available by the REIT from time to time.

The employment contract stipulates that if the REIT terminates the employment of the other executive officers (with the exception of the Executive Vice-President and Chief Operations Officer) without cause and without any change of control (as defined below), the REIT will pay the following amounts: (i) a sum equal to one time their annual base salary and related benefits; (ii) a sum equal to the higher of the

following amounts, that is: the average annual bonus paid for the two (2) fiscal years preceding the termination of employment, the target bonus for the fiscal year during which termination of employment occurs and the actual bonus accumulated for the fiscal year during which termination of employment occurs; (iii) a sum equal to one time the award percentage multiplied by the base salary as established in the REIT's Overall Compensation Policy for Senior Executives; (iv) participation in benefit plans will be maintained for one (1) year following termination of employment and will be reduced to the extent that they come to enjoy similar benefits at no cost during the period of one (1) year following termination of employment; (v) they would be entitled to one (1) year of uninterrupted participation in any pension plan or benefit plan offered by the REIT for a period of one (1) year following employment termination; (vi) they would continue to receive the above-mentioned benefits, which will be reduced to the extent that they come to enjoy similar benefits at no cost during the period of one (1) year following termination of employment; (vii) the REIT will cause the options and other awards granted under the equity-based incentive plan to be immediately vested, including any options granted through any separate agreement under the Plan, if applicable, and the REIT (viii) will immediately put an end to the retention period of the Units acquired by or for any executive officer as part of the long-term incentive plan or distribution reinvestment plan.

In addition, (with the exception of the Executive Vice-President and Chief Operations Officer) the employment contract stipulates that if, within twelve (12) months of a change of control as defined below, the employment contract is terminated without cause by the REIT or is terminated by the executive officer, the REIT will pay the following amounts: (i) a sum equal to 1.5 times his annual base salary; (ii) a sum equal to the higher of the following amounts, that is: the average annual bonus paid for the two (2) fiscal years preceding termination of employment, the target bonus for the fiscal year during which termination of employment occurs and the actual bonus accumulated for the fiscal year during which termination of employment occurs; (iii) a sum equal to 1.5 times the award percentage multiplied by the base salary as established in the REIT's Overall Compensation Policy for Senior Executives; (iv) participation in the REIT's benefit plans for executive officers will be maintained for one 18 months following termination of employment; (v) the REIT will pay 18 months' worth of uninterrupted participation in any pension plan or profit sharing plan offered by the REIT following termination of employment; (vi) he would continue to receive the above-mentioned benefits, which will be reduced to the extent that the said executive comes to enjoy similar benefits at no cost during the period of 18 months following termination of employment; (vii) the REIT will cause the options and other awards granted under the equity-based incentive plan to be immediately vested, including any options granted through any separate agreement under the Plan, if applicable, and the REIT (viii) will immediately put an end to the retention period of the Units acquired by or for the said executive officer as part of the long-term incentive plan or distribution reinvestment plan.

If the REIT terminates the employment of the Executive Vice-President and Chief Operations Officer (a) without cause and without any change of control (as defined below), or (b) within two (2) years following a change of control, the provisions that apply to the President and CEO also apply to the Executive Vice-President and Chief Operations Officer (see Section 3.7.1 "President and Chief Executive Officer").

In the employment contract of the other members of upper management, "**Change of Control**" is defined as follows: (i) any 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 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 within 18 months of a transaction, the majority of the Trustees in office prior to the transaction is replaced; or (iii) if the Unitholders of the REIT approve a merger, consolidation, business combination or plan of arrangement with another entity, a liquidation plan for the REIT or the disposal of all or a substantial part of all the REIT's assets.

The following table sets out an estimate of the termination without cause payments that would be paid to the President and CEO and the other executive officers, and following a change of control under the circumstances described above, assuming the change of control took place on January 1, 2012.

Name	Termination Without Cause (\$)	Termination Following a Change of Control (\$)
Michel Dallaire	4,552,105	6,828,157
Sylvain Cossette	2,110,880	3,127,227
Michel Berthelot	746,959	1,115,997
Michel Paquet	508,357	762,535
Alain Dallaire	508,363	762,544
Guy Charron	508,080	762,120

### 3.8 Compensation of Trustees

#### 3.8.1 Descriptive Overview of Compensation

The REIT aims to offer Trustees appropriate compensation that takes into account the REIT's growing activities and the importance of the Trustees' role, so that it is competitive in relation to the Benchmark Group. The goal is to position the Trustees' target compensation at the median level of the Benchmark Group used by the REIT, in order recruit and retain competent board members, thus fostering the alignment of the Trustees' interests with those of Unitholders.

The Compensation Committee reviews the compensation of the Trustees who are not officers of the REIT 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 the same sector as the REIT's, and whose structure and annual income is similar to that of the REIT, to then recommend to the Board any modifications deemed appropriate when needed. To determine the level of Trustees' compensation, the Compensation Committee reviewed the report provided by Aon on December 14, 2012, and evaluated the compensation of the Trustees in relation to the compensation paid by the Benchmark Group.

Further to their analysis of the Trustee's responsibilities and the positioning of their compensation compared to the Benchmark Group used to determine the compensation of executive officers, Aon concluded that the compensation paid to Trustees is generally at the median of the Benchmark Group used by the REIT, and no adjustments or changes are suggested.

During the fiscal year ended December 31, 2012, the annual retainers and attendance fees of the REIT's non-executive Trustees were as follows:

<b>Elements of Compensation</b>	<b>Amount of Compensation</b>
Annual retainer of Trustees	\$30,000
Attendance fees to Trustees and committee members	\$1,500
Additional retainer paid to the Chairman of the Board	\$55,000
Additional retainer paid to the chair of the Audit Committee	\$15,000
Additional retainer paid to the chair of the Compensation Committee, the Investment Committee, and the Nominating and Governance Committee	\$5,000

The Trustees who are officers of the REIT receive no compensation for acting as Trustees. Trustees are reimbursed for travel and other expenses incurred to attend Board and Committee Meetings.

The REIT does not offer Trustees a retirement plan, and there are no other arrangements under which the Trustees were compensated in this capacity by the REIT during the most recently completed fiscal year.

**Summary Table – Trustee Compensation for 2012**

<b>Name</b>	<b>Compensation Received (\$)</b>
Robert Després	148,050
Michel Dallaire <sup>(1)</sup>	–
Michel Paquet <sup>(1)</sup>	–
Alain Dallaire <sup>(1)</sup>	–
Alban D'Amours	77,000
Gérard Coulombe	81,460
Dino Fuoco <sup>(2)</sup>	68,500
Pierre Gingras	72,100
Ghislaine Laberge	83,833
Mary-Ann Bell <sup>(3)</sup>	6,333

(1) Michel Dallaire, Michel Paquet and Alain Dallaire are executive officers of the REIT and therefore do not receive any compensation to act as Trustees.

(2) Dino Fuoco resigned as Trustee on August 24, 2012.

(3) Mary-Ann Bell was appointed as Trustee on November 6, 2012, to replace Dino Fuoco, further to his resignation.

### 3.8.2 Option-Based Awards to Trustees

#### 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 executive officers), there were no unexercised options outstanding at the end of the 2012 fiscal year.

#### 3.8.2.2 Outstanding Option-Based Awards – Value Vested or Earned during the Year

The last options to purchase Units 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 Information on Equity-Based Compensation

The following table indicates the number of equity-based Securities to be issued and voting rights outstanding as at December 31, 2012, the weighted average exercise price of Securities outstanding, as well as the number of Securities available for future issuance as part of the equity-based incentive plan.

Category	Number of Securities To Be Issued upon the Exercise of Options and RUs and DUs Outstanding (#)	Weighted Average Exercise Price of Options and RUs and DUs Outstanding (\$)	Number of Securities Available for Future Issuance as Part of Securities-Based Incentive Plan (#)
Securities (Options, RUs and DUs)	5,979,500	21.63	3,974,783

For further information about Securities available for future issuance under the securities-based incentive plan, see Note 16 to the audited consolidated financial statements of the REIT for the fiscal year ended December 31, 2012, included in the 2012 Annual Report of the REIT.

These documents are available on the SEDAR Website ([www.sedar.com](http://www.sedar.com)) and are also posted on the REIT's Website ([www.cominar.com](http://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.

### 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, 2012.

## PART 4 – CORPORATE GOVERNANCE PRACTICES

### 4.1 General

From day one, the REIT has made good governance a top priority, as it is not only essential to its proper functioning, but it also benefits all those involved – clients, employees, and Unitholders. 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.



Governance is based on a set of structures and policies. The main structure is the Board, which is supported by four permanent committees: the Audit Committee, the Investment Committee, the Nominating and Governance Committee, and the Compensation Committee.

#### 4.2 Corporate Governance Practices Statement

“**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, 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 in 2012 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 corporate governance practices are as follows:

Corporate Governance Disclosure Requirement	Comments
<p>1. (a) Disclose the identity of trustees who are independent.</p>	<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 “<b>independent</b>” if he or she has no direct or indirect material relationship with the REIT. A “<b>material relationship</b>” 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 are independent from the REIT:</p> <p>Alban D’Amours (nominee)                      Gérard Coulombe (nominee)                      Robert Després (nominee)                      Ghislaine Laberge (nominee)                      Pierre Gingras (nominee)                      Mary-Ann Bell (nominee)                      Johanne M. Lépine (new 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>
<p>(i) Disclose the identity of trustees who are not independent, and describe the basis for that determination.</p>	<p>The Nominating and Governance Committee has determined, after reviewing the roles and relationships of each of the Trustees, that the following 2 out of 9 Trustees of the REIT are</p>

Corporate Governance Disclosure Requirement	Comments
	<p>not independent from the REIT, as they are officers of the REIT:                      Michel Dallaire: President and Chief Executive Officer;                      Alain Dallaire: Executive Vice-President, Operations, Office and Industrial.</p>
(ii) Disclose whether or not a majority of the trustees are independent.	<p>A majority (7 out of 9) of the Trustees are independent from the REIT.</p>
(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.	<p>Trustees who are currently directors with other reporting issuers are set out under Sections 2.2.12 "Nominees for Election as Trustees".</p>
(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.	<p>Pursuant to its mandate, the Board may exclude management from its meetings, as required. In the past fiscal year, the independent Trustees met without non-independent Trustees and members of management being present. The President and Chief Executive Officer, the Senior Executive Vice-President and the Chief Financial Officer of the REIT attended regularly scheduled meetings of the Board. Upon the invitation of the Board, other members of management attended Board meetings, as needed, and provided reports to the Board on the performance and operations of the REIT.</p>
(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>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, was chosen by the full Board and is an Independent Trustee according to the standards established by the CSA. Mr. Després presides the Board in the interests of the REIT and its Unitholders, and also oversees the work it does. He fulfills the duties that are conferred to him pursuant to applicable legislation. He promotes standards of integrity and honesty within the Board and corporate governance standards, and he ensures that the REIT complies with applicable regulatory requirements. He ensures that the Board takes on its tasks and responsibilities efficiently and independently and, as needed, assigns various tasks to the members of the Board. He also ensures that the Board's committees fulfill the responsibilities that have been assigned to them by the Board.</p> <p>He ensures that the Board has the necessary resources and information to fulfill its mandate and responsibilities. He verifies that the independent Trustees meet without management at the end of each of the Board's regular meetings and he presides these meetings in camera. He supervises the Board, Committee and Trustee performance evaluation processes.</p> <p>The Board has developed a written position description for the Chairman of the Board. He is responsible for the proper functioning of the Board; he ensures that issues that, in his opinion, should be on the agenda are in fact included therein, so that Trustees can play their full part in the Board's activities. He also ensures that the Board understands the boundaries between Board and management responsibilities.</p>

Corporate Governance Disclosure Requirement	Comments
<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>	<p>The Board held 16 regularly scheduled and special meetings in the 2012 fiscal year. The Nominating and Governance Committee met 3 times, the Compensation Committee met 4 times, 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 98%. A record of attendance by each Trustee at meetings of the Board and its Committees during the fiscal year ended December 31, 2012 is set out under Section 2.2.5 "Attendance Record of Trustees at Board and Committee Meetings".</p> <p>The Trustees must inform the Chairman of the Board or the chair of the Nominating and Governance Committee before accepting an invitation to sit on the board directors of any organization other than the REIT. The chair of the Nominating and Governance Committee, in collaboration with the Chairman of the Board, determines whether the Trustee would be in a position of actual, potential or apparent conflict of interest, and whether he would remain apt, in every respect, to fulfill his duties as Trustee for the REIT.</p> <p>The Board considers that the fact that a REIT Trustee also sits on the board of directors of another reporting issuer does not necessarily interfere with his ability to exercise independent judgement and act in the interests of the REIT.</p>
<p>2. Disclose the text of the board's written mandate.</p>	<p>The Board has adopted a mandate for itself, which is attached as Schedule "B" 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 a Disclosure Policy, internal control systems, management information and ensuring that the REIT's approach to corporate governance complies with applicable legislation and that it adequately reflects the duties and responsibilities of the Board and its Chairman.</p>
<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>	<p>The Board has drafted a written description of the Chairman of the Board's position. 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 meeting. The Chairman also sets the agenda of all Board meetings, presides all Board meetings and ensures that the information provided to Trustees is delivered in a timely manner and that it meets their needs. The mandate of the Committee Chairs provides for their participation in the development of their committee meeting schedules and agendas, and the Committee Chairs are responsible for the implementation of their respective work plans.</p>
<p>(b) Disclose whether or not the board and CEO have developed a written position description for the CEO.</p>	<p>The Board and President and Chief Executive Officer have developed a written position description for the President and Chief Executive Officer. In general, he is responsible for the REIT's day-to-day operations, and any responsibility which is not delegated to either Management or a Committee of the Board remains with the Board. Therefore, matters regarding</p>

Corporate Governance Disclosure Requirement	Comments
	<p>policy and measures 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 President and CEO the REIT and are approved by the Board.</p>
<p>4. (a) Briefly describe what measures the board takes to orient new trustees regarding:</p> <ul style="list-style-type: none"> <li>(i) the role of the board, its committees and its trustees, and</li> <li>(ii) the nature and operation of the issuer's business.</li> </ul>	<p>Each Trustee receives a Guide, which is updated periodically. The Guide contains a set of documents detailing their obligations and the scope of their responsibilities, the Contract of Trust, by-laws, provisions of the <i>Civil Code of Québec</i> regarding trusts, policies in effect, the composition of committees and their mandates, as well as work plans. The Trustees meet with management and attend regular presentations given by management on the strategic issues and challenges faced by the REIT.</p>
<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"> <li>- periodic presentations by management at Board meetings on regulatory, industry or business developments; and</li> <li>- in between Board meetings, Trustees are updated and provided with analyst reports, media reports and other documentation to keep them informed of any changes within the REIT or the regulatory and legislative environment.</li> </ul> <p>In addition, the REIT wants the Trustees to attend training programs that aim to perfect knowledge that is relevant to their functions.</p>
<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> <ul style="list-style-type: none"> <li>(i) disclose how a person or a REIT may obtain a copy of the code;</li> <li>(ii) describe how the board monitors compliance with its code;</li> <li>(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</li> <li>(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.</li> </ul>	<p>The REIT's Board of Trustees has adopted a Code of Ethics and Business Conduct, which is available on the SEDAR Website (<a href="http://www.sedar.com">www.sedar.com</a>). It applies to Trustees, employees and any person who may be called upon to represent the REIT or act on its behalf, including individuals bound to the REIT by contract or otherwise.</p> <p>The Nominating and Governance Committee ensures compliance with the Code of Ethics and Business Conduct and makes sure that management encourages a culture of integrity and ethical business conduct.</p> <p>The REIT has developed and approved various policies, including the Disclosure Policy, the Use of Privileged Information Policy and the Gifts and Contributions Policy, and a Social Commitment 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 to that effect.</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>They must avoid positions of actual, potential or apparent conflict of interest with the REIT. Any Trustee with an interest in a material contract or transaction with the REIT must disclose the nature and scope of the interest to the Chairman of the Board or to the chair of the committee of which he is a member.</p>

Corporate Governance Disclosure Requirement	Comments
<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 independent trustees.</p> <p>(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>This responsibility has been assigned to the Nominating and Governance Committee, which is made up of 3 independent Trustees. This committee administers the processes, determines the Trustee selection criteria and periodically revises such criteria to ensure that they remain compliant with regulatory and legislative requirements and meet the current and future needs of the REIT. The committee establishes and periodically revises a list of potential Trustee candidates who meet the selection criteria. It considers the skills, expertise and qualifications of the candidate as well as whether they complement those of the other Trustees and then determines to what extent the candidate meets the needs of the Board and the selection criteria; it schedules one or several meetings between the candidate, the Chairman of the Board and the President and CEO to obtain all the relevant information. At the end of this process, the committee submits its recommendations to the Board, which approves or rejects the submissions.</p> <p>The committee evaluates annually the eligibility and availability of candidates up for re-election. To do so, it considers the evaluation of their past performance, their attendance at Board and committee meetings, their independence, their expertise and their seniority, and at the end of this process, submits its recommendation to the Board.</p> <p>The selection criteria favor the complementarity of the skills and expertise of the Trustees as a whole so that the Board is able to aptly fulfill every aspect of its role. A Trustee candidate must exhibit certain abilities, including sufficient financial knowledge, due to the extent of the REIT's activities, significant availability, knowledge of the real estate industry, a sense of initiative, excellent judgement and an ability to take on responsibilities within the Board's committees. A candidate must have a good reputation in terms of integrity and honesty and must be recognized as a person for who accomplishes his/her fiduciary duties for the companies of which he acts or has acted as a director.</p> <p>The Nominating and Governance Committee conducts reference and background checks on all Trustee candidates before their nomination.</p> <p>The Committee also reviews recommendations from other Trustees and members of management and determines whether to add a new candidate's name to the list of potential candidates that could be elected as Trustees. The committee considers that a diversity of Trustees enhances the quality of discussions and, as such, recognizes the importance of increasing the number of women on the Board and of moving towards gender parity.</p>

Corporate Governance Disclosure Requirement	Comments
<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 conducts a review and consults with the Nominating and Governance Committee on an annual basis regarding the adequacy of the compensation for non-executive Trustees and for officers to ensure that such compensation adequately reflects the responsibilities and risks involved with the role of Trustee or officer of the REIT, without compromising their independence. The Compensation Committee annually reviews the compensation practices of comparable companies with a view to aligning the REIT's overall compensation for independent Trustees and senior executives with the Benchmark Group median. With this in mind, Aon Hewitt have been selected as compensation advisors to support the Committee in its functions and to provide the necessary information on the trends and practices of its Benchmark Group in terms of compensation plans and the competitiveness of compensation. Trustees who are officers 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.</p> <p>The Compensation Committee is responsible for recommending compensation for the President and Chief Executive Officer and the REIT's other 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 performance of the President and Chief Executive Officer, determining and reviewing his compensation and that of officers, and recommending the grant of options, restricted units or deferred units to officers of the REIT.</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 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>During the 2012 fiscal year, the REIT retained the services of Aon, as compensation advisors, for the purpose of obtaining external market data based on the Benchmark Group and commentary on the compensation of officers of the REIT. The aggregate fees paid to Aon during the 2012 fiscal year were \$12,000.</p> <p>The mandate given to Aon aimed to (i) verify the competitiveness of the compensation offered to officers taking into account the size of the REIT, which grew substantially in fiscal year 2012, and (iii) ensure that the compensation paid to officers is at the median level, compared to that of the Benchmark Group.</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 permanent 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,</p>

Corporate Governance Disclosure Requirement	Comments
	<p>dispositions and investments as well as borrowings (including the assumption or granting of any mortgage) by the REIT. The Trustees may delegate to the Investment Committee the power to approve or reject proposed acquisitions, dispositions, investments or financings, as the case may be. The Trustees have delegated to the Investment Committee the approval or rejection of proposed acquisitions, dispositions, investments, and financings up to \$12 million, whereas management approves or rejects such transactions when their value is less than \$4 million. Notwithstanding the above, the Board may, at any time, consider and approve, on its own, 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 Board has made the Nominating and Governance Committee responsible for the development, oversight and evaluation, on an annual basis, of individual and collective performances, as well as the contribution of the members of the Board, the committees, the committee members, the chairman of the Board and the committee chairs.</p> <p>A special questionnaire or grid will be used in 2013 as an additional evaluation tool. The committee develops selection criteria and reviews them periodically to ensure that they remain compliant with legislative and regulatory requirements, and that they meet expectations as well as the Board's current and future needs.</p> <p>If any contribution is deemed insufficient, the Chairman of the Board reserves the right to meet with a Trustee or committee member at any time to discuss his/her evaluation and to identify areas of improvement in order to ensure the better functioning of the Board and its Committees.</p>

#### 4.3 Audit Committee Information

Reference is made to the Annual Information Form of the REIT for the fiscal year ended December 31, 2012 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](http://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.

#### 4.4 Trustees' and Officers' Liability Insurance

The REIT entered into indemnification agreements with each of the Trustees. It also purchased an insurance which covers Trustees' and officers' liability to a maximum amount of \$5,000,000 for a period of one year, ending on December 31, 2013, for an annual premium of \$57,223. The premium was paid in full by the REIT and was not allocated among the insureds. The REIT covers the following deductibles: \$50,000 coverage for indemnification of the REIT, \$25,000 for individual coverage of Trustees and officers of the REIT, and \$10,000 for coverage related to liability related to employment practices and to acts. As at March 26, 2013, no claims have been submitted or paid under such policy.

## **PART 5 – OTHER INFORMATION**

### **5.1 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.

### **5.2 Interest of Insiders in Material Transactions**

Michel Dallaire and Alain Dallaire, Trustees and officers of the REIT have indirect control over Groupe Dallaire inc., Société de développement Laurier (SDL) inc. and Dalcon inc. Michel Paquet, who is also a Trustee and officer of the REIT, is Secretary of these companies, and is therefore considered an associate of such companies.

During fiscal year 2012, the REIT recorded \$0.2 million in net rental income from Dalcon inc. and Groupe Dallaire inc. The REIT incurred expenses of \$12.0 million for tenant improvements carried out by Dalcon inc. on the REIT's behalf, as well as \$20.2 million for the construction and development of investment properties.

In 2012, the REIT acquired from Société immobilière Investus inc. ("**Investus**"), owned indirectly by the Dallaire family (as defined below), four single-tenant industrial properties, for a purchase price of \$16.0 million, paid in cash and through the assumption of debt. The Dallaire family had acquired these properties in June 2011 during the privatization of Investus. The purchase price paid by the REIT as per the exercise of its right to first opportunity corresponds to the price that was paid by the Dallaire family at the time of purchase, as determined by independent appraisal.

These transactions were entered into in the normal course of business and are measured at the exchange value. Access to the services of related companies for construction work and tenant improvements allows Cominar to achieve significant cost savings and offer better service to its clientele.

The Dallaire family refers to the spouse of the late Jules Dallaire, their children, that is, Michel Dallaire, Alain Dallaire, Linda Dallaire, Sylvie Dallaire and their spouses, as well as the related trusts.

### **5.3 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 Management's Discussion and Analysis ("**MD&A**") for the fiscal year ended December 31, 2012. Copies of these documents and additional information concerning the REIT can be found on the SEDAR Website ([www.sedar.com](http://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](http://www.cominar.com)).



#### **5.4 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, on the 26th day of March, 2013.

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

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

## SCHEDULE "A"

### Equity-Based Incentive Plan

On May 21, 1998, the REIT adopted the Unit Option 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. It was amended again on May 16, 2012, to include restricted units and deferred units, and is now referred to as the Equity-Based Incentive Plan (the "**Plan**"). Participation in the Plan is restricted to an "**Eligible Person**", which means: (i) a Trustee, officer or employee of the REIT or any subsidiary of the REIT (an "**Eligible Individual**"), (ii) a corporation controlled by an Eligible Individual, the issued and outstanding voting securities of which are and continue to be beneficially owned, directly or indirectly, by such Eligible Individual and/or the spouse, minor children and/or minor grandchildren (an "**Employee Corporation**") of such Eligible Individual, or (iii) a family trust the sole trustee of which is an Eligible Individual and/or the beneficiary(ies) of which are Eligible Individuals or an Eligible Individual and/or the spouse, minor children and/or minor grandchildren of such Eligible Individual (an "**Employee Trust**"). Trustees grant Options to purchase Units (the "**Options**"), restricted units and deferred units and also determine the terms and conditions of such grants. The options have a term not exceeding seven years from the date of grant, unless determined otherwise by the Trustees by way of resolution, and in no event may the term of any option exceed 10 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 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. Options are exercisable at a price not less than the Market Price on the trading day immediately preceding the day on which the grant is approved by the Trustees. If no specific determination is made, the granted options become vested in increments of 20% on a cumulative basis after the first, second, third, fourth and fifth anniversary of the granting of such option.

The maximum amount of Units that the REIT is allowed to issue under the Plan is 10,315,583 Units, in the form of options to purchase Units, restricted units and deferred units, provided, however, that a maximum of 2,314,391 of such amount of Units may be issued in settlement of restricted units or deferred units.

No participant may receive awards (including a grant of options, restricted units or deferred units under the Plan) representing more than five percent (5%) of the number of Units outstanding. In addition, the number of Units issuable to insiders of the REIT at any time under the Plan and any other securities compensation arrangement may not exceed ten percent (10%) of the issued and outstanding Units. The number of Units issued to insiders under the Plan or of other Securities, 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 any awards granted to any one (1) Board member who is not an employee, but who is allowed to receive advantages under the Plan, within a period of one (1) year, in connection with all equity-based compensation arrangements of the REIT may not exceed \$100,000, based on the value determined using the Black-Scholes model and the Board's calculations; and (ii) the aggregate number of securities which may be issued to all Board members who are not employees, but who are allowed to receive advantages under the Plan, within a period of one (1) year, in connection with all equity-based compensation arrangements of the REIT may not exceed 1% of its issued and outstanding Units.

Unless otherwise indicated in Section 12.10 of the Plan, 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, 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 or whose rights have not fully vested, as the case may be; provided, however, that upon the termination of an optionee's employment, position or engagement with the REIT or a subsidiary of the REIT otherwise than by reason of death or 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 the termination of that such option shall in no event expire later than the earlier of (i) three (3) months following the termination of the optionee's employment, position or engagement, 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 termination of the optionee's, employment, position or engagement being by reason of retirement, and (ii) the expiry date of such option. The provisions relating to such expiry shall be contained in the written option agreement 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 death but prior to the expiry of the period of time provided under the terms of the written option agreement between the REIT and the optionee for the exercise of an option upon the death of the optionee, exercise the option with respect to the remaining balance of Units which may be acquired under 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.

The Board of Trustees may, subject to the approval of regulatory authorities, amend the Plan at any time without any approval of or notice to the Unitholders of the REIT or grantees, 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 award under the Plan;
- (c) a change to the provisions related to the termination of an award, 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 providing that the total number of underlying Units be deducted from the number of Units reserved for issue under the Plan.

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, change the period during which an option can be exercised after the expiration of a Blackout Period (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, (iv) any amendment

which would permit options to be transferable or assignable other than for normal estate settlement purposes, (v) any change in the limits applicable to Board members who are not employees as set out in the Plan, or (vi) any amendment to Sections 11.1 or 11.2 of the Plan in order to extend the Board's authority to amend the Plan without Unitholder approval 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 10 of the Plan and (y) an extension of the expiration date pursuant to Section 6.6 of the Plan, in each case subject to any applicable regulatory requirements, shall not require approval of the Unitholders of the REIT.

Notwithstanding and provisions to the contrary included in the Plan, upon or in anticipation of a Change of Control of the REIT, the Plan provides that:

- a) 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 of a successor entity or its parent upon the occurrence of the Change of Control (a "Plan Substitution"). Substitute Awards shall have no less economic value and no more stringent performance conditions than existing awards, and shall have similar vesting schedules as existing Awards, in all material aspects.
- b) 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.

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 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 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 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 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.

For the purposes of the Plan, “Market Price”, 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 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 Plan.

Upon or in anticipation of a Change of Control of the REIT, the Equity-Based 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.

## SCHEDULE "B"

### Mandate 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. The Board determines the limits of its 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, succession, 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 REIT are managed responsibly. Such audit shall be carried out in part by governing and approving, among other things, the strategic plan, 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;
- carry out succession planning and development, 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;



- report and disclose financial information with transparency and diligence;
- 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 promote the values of the REIT's code of ethics and business conduct, 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 quarterly or without delay 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 contract of trust, 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 executive officers who will create a culture of integrity and business ethics throughout the organization.

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

The Board meets without management at the end of each Board meeting, or at other times during the year if it so wishes.

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