



**NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS  
AND  
MANAGEMENT INFORMATION CIRCULAR**

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**ANNUAL AND SPECIAL MEETING OF UNITHOLDERS  
TO BE HELD ON JUNE 9, 2015**

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**MAY 15, 2015**

## PRO REAL ESTATE INVESTMENT TRUST

### NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the “**Meeting**”) of holders of trust units and special voting units (collectively, the “**Unitholders**”) of PRO Real Estate Investment Trust (the “**REIT**”) will be held in the Paloma Picasso Hall at the Sofitel Hotel Montreal, 1155 Sherbrooke Street West, Montreal, Québec H3A 2N3, at 11:00 a.m. (Montreal time) on Tuesday, June 9, 2015, for the following purposes:

- (a) to receive the consolidated financial statements of the REIT for the financial year ended December 31, 2014 and the report of the auditor thereon;
- (b) to elect the trustees of the REIT;
- (c) to reappoint the auditor of the REIT and to authorize the trustees of the REIT to fix the remuneration of the auditor;
- (d) to consider, and if deemed advisable, to pass a special resolution authorizing certain amendments to the REIT’s amended and restated declaration of trust dated March 11, 2013 (the “**Declaration of Trust**”) to implement a policy requiring advance notice to the REIT of Unitholder proposals relating to the nomination of trustees of the REIT;
- (e) to consider, and if deemed advisable, to pass, with or without variation, a resolution authorizing certain amendments to the REIT’s Declaration of Trust and to the governing documents of certain of its subsidiaries to clarify the interpretation of certain of the REIT’s operating policies; and
- (f) to transact any such other business as may properly come before the Meeting or any adjournment or postponement thereof.

This notice is accompanied by an information circular which provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice and a form of proxy.

A Unitholder may attend the Meeting in person or may be represented at the Meeting by proxy. Proxies to be used at the Meeting must be received by TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 or by facsimile at (416) 595-9593 (within the Toronto area) not later than 11:00 a.m. (Toronto Time) on June 5, 2015 and, if the Meeting is adjourned or postponed, not later than 24 hours prior to the commencement of such adjournment or postponement.

Dated the 15th day of May, 2015.

**BY ORDER OF THE TRUSTEES OF  
PRO REAL ESTATE INVESTMENT TRUST**

**(signed) “James W. Beckerleg”**  
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President and Chief Executive Officer

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## PRO REAL ESTATE INVESTMENT TRUST

### INFORMATION CIRCULAR

#### GENERAL INFORMATION

##### Solicitation of Proxies

This information circular (the “Circular”) is furnished in connection with the solicitation of proxies by the trustees (each a “Trustee” and collectively, the “Trustees” or “Board of Trustees”) and management of PRO Real Estate Investment Trust (the “REIT”) for use at the Annual and Special Meeting (the “Meeting”) of the holders (the “Trust Unitholders”) of trust units (the “Trust Units”) of the REIT and holders (the “Special Voting Unitholders”) of special voting units (the “Special Voting Units”) of the REIT (Trust Units and Special Voting Units are collectively referred to as the “Units”, and Trust Unitholders and Special Voting Unitholders are collectively referred to as the “Unitholders”) to be held in the Paloma Picasso Hall at the Sofitel Hotel Montreal, 1155 Sherbrooke Street West, Montreal, Québec H3A 2N3, at 11:00 a.m. (Montreal time) on Tuesday, June 9, 2015 and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Meeting (the “Notice”). Any capitalized terms used in this Circular and not otherwise defined in this Circular shall have the meanings given to such terms in the REIT’s amended and restated declaration of trust dated March 11, 2013 (the “Declaration of Trust”).

The Board of Trustees has fixed May 5, 2015 as the record date for the Meeting (the “Record Date”). Only Unitholders of record on the books of the REIT as at that date are entitled to receive notice of and vote at the Meeting. Unitholders of record will be entitled to vote the Units held by them as at the Record Date.

If you are a registered Unitholder and are unable to attend the Meeting or any adjournment or postponement thereof in person, please complete, sign and mail the enclosed proxy and voting instruction form to, or deposit it with, our transfer agent, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 not later than June 5, 2015 at 11:00 a.m. and, if the Meeting is adjourned or postponed, not later than 24 hours prior to the commencement of such adjournment or postponement.

It is anticipated that this Circular will be mailed to Unitholders on or about May 15, 2015. Unless otherwise stated, the information contained in this Circular is given as at the Record Date. In this Circular, references to the “REIT” are to be read as references to the REIT and/or its subsidiaries, as the context requires.

##### Appointment of Proxies

A Unitholder may appoint a proxyholder to attend the Meeting and vote on their behalf. The persons named in the enclosed form of proxy or voting instruction form (the “Named Proxyholders”) are officers of the REIT or its subsidiaries. **A Unitholder desiring to appoint some person other than a Named Proxyholder (who need not be a Unitholder) to represent him or her at the Meeting may do so by inserting such person’s name in the blank space provided in the form of proxy and striking out the names of the persons specified or by completing another proper form of proxy.**

Proxies must be received by the REIT’s transfer agent, TMX Equity Transfer Services, at the address on the accompanying Notice of Annual and Special Meeting of Unitholders, not later than June 5, 2015 at 11:00 a.m. and, if the Meeting is adjourned or postponed, not later than 24 hours prior to the commencement of such adjournment or postponement.

##### Voting of Trust Units

*These proxy materials are being sent to both registered and non-registered owners of Units. If you are a non-registered owner, and the REIT or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from an Intermediary (as defined below) holding on your behalf.*

*By choosing to send these materials to you directly, the REIT (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.*

**The information set forth in this section is of significant importance to Unitholders, as most of the issued and outstanding Trust Units are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms).**

Beneficial Unitholders (as defined below) should note that only proxies deposited by Unitholders whose names are on the records of the REIT as the registered holders of Units can be recognized and acted upon at the Meeting. Units held by CDS & Co. for intermediaries, brokers or their nominees can only be voted at the Meeting upon the instructions of the Unitholder for whom or which they held Units (the “**Beneficial Unitholder**”). Without specific instructions, intermediaries, brokers or their nominees are prohibited from voting Units on behalf of their clients. The Board of Trustees does not know for whose benefit the Units registered in the name of CDS & Co. are held. Under the Declaration of Trust, only registered holders of Units can exercise Unitholder rights at the Meeting. Therefore, to the extent their securities are registered in the name of CDS & Co., Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of proxy except through CDS & Co. as the sole registered holder of such Units in the manner set forth below.

Intermediaries, brokers and nominees (collectively, “**Intermediaries**”) who hold Units on behalf of Beneficial Unitholders are required to seek voting instructions from Beneficial Unitholders in advance of the Meeting. As the process by which Intermediaries obtain and submit voting instructions varies among Intermediaries, each Beneficial Unitholder should please follow carefully the instructions provided or on behalf of their Intermediary in order to ensure that their Units can be voted at the Meeting. Generally, a Beneficial Unitholder will be advised by or on behalf of their Intermediary that they must provide their voting instructions to an agent of the Intermediary, such as Broadridge Financial Solutions, Inc., who will tabulate the instructions and then provide the tabulated voting instructions to TMX Equity Transfer Services. Beneficial Unitholders should provide their instructions sufficiently early to permit their Intermediaries or the agent of their Intermediaries to submit their votes to TMX Equity Transfer Services not later than June 5, 2015 at 11:00 a.m. and, if the Meeting is adjourned or postponed, not later than 24 hours prior to the commencement of such adjournment or postponement.

A Beneficial Unitholder receiving a proxy or voting instruction form from an Intermediary cannot use that proxy or voting instruction form to vote Units directly at the Meeting. In order to attend and vote in person at the Meeting, Beneficial Unitholders should follow the instructions provided by their Intermediaries or the agent of their Intermediaries. Generally, a Beneficial Unitholder will be instructed either (i) to complete the proxy or voting instruction form by inserting their own name to act as proxy in lieu of the Named Proxyholders in the blank space provided while leaving all of the “for” and “withhold” boxes blank, or (ii) to request a legal proxy in accordance with the instructions provided by the Intermediary or the Intermediary’s agent. If a Beneficial Unitholder receives a legal proxy for use at the Meeting from their Intermediary or their Intermediary’s agent, in order for it to be effective at the Meeting the Beneficial Unitholder must send the legal proxy to the transfer agent of the REIT, TMX Equity Transfer Services, so that it is received by TMX Equity Transfer Services not later than June 5, 2015 at 11:00 a.m. and, if the Meeting is adjourned or postponed, not later than 24 hours prior to the commencement of such adjournment or postponement.

A Beneficial Unitholder may revoke a voting instruction that has been given to an Intermediary at any time by notice given to the Intermediary or its agent in accordance with the instructions provided by or on behalf of the Intermediary. Any such revocation must be given in sufficient time for the Intermediary or its agent, as applicable, to act on it prior to the Meeting or any adjournment or postponement thereof. If a Beneficial Unitholder has made timely arrangements to attend and vote in person at the Meeting in the manner described above, voting instructions given prior to such action being taken will be revoked.

### **Revocability of Proxy**

A registered Unitholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. To revoke a proxy, a registered Unitholder may deliver or fax a written notice to the registered office of the REIT at 2000 Peel Street, Suite 758, Montreal, Québec, H3A 2W5, facsimile 514-933-9094, Attention: Secretary, or at the offices of TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, at any time not later than the business day prior to the Meeting and, if the Meeting is adjourned or postponed, not later than 24 hours prior to the commencement of such adjournment or postponement. A proxy may also be revoked on the day of the Meeting or any adjournment or postponement of the Meeting by a registered Unitholder by delivering written notice to the chair of the Meeting. In addition, the proxy may be revoked by any other method permitted by applicable law.

## **Persons Making the Solicitation**

**The solicitation of proxies is being made by the Board of Trustees and management of the REIT.** The costs incurred in the preparation and mailing of the Form of Proxy, Notice and Circular relating to the Meeting will be borne by the REIT. In addition to solicitation by mail, proxies may be solicited personally by telephone or other means of communication by the Board of Trustees, management or agents of the REIT who will not be specifically remunerated therefor. Proxy solicitation is also to be handled by TMX Equity Transfer Services. The costs of soliciting proxies will be borne by the REIT and are expected to be nominal.

## **Exercise of Discretion by Holders of Proxies**

Where the Unitholder specifies a choice in a proper form of proxy or voting instruction form with respect to any matter to be acted upon, and the Named Proxyholders have been appointed as proxy, the Units represented by such form of proxy or voting instruction form shall be voted in accordance with the specification so made. **In the absence of such specification, Units for which the Named Proxyholder have been appointed as proxies will be voted FOR each of the matters specified in the Notice. The form of proxy and voting instruction form confers discretionary authority with respect to amendments or variations of those matters specified in the Notice and on any other matter that may be properly brought before the Meeting. As of the date of this Circular, the Trustees know of no such amendment, variation or other matters.**

## **Voting Securities and Principal Holders Thereof**

Each Trust Unit entitles the holder thereof to one vote at the Meeting. Special Voting Units are used solely for providing voting rights to persons holding Class B limited partnership units (“**Class B LP Units**”) of PRO REIT Limited Partnership (“**PROREIT LP**”), a limited partnership created under the laws of the Province of Québec pursuant to the first amended and restated limited partnership agreement dated November 14, 2012 (the “**Partnership Agreement**”). Class B LP Units are exchangeable for Trust Units, and upon any such exchange the accompanying Special Voting Units will be cancelled. Each Special Voting Unit entitles the holder thereof to a number of votes equal to the number of Trust Units into which the Class B LP Units to which such Special Voting Unit relates is exchangeable. Currently, each Class B LP Unit is exchangeable for one Trust Unit and accordingly, each Special Voting Unit entitles the holder thereof to one vote at the Meeting.

As of the Record Date, 19,445,155 Trust Units and 4,439,056 Class B LP Units were issued and outstanding. To the knowledge of the Trustees, as of the close of business on the Record Date, no person or company beneficially owned, or exercised control or direction, directly or indirectly, over more than 10% of the voting rights attached to the Units.

## **Quorum**

A quorum for the transaction of business at the Meeting consists of two or more individuals present in person at the Meeting either holding personally or representing as proxies not less in aggregate than 10% of the aggregate number of votes attached to all outstanding Units. If such quorum is not present at the appointed Meeting location within 30 minutes after the time fixed for the holding of the Meeting, the Meeting shall be adjourned to a day being not less than ten days later and to such place and time as may be appointed by the chairperson of the Meeting. If at such adjourned Meeting a quorum is not present, the Unitholders present, either personally or by proxy, shall form a quorum, and any business may be brought before or dealt with at such adjourned Meeting which might have been brought before or dealt with at the original Meeting in accordance with the notice calling same.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

### **Receipt of Financial Statements**

The audited consolidated financial statements of the REIT for the fiscal year ended December 31, 2014 and the report of auditor thereon will be presented at the Meeting.

## Election of Trustees

### *General*

Pursuant to the Declaration of Trust, the REIT may have between three and 12 Trustees at any given time, and a majority of Trustees must be resident Canadians. The REIT currently has six Trustees. Pursuant to the Declaration of Trust, all Trustees are to be elected by a majority of the votes cast at a meeting of the Unitholders.

The Trustees are appointed at each annual meeting of the Unitholders to hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed. The Trustees hold office for a term expiring at the conclusion of the next annual meeting of Unitholders of the REIT or until their successors are elected or appointed and will be eligible for re-election. A Trustee appointed by the Board of Trustees between meetings of Unitholders or to fill a vacancy will be appointed for a term expiring at the conclusion of the next annual meeting or until his or her successor is elected or appointed and will be eligible for election or re-election.

Pursuant to the terms of a support agreement (the “**Support Agreement**”) dated September 30, 2014 between the REIT and Lotus Crux REIT LP (“**Lotus Crux**”), Lotus Crux has the right to nominate a total of two individuals of its choosing (the “**Lotus Crux Nominees**”) for election to the Board of Trustees at each meeting of Unitholders where Trustees are to be elected as long as Lotus Crux and the Lotus Crux Related Parties (as defined in the Support Agreement) collectively hold or control at least 7.5% of the outstanding Units. Currently, Lotus Crux and the Lotus Crux Related Parties are entitled to nominate two Lotus Crux Nominees, Ms. Shenoor Jadavji and Mr. Peter Aghar. Pursuant to the terms of the Support Agreement, Ms. Shenoor Jadavji was appointed to the Board of Trustees on September 30, 2014. Additional information relating to the Support Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Accordingly, Unitholders will be asked to elect all six current Trustees as well Mr. Peter Aghar, Mr. Vincent Chiara and Mr. Martin Coté for the ensuing year. The Named Proxyholders intend to vote **FOR** the election of the nominees whose names are set forth in “Matters To Be Acted Upon at the Meeting - Election of Trustees - Nominees” below (the “**Nominees**”), unless the Unitholder directs that the Units represented by the proxy be withheld from voting in respect of the election of one or more of the Nominees. Management of the REIT does not contemplate that any of the nominees listed below will be unable to serve as a Trustee of the REIT for the ensuing year. However, if that should occur for any reason prior to the Meeting, and the Named Proxyholders are appointed as proxies, the Named Proxyholders intend to vote for the election of the remaining Nominees and may vote for the election of a substitute nominee in their discretion.

The Board of Trustees recommends that Unitholders vote **FOR** each of the nine Nominees.

### *Majority Voting Policy*

The Trustees have adopted a policy that entitles each Unitholder to vote for each nominee on an individual basis. The policy also stipulates that if the votes in favour of the election of a Trustee represent less than a majority of the Units voted and withheld, the nominee will submit his or her resignation promptly after the Meeting for the consideration of the Trustees. After reviewing the matter, the Trustees’ decision whether to accept or reject the resignation offer will be disclosed to the public within 90 days of the Meeting. The Trustees have discretion to accept or reject a resignation. The nominee will not participate in any Trustees deliberations on the resignation offer. The policy does not apply in circumstances involving contested elections.

The following tables set forth (a) the names of the persons being appointed or proposed to be nominated for election as Trustees; (b) their current positions with the REIT; (c) their principal occupation(s) or employment(s) during the five preceding years; and (d) the approximate number of Trust Units, Class B LP Units and Deferred Units beneficially owned or over which control or direction is exercised, directly or indirectly, by each of them, as of the Record Date. The Trustees (save for Ms. Shenoor Jadavji) were all appointed to their positions on March 11, 2013 and their terms will expire at the close of the Meeting unless they are re-elected. Ms. Shenoor Jadavji was appointed to her position on September 30, 2014 and her term will expire at the close of the Meeting unless she is re-elected.



## Nominees

<p><b>James W. Beckerleg</b> Montreal, Québec, Canada</p> <p>Trustee Chair of the Nominating Committee Chair of the Investment Committee</p> <p>Trustee Since: March 11, 2013</p>	<p><b>Principal Occupation During Past Five Years</b></p> <p>Principal of Labec Realty Advisors Inc. President and Chief Executive Officer of CANMARC Real Estate Investment Trust President of Belwest Capital Management Corp.</p>		
	<p>From May 2010 until 2013, James W. Beckerleg was the President and Chief Executive Officer of CANMARC Real Estate Investment Trust (“CANMARC”). From 1995 to 2010, Mr. Beckerleg was President of Belwest Capital Management Corp., a private consulting firm which provided consulting and management services in the area of strategic advice and planning, corporate finance, mergers and acquisitions to various clients, including but not limited to, Homburg Canada Inc., a private international real estate management company. From 2005 to 2009, Mr. Beckerleg also served as Executive Vice-President, Québec Region for Homburg Canada Inc. Mr. Beckerleg has many years of experience in corporate finance, mergers and acquisitions and has served as an executive and director of several public companies, including CANMARC and several other companies in the real estate sector. He has a B.Sc (Mathematics) from McGill University (Montreal, Québec) and an MBA from Concordia University (Montreal, Québec).</p>		
	<p><b>Current Public Board Memberships (other than the REIT)</b></p> <p>None.</p>		
<b>Voting Securities Held</b>	<b>Trust Units</b>	<b>Class B LP Units</b>	<b>Total Trust Units and Class B LP Units</b>
as at the Record Date	50,500	302,238	352,738
<p><b>Vitale A. Santoro</b> Montreal, Québec, Canada</p> <p>Independent Trustee<sup>(1)</sup> Chair of the Governance and Compensation Committee</p> <p>Trustee Since: March 11, 2013</p>	<p><b>Principal Occupation During Past Five Years</b></p> <p>Partner at Osler, Hoskin &amp; Harcourt LLP</p>		
	<p>Vitale A. Santoro is a partner in the corporate department of the Montreal office of Osler, Hoskin &amp; Harcourt LLP. Mr. Santoro practices corporate law, with an emphasis on corporate finance and mergers and acquisitions. Mr. Santoro obtained an LL.B. from Université de Montreal (Montreal, Québec) and a B.A. (Economics) from Concordia University (Montreal, Québec).</p>		
	<p><b>Current Public Board Memberships (other than the REIT)</b></p> <p>None.</p>		
<b>Voting Securities Held</b>	<b>Trust Units</b>	<b>Class B LP Units</b>	<b>Total Trust Units and Class B LP Units</b>
as at the Record Date	16,250	nil	16,250
<p><b>Ronald E. Smith, FCA</b> Yarmouth, Nova Scotia, Canada</p> <p>Independent Trustee<sup>(1)</sup></p> <p>Trustee Since: March 11, 2013</p>	<p><b>Principal Occupation During Past Five Years</b></p> <p>Corporate Director</p>		
	<p>Ronald E. Smith is a corporate director with an extensive background in finance, human resources and management consulting across a wide spectrum of industries and enterprises. He currently is the Chair of the Nova Scotia Public Service Superannuation Fund and serves on the Board of AuRico Gold Inc., a TSX listed entity. For 10 years, from 2002 to 2012, he was a member of the Canada Pension Plan Investment Board, which manages over \$200 billion of assets. Over the last 30 years, he has served on boards and audit committees of six Canadian public companies and was a member of the Advisory Board of Southwest Properties Ltd. From 2000 to 2004, he was Chief Financial Officer of Emera Inc., a publicly-traded energy company. From 1987 to 1999, he was Chief Financial Officer of Maritime Telegraph and Telephone Company Limited, a predecessor of Bell Aliant Inc. Prior to MTT, he had a 16 year career at Ernst &amp; Young including as a Partner in financial recovery and insolvency consulting in real estate, construction, financial services, and a variety of other industries. He is a member of the Institute of Corporate Directors and is a Fellow of the Institute of Chartered Accountants of Nova Scotia.</p>		
	<p><b>Current Public Board Memberships (other than the REIT)</b></p> <p>AuRico Gold Inc.</p>		
<b>Voting Securities Held</b>	<b>Trust Units</b>	<b>Class B LP Units</b>	<b>Total Trust Units and Class B LP Units</b>
as at the Record Date	47,499	nil	47,499



<b>John Levitt</b> Toronto, Ontario, Canada  Independent Trustee <sup>(1)</sup> Chairman of the Board of Trustees  Trustee Since: March 11, 2013	<b>Principal Occupation During Past Five Years</b> Partner at EDEV Real Estate Advisors Trustee of CANMARC Real Estate Investment Trust		
	John Levitt is currently a partner at EDEV Realty Advisors Inc. (“EDEV”), which he joined as a partner in 2005, and has over 25 years of experience in the real estate sector. EDEV is a multi-faceted real estate consulting company offering development management, strategic planning and transaction services to clients. From 1997 until the sale of the corporation in 2005, he was a member of the senior management team of O&Y Properties Corporation with specific responsibility for O&Y’s acquisition and development programs, which over eight years grew from an asset base of \$250 million to just over \$2 billion.		
	<b>Current Public Board Memberships (other than the REIT)</b> None.		
<b>Voting Securities Held</b>	<b>Trust Units</b>	<b>Class B LP Units</b>	<b>Total Trust Units and Class B LP Units</b>
as at the Record Date	87,499	nil	87,499

<b>G�rard A. Limoges, CM, FCPA, FCA, Adm.A.</b> Montreal, Qu�bec, Canada  Independent Trustee <sup>(1)</sup> Chair of the Audit Committee  Trustee Since: March 11, 2013	<b>Principal Occupation During Past Five Years</b> Corporate Director Trustee of CANMARC Real Estate Investment Trust		
	G�rard A. Limoges is currently a corporate director and sits on the board of directors of several public companies, namely Aeterna Zentaris Inc. and Hartco Inc. He is also a member of the board of directors of several private companies and not-for-profit organizations, including the Orchestre Symphonique de Montr�al. He was formerly Deputy Chairman of Ernst & Young Canada until retirement in September 1999, after a career of 37 years with this firm. He has a long experience in the areas of accounting, audit, mergers and acquisitions and has worked for clients in a wide range of industries including service companies, retail, communications, transportation, real estate, financial institutions, insurance, manufacturing and pulp and paper. He is a member of the Institute of Corporate Directors, of the Qu�bec Order of CPA, of the Canadian Institute of Chartered Accountants and of the Qu�bec Order of Chartered Administrators. Mr. Limoges received the Order of Canada in 2002.		
	<b>Current Public Board Memberships (other than the REIT)</b> Aeterna Zentaris Inc. Hartco Inc.		
<b>Voting Securities Held</b>	<b>Trust Units</b>	<b>Class B LP Units</b>	<b>Total Trust Units and Class B LP Units</b>
as at the Record Date	58,094	nil	58,094

<b>Shenoor Jadavji</b> Vancouver, British Columbia, Canada  Trustee  Trustee Since: September 30, 2014	<b>Principal Occupation During Past Five Years</b> President and Chief Executive Officer of Lotus Pacific Investments Inc.		
	Shenoor Jadavji founded Lotus Pacific Investments Inc. (“LPI”) in 1995, and is responsible for setting its strategic direction and overseeing acquisition, disposition, asset management and capital sourcing activities. Since founding LPI, Ms. Jadavji has acquired, developed, managed and sold over \$1 billion of industrial, office, retail, hotel and multi-family residential real estate properties. Most recently, Ms. Jadavji led LPI’s strategic industrial portfolio initiative, acquiring and repositioning over 3.5 million square feet of industrial properties across Western and Central Canada. LPI’s private equity partners include high net worth and institutional investors such as KingSett Capital, LaSalle Investment Management, and GE Capital. In aggregate, Ms. Jadavji has over 27 years of commercial real estate experience at LPI and Colliers International. She received her Business Degree in Finance and Urban Land Economics from the Sauder School of Business at the University of British Columbia.		
	<b>Current Public Board Memberships (other than the REIT)</b> None.		
<b>Voting Securities Held</b>	<b>Trust Units</b>	<b>Class B LP Units</b>	<b>Total Trust Units and Class B LP Units</b>
as at the Record Date	2,174,000	739,130	2,913,130

<b>Peter Aghar</b> Toronto, Ontario, Canada	<b>Principal Occupation During Past Five Years</b> President at Crux Capital Corporation		
	Peter Aghar is the founder and President of Crux Capital Corporation. Mr. Aghar has a successful 20 year track record as an opportunistic value investor on an institutional scale, having been responsible for more than 100 real estate investments totaling over \$6 billion in Canada and internationally, including equity investments, joint ventures, private equity funds, public companies and debt investments. Mr. Aghar was formerly President and founding partner of KingSett Capital and formerly Managing Director at GE Real Estate. He is a Certified Management Accountant and a graduate of the University of Waterloo with an Honors Mathematics Degree.		
	<b>Current Public Board Memberships</b> None.		
<b>Voting Securities Held</b>	<b>Trust Units</b>	<b>Class B LP Units</b>	<b>Total Trust Units and Class B LP Units</b>
as at the Record Date	2,174,000	739,130	2,913,130

<b>Vincent Chiara</b> Montreal, Québec, Canada	<b>Principal Occupation During Past Five Years</b> President of Groupe Mach Inc.		
	Vincent Chiara, president and sole owner of the Groupe Mach Inc. (“Mach”), began his career in 1984 as a lawyer specializing in real estate transactions and corporate litigation. In 1999 he ceased practicing law and focused on real estate acquisitions and property development through Mach, a private holding company. Mach and its affiliates hold significant investments representing more than 6.5 million square feet of office buildings located in Montreal and throughout Québec, including the Stock Exchange Tower, the CIBC Tower, the Sun Life Building and the University Complex. Mach also renovated over one million square feet of obsolete office space in the Montreal region. Mach has built, developed and owns shopping centers in the Montreal region with a leasable area of over one and a half million square feet. In addition to office and commercial spaces, Mach owns seven million square feet of industrial space, residential and development properties and land for development.		
	<b>Current Public Board Memberships</b> None.		
<b>Voting Securities Held</b>	<b>Trust Units</b>	<b>Class B LP Units</b>	<b>Total Trust Units and Class B LP Units</b>
as at the Record Date	nil	nil	nil

<b>Martin Coté</b> Montreal, Québec, Canada	<b>Principal Occupation During Past Five Years</b> Founder and managing member of Bluenose AC Investments Inc.		
	Martin Coté is a founder and managing member of Bluenose AC Investments Inc. (“Bluenose”), an investment vehicle formed to invest in real estate in Canada and the United States. Mr. Coté holds an MBA from the Richard Ivey School of Business and a Bachelor's degree from HEC Montreal. Bluenose is the exclusive investment manager and partner to BXR Group for Canadian real estate investments. BXR is a private equity fund based out of Europe. Prior to founding Bluenose, Mr. Coté spent five years in the Czech Republic working for RPG Real Estate, a division of BXR Group. During that time, he oversaw the management and development of a 12,000 acre land portfolio as well as an investment in Tower Group A.S., a Danish listed company that owned 10,000 apartments in Germany. He also served as CEO of Tower Group A.S. where his responsibilities included compliance and regulatory matters as well as lender relations. He has also lead the acquisition of over 1,000 units of high quality apartments in Texas in partnership with Venterra Realty, a Toronto based real estate investment and asset manager.		
	<b>Current Public Board Memberships (other than the REIT)</b> None.		
<b>Voting Securities Held</b>	<b>Trust Units</b>	<b>Class B LP Units</b>	<b>Total Trust Units and Class B LP Units</b>
as at the Record Date	nil	nil	nil

Note:

(1) For the definition of “Independent Trustee”, see “Governance Practices” at page 17 of this Circular.

Except as disclosed below, no Trustee is, or within the ten years prior to the date hereof has (a) been a director or executive officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period

of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets except:

Mr. Gérard A. Limoges, a Trustee, was a director of Supratek Pharma Inc. when it made an application under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") in January 2009. Supratek Pharma Inc. completed its statutory plan of arrangement under the CCAA in October 2009. He was also a director of Hart Stores Inc., a company which sought protection under the CCAA in August 2011. Hart Stores Inc. was subject to a cease trade order issued on August 6, 2012 by the Canadian securities regulatory authorities for failure to file annual and interim financial statements as well as the related management's discussion and analysis and Chief Executive Officer and Chief Financial Officer certifications within the prescribed periods.

### Reappointment of MNP LLP as Auditor

Unitholders will be asked to consider the reappointment of MNP LLP, Chartered Accountants, Montreal, Québec, as auditor of the REIT to hold office until the next annual meeting of Unitholders, at a remuneration to be determined by the Trustees. MNP LLP has been the auditor of the REIT since January 30, 2013. The following table shows fees paid to MNP LLP in Canadian dollars in the past fiscal year for various services provided to the REIT:

	Year ended December 31, 2013	Year ended December 31, 2014
Audit Fees .....	\$ 55,158	\$ 40,000
Audit-Related Fees <sup>(1)</sup> .....	\$ 46,960	\$ 65,741
Tax Fees <sup>(2)</sup> .....	\$ 29,004	\$ 93,500
All Other Fees <sup>(3)</sup> .....	\$ 243,237	\$ 19,030
<b>Total</b> .....	<b>\$ 374,359</b>	<b>\$ 218,271</b>

Notes:

- (1) Audit-related fees are aggregate fees billed by the REIT's external auditor in 2014 for assurance and related services that are reasonably related to the performance of the audit or review of the REIT's financial statements and are not reported under "Audit Fees" in the table above.
- (2) Tax fees are aggregate fees billed in 2014 for professional services rendered with respect to tax compliance, tax advice and tax planning.
- (3) All other fees are aggregate fees billed in 2014 for products and services provided by the REIT's external auditor, other than the services reported under "Audit Fees", "Audit-Related Fees" and "Tax Fees" in the table above. These include services rendered in connection with the public offering of the REIT and the concurrent private placement by Lotus Crux completed in September 2014, as well as related services.

The Named Proxyholders, if appointed as proxies, intend to vote **FOR** the reappointment of MNP LLP, Chartered Accountants, as auditor of the REIT at a remuneration to be determined by the Trustees.

The Board of Trustees recommends that Unitholders vote **FOR** the reappointment of MNP LLP, Chartered Accountants, as auditor of the REIT at a remuneration to be determined by the Trustees.

### Advance Notice Policy

The trustees of the REIT believe that all Unitholders should be provided with sufficient disclosure and time to make appropriate decisions regarding the election of the trustees of the REIT at meetings of Unitholders. Accordingly, the trustees of the REIT are seeking Unitholder approval to amend the Declaration of Trust to implement a policy that would require advance notice to be given to the REIT of Unitholder proposals relating to the nomination of trustees of the REIT (the "**Advance Notice Policy**"). The Advance Notice Policy requires a nominating Unitholder to provide notice to the trustees of the REIT of proposed nominations not less than 30 days, but not more than 65 days prior to the date of the applicable annual or special meeting.

Currently, Unitholders can make a motion to nominate replacement trustees of the REIT at a meeting of Unitholders without having to provide advance notice to the REIT or to other Unitholders. The implementation of the Advance Notice Policy would prevent Unitholders from nominating trustees of the REIT without providing the REIT an adequate amount of

time and information to respond in an informed manner. The purpose of the Advance Notice Policy is not to discourage Unitholder nominations, but rather to facilitate an organized and efficient meeting process. This will ensure that all Unitholders, including those voting by proxy, receive adequate notice of the nominations and have an opportunity to register an informed vote having been afforded a reasonable amount of time for consideration. To implement this proposed amendment, amendments are required to Sections 1.1 and 3.8 of the Declaration of Trust.

Pursuant to the Declaration of Trust the foregoing proposed changes require the approval of two-thirds of the votes cast by the Unitholders. Accordingly, Unitholders will be asked to pass the special resolution, in the form set out in Appendix “A” hereto, to authorize and approve the foregoing amendments to the Declaration of Trust (the “**Advance Notice Policy Resolution**”). The Board of Trustees considers that Advance Notice Policy Resolution is appropriate in order to ensure the Declaration of Trust are consistent with all other aspects of the REIT’s ongoing operations and initiatives.

The Named Proxyholders, if appointed as proxies, intend to vote **FOR** the Advance Notice Policy Resolution.

The Board of Trustees recommends that Unitholders vote **FOR** the Advance Notice Policy Resolution.

### **Clarification of Certain of the REIT’s Operating Policies**

In reviewing the competitive landscape of other publicly listed Canadian real estate investment trusts, it was determined that the following amendments be made to Sections 1.1 and 5.2(e) of the Declaration of Trust and that corresponding amendments be made to Sections 1.1 and 6.2(e) of the amended and restated limited partnership agreement of PRO REIT Limited Partnership (the “**Partnership Agreement**”), in order to clarify the interpretation of certain of the REIT’s operating policies and best enable the REIT to maintain and enhance its competitive position in the marketplace.

It is proposed that Section 1.1 of the Declaration of Trust shall be revised and amended by adding a definition of “Indebtedness” to read as follows and that a corresponding amendment be made to Section 1.1 of the Partnership Agreement:

“**Indebtedness**” means (without duplication) on a consolidated basis:

- (i) any obligation of the Trust for borrowed money (other than the impact of any net discount or premium on Indebtedness at the time assumed from vendors of properties at rates of interest less or greater than, respectively, fair value and any undrawn amounts under any acquisition or operating facility);
- (ii) any obligation of the Trust (other than the impact of any net discount or premium on Indebtedness at the time assumed from vendors of properties at rates of interest less or greater than, respectively, fair value and any undrawn amounts under any acquisition or operating facility) incurred in connection with the acquisition of property, assets or businesses other than the amount of future income tax liability arising out of indirect acquisitions;
- (iii) any obligation of the Trust issued or assumed as the deferred purchase price of property;
- (iv) any capital lease obligation of the Trust; and
- (v) any obligation of the type referred to in subsections (i) through (iv) of another person, the payment of which the Trust has guaranteed or for which the Trust is responsible or liable, other than such an obligation in connection with a property that has been disposed of by the Trust for which the purchaser has assumed such obligation and provided the Trust with an indemnity or similar arrangement therefor;

provided that (A) for the purposes of subsections (i) through (iv), an obligation (other than convertible debentures) will constitute Indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with IFRS, (B) obligations referred to in subsections (i) through (iii) exclude trade accounts payables, security deposits, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business, (C) convertible debentures will constitute Indebtedness to the extent of the principal amount thereof outstanding; and (D) Units and exchangeable securities, including Class B LP Units, will not constitute Indebtedness;”

It is proposed that Section 5.2(e) of the Declaration of Trust shall be revised and amended to read as follows and that a corresponding amendment be made to Section 6.2(e) of the Partnership Agreement:

“the Trust shall not incur or assume any Indebtedness if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of the Trust would be more than 70% of Gross Book Value following the investment.”

The Trustees propose to make such additional amendments to the Declaration of Trust and the Partnership Agreement as are required or desirable so that the substance of the amendments proposed above conform with the other terms and provisions of the Declaration of Trust and the Partnership Agreement, as applicable.

Pursuant to the Declaration of Trust and the Partnership Agreement, the foregoing proposed changes require the approval of two-thirds of the votes cast by the Unitholders. Accordingly, Unitholders will be asked to pass the special resolution, in the form set out in Appendix “B” hereto, to authorize and approve the foregoing amendments to the Declaration of Trust and the Partnership Agreement. The Board of Trustees considers that the amendments to the Declaration of Trust and the Partnership Agreement are appropriate in order to ensure the Declaration of Trust and the Partnership Agreement are consistent with all other aspects of the REIT’s ongoing operations and initiatives.

The Named Proxyholders, if appointed as proxies, intend to vote **FOR** the amendments to the Declaration of Trust and the Partnership Agreement set out above.

The Board of Trustees recommends that Unitholders vote **FOR** the amendments to the Declaration of Trust and the Partnership Agreement set out above.

### **Interest of Certain Persons in Matters to be Acted Upon**

Except as otherwise disclosed, no other person or company who is, or at any time for the fiscal year ended December 31, 2014 was, a Trustee or executive officer of the REIT, a proposed nominee for election as a Trustee of the REIT, or an associate or affiliate of any such Trustee, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting.

## **EXECUTIVE COMPENSATION**

### **Overview**

As at the date hereof, the REIT does not directly employ any persons who would be considered an executive officer of the REIT. The services of James W. Beckerleg as President and Chief Executive Officer and Gordon G. Lawlor as Chief Financial Officer are provided to the REIT by the REIT’s external manager, Labec Realty Advisors Inc. (the “**Manager**”). The Manager provides property and asset management advisory services to the REIT pursuant to the Management Agreement, for which the REIT pays certain fees. See “Management Agreement” at page 16 of this Circular.

The REIT does not have any employment agreements with members of senior management and does not pay any cash compensation or short term incentives to any individuals serving as officers of the REIT, directly or indirectly. Rather, those individuals who are employees of the Manager are compensated by the Manager. A portion of the compensation paid to certain employees of the Manager is attributable to time spent on the activities of the REIT. The board of directors of the Manager has sole responsibility for determining the compensation of its executive officers from time to time, other than the granting of the Deferred Units and Restricted Units pursuant to the REIT’s Long Term Incentive Plan, which are the responsibility of the Governance and Compensation Committee of the REIT’s Board of Trustees.

### **Compensation Discussion and Analysis**

As the REIT’s senior management team is employed by the Manager, the REIT is only obligated to pay a fixed amount to the Manager pursuant to the Management Agreement. See “Management Agreement” on page 16 of this Circular. Any variability in cash compensation paid by the Manager to the NEOs (as defined below) does not impact the REIT’s financial obligations.

The following is intended to describe the portion of the compensation of the named executive officer that is attributable to time spent on activities of the REIT. The named executive officers of the REIT are the REIT’s Chief Executive Officer and Chief Financial Officer (the “**Named Executive Officers**” or “**NEOs**”). No other executive officer of the REIT earned total compensation for the year ended December 31, 2014 in excess of \$150,000. They are:

- (a) James W. Beckerleg, President and Chief Executive Officer; and



(b) Gordon G. Lawlor, Chief Financial Officer.

## **Elements of Compensation**

The compensation of NEOs is based on three main elements: (i) base salaries; (ii) an annual cash incentive bonus; and (iii) long-term equity incentives granted under the REIT's LTIP. The NEOs do not benefit from medium-term incentives or pension plan participation. Perquisites and other personal benefits are not significant elements of their compensation.

As a private company, the Manager's process for determining compensation is straightforward and informal. The Manager's board of directors does not apply any specific formula for determining the amount of each compensation element or how one element fits into the overall compensation scheme in respect of the REIT's activities. Objectives and performance measures may vary from year to year as determined to be appropriate by the Manager's board of directors. Accordingly, the Board has not considered the implications of the risks associated with the compensation of NEOs.

### ***Base Salaries***

Base salaries are intended to attract and retain certain individuals to act as executives, and as compensation for fulfilling the responsibilities of the role. Base salaries are determined annually on an individual basis by the board of directors of the Manager, taking into consideration the past, current and potential contribution to the success of the REIT, the scope and responsibilities of the NEO's role in the REIT and the competitive industry practices for other real estate investment trusts and corporations of comparable size. The REIT does not engage compensation consultants for the purposes of performing benchmarking or to apply specific criteria for the selection of comparable real estate businesses. In the past, other comparable real estate businesses that have been considered for benchmarking purposes include Allied Properties REIT, Artis REIT, Cominar REIT and Pure Industrial REIT. Increases and decreases in base salary are at the sole discretion of the Manager's board of directors.

### ***Annual Cash Incentive Bonus***

Annual cash incentive bonuses are at the sole discretion of the Manager's board of directors and not awarded pursuant to any formal incentive plan. Annual cash incentive bonuses are intended to reward performance of the REIT or the NEO individually and to motivate, attract and retain certain individuals as executives. Assessment of the REIT and each individual NEO's performance is based on qualitative and quantitative performance standards, as may be determined from year to year by the Manager's board of directors. It may be based on measures such as unit price performance, the meeting of operating, strategic and financial objectives, and the performance against Adjusted Funds from Operations ("AFFO") per Unit as defined in the REIT's management's discussion and analysis ("MD&A"). Performance of the REIT and each individual NEO may vary from year to year depending on economic conditions and conditions in the real estate industry.

### ***Long Term Incentive Plan***

The Board of Trustees, acting on the recommendation of the Governance and Compensation Committee, may designate individuals eligible to receive grants of Restricted Units and Deferred Units under the REIT's LTIP. The LTIP is intended to align the interests of the eligible NEOs more closely with the interests of the Unitholders, as Restricted Units and Deferred Units are tied to the REIT's financial and unit trading performance and vest or accrue over a number of years. In determining the grant of Restricted Units and Deferred Units, the Governance and Compensation Committee consider the performance of the REIT and each individual NEO's performance, the scope and responsibilities of the NEO's role in the REIT, tenure and past grants.

See "Executive Compensation - Incentive Plan Awards - Long Term Incentive Plan" at page 13 of this Circular. For more on the role of the Governance and Compensation Committee, see "Governance Practices - Committees of the Board of Trustees - Governance and Compensation Committee" at page 20 of this Circular.

## **Summary Compensation Table**

As the REIT was established on March 11, 2013, the following table sets forth the compensation for the fiscal years ended December 31, 2014 and 2013 earned by NEOs for services rendered to the REIT.



NEO Name and Principal Position	Year	Salary	Non-Equity Incentive Plan Compensation (Bonus) <sup>(1)</sup>	Unit-Based Awards <sup>(2)(3)</sup> (Long-Term Incentive Plan)	Pension Value	All Other Compensation	Total Compensation
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
James W. Beckerleg <sup>(4)</sup> President and Chief Executive Officer	2014	nil	130,000	140,171	nil	nil	270,171
	2013	nil	130,000	150,000	nil	nil	280,000
Gordon G. Lawlor, CA Chief Financial Officer	2014	nil	130,000	92,587	nil	nil	222,587
	2013	nil	130,000	99,000	nil	nil	229,000

Notes:

- (1) All annual incentive plan awards relating to services performed during the fiscal years ended December 31, 2014 and 2013 were paid by the Manager. See "Management Agreement" at page 16 of this Circular.
- (2) For the period from January 1, 2014 to December 31, 2014, Deferred Units were awarded to NEOs as part of the REIT's LTIP. Amounts are determined based on the fair value of the Deferred Units on the grant date multiplied by the number of Deferred Units granted during the period as follows:
  - (a) James W. Beckerleg: 50,000 x \$2.40 = \$120,000;
  - (b) Gordon G. Lawlor: 33,000 x \$2.40 = \$79,200.
- (3) Includes additional Deferred Units credited for the period of January 1, 2014 to December 31, 2014 to reflect distributions paid to Trust Units.
- (4) Mr. Beckerleg receives no compensation for acting as a Trustee of the REIT.

### Incentive Plan Awards

#### Outstanding Unit-Based Awards

The following table provides a summary, in respect of each NEO, of all Unit-based awards and option-based awards outstanding at the end of the REIT's most recently completed fiscal year ended December 31, 2014.

Name	Unit-Based Awards	
	Number of Units That Have Not Vested <sup>(1)</sup>	Market or Payout Value of Unit-Based Awards That Have Not Vested <sup>(1)</sup>
James W. Beckerleg President and Chief Executive Officer	92,583	(\$) 199,053
Gordon G. Lawlor, CA Chief Financial Officer	61,365	131,935

Note:

- (1) These awards were issued pursuant to the LTIP. The value of these grants represents the market value of the underlying Units as of December 31, 2014.

#### Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides a summary, in respect of each NEO, of the value vested or earned during the REIT's fiscal year ended December 31, 2014.

Name	Unit-Based Awards – Value Vested During the Year <sup>(1)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year <sup>(2)</sup>
James W. Beckerleg President and Chief Executive Officer	(\$) 35,832	(\$) nil
Gordon G. Lawlor, CA Chief Financial Officer	23,889	nil

Notes:

- (1) These awards represent Units issued pursuant to Restricted Units and Deferred Units under the LTIP. The value of these grants represents the market value of the underlying Units as of December 31, 2014.
- (2) Represents awards made pursuant to the Annual Cash Incentive Bonus.

### Long Term Incentive Plan

The following information is intended to be a brief description of the LTIP and is qualified in its entirety by the full text of the LTIP, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Eligible Participants may participate in the LTIP. “**Eligible Participants**” under the LTIP consist of (a) all Trustees (other than employees of the Manager), directors, employees and consultants of the REIT and its Affiliates, and (b) employees of consultants or the Manager. The LTIP provides the REIT with the option to grant to Eligible Participants Deferred Units and Restricted Units. Currently, the aggregate number of Units that may be issued pursuant to the LTIP is 1,047,532. No Restricted Units and Deferred Units may be granted if the result would cause the total number of Units potentially issuable under the LTIP to exceed the aggregate number of Units issuable under the LTIP. Additional Deferred Units will be credited to the holder’s account on an ongoing basis to reflect distributions paid on Units. Eligibility to participate does not confer upon any individual a right to receive an award of Restricted Units or Deferred Units pursuant to the LTIP.

Each Restricted Unit and Deferred Unit is equivalent in value to a Unit, credited on the REIT’s books. Unless otherwise specified when granting an award to an Eligible Participant, one third of each Restricted Unit and Deferred Unit granted to Eligible Participants granted in any year shall vest (a) on January 1<sup>st</sup> of the following year (the “**Initial Vesting Date**”); (b) on the first anniversary of the Initial Vesting Date; and (c) on the second anniversary of the Initial Vesting Date. Restricted Units shall be settled on the date that the Restricted Units vest whereas Deferred Units shall be settled only after the participant has ceased, as applicable, to provide services as a Trustee, director, employee or consultant of the REIT and its Affiliates or as an employee of a consultant or the Manager. Under the LTIP, an eligible Trustee has the right to receive up to 50% of his or her meeting fees for the calendar year through the issuance of Deferred Units.

The aggregate of the Units: (i) issued to Insiders of the REIT, within any one year period; and (ii) issuable to insiders of the REIT, at any time, under the LTIP shall not exceed 10% of the REIT’s total issued and outstanding Units. Any Restricted Units or Deferred Units held by a participant immediately vest on the retirement or death of the participant or if a participant is terminated by the REIT without cause or becomes disabled. If a participant resigns or is terminated for cause, any of the participant’s Restricted Units and Deferred Units which have not already vested immediately expire.

Upon the occurrence of a change of control event, the vesting of all Deferred Units and Restricted Units held by a participant shall be accelerated to provide that such Deferred Units and Restricted Units shall be fully vested and settlement shall be effective immediately prior to the completion of the change of control.

The Board of Trustees of the REIT may review and confirm the terms of the LTIP from time to time and may, subject to the TSXV rules, amend or suspend the LTIP in whole or in part as well as terminate the LTIP without prior notice as it deems appropriate. However, subject to the terms of the LTIP, no amendment may adversely affect the Deferred Units or Restricted Units previously granted under the LTIP without the consent of the affected Eligible Participant.

The table below sets forth details about the LTIP, the only equity compensation plan of the REIT, as of December 31, 2014.

Plan Category	Number of Units to be Issued Upon Vesting of All Outstanding DUs and RUs Issued Pursuant to the LTIP	Weighted-Average Exercise Price of Outstanding DUs and RUs	Number of Units Remaining Available for Future Issuance Under LTIP (Excluding Units Reflected in the First Column) <sup>(1)</sup>
Equity compensation plans approved by Unitholders	337,696	n/a	709,836
Equity compensation plans not approved by Unitholders	n/a	n/a	n/a
<b>Total</b>	337,696	n/a	709,836

Note:

(1) 1,047,532 Units are currently authorized for issuance under the LTIP.

### ***One-time grant of Deferred Units***

In the REIT's most recent fiscal year ended December 31, 2014, the REIT made a special one-time grant of Deferred Units to the following NEOs and Trustees:

<b>NEO and/or Trustee Name</b>	<b>Number of Deferred Units Granted</b>
James W. Beckerleg	50,000
Gordon G. Lawlor	33,000
Gérard A. Limoges	14,583
John Levitt	14,583
Ronald E. Smith	12,500
Vitale A. Santoro	12,500

The one-time grant of Deferred Units became effective on February 18, 2014. This one-time grant was intended to motivate NEOs and Trustees and to promote a greater alignment of their interests with the interests of the Unitholders.

The following table sets out additional information regarding awards made under the LTIP as at the Record Date.

	<b>Number</b>	<b>% of Outstanding Units</b>
Maximum Units Issuable	1,047,532	100.0%
Units Issued to Date	562,764	53.7%
Units Issuable under DU Awards	562,764	53.7%
Units Issuable under RU Awards	nil	0.0%
Units Available for Future Awards	484,768	46.3%

### **Termination and Change of Control**

There are no pre-defined termination payments or change of control arrangements for the NEOs.

## **TRUSTEE COMPENSATION**

### **Compensation of Trustees**

In consideration for serving on the Board of Trustees, each Trustee is entitled to receive a fee of \$1,000 for each meeting of the Trustees attended in person or by conference call. Trustees who are also employees of the Manager are not eligible for remuneration in their role as a Trustee for purposes of attending meetings of the Board of Trustees. During the period from October 1, 2013 to September 30, 2014, and such further periods until the REIT acquires sufficient additional properties, with the intent of maintaining the sustainability of the REIT's cash flows, the Trustees have agreed to waive any fees to which they may be entitled as Trustees, subject to certain conditions, with the intent of maintaining the sustainability of the REIT's cash flows. Following such period, the Trustees will revisit this arrangement, with the intent of maintaining the sustainability of the REIT's cash flows. The REIT may also grant to Trustees who are not employees of the Manager Deferred Units and Restricted Units under the terms of the LTIP. See "Executive Compensation - Incentive Plan Awards - Long Term Incentive Plan" at page 13 of this Circular.

The aggregate number of Units that may be issued pursuant to the LTIP is 1,047,532. No Restricted Units and Deferred Units may be granted if the result would cause the total number of Units potentially issuable under the LTIP to exceed the aggregate number of Units issuable under the LTIP. Trustees eligible to receive cash remuneration from the REIT may also elect to receive up to 50% of their cash remuneration in the form of Deferred Units. The remuneration of the Trustees is subject to periodic review by the Board of Trustees, in consultation with the Governance and Compensation Committee.

The Trustees may also be reimbursed for their out-of-pocket expenses incurred in acting as Trustees. In addition, Trustees are entitled to receive remuneration for services rendered to the REIT in any other capacity, except in respect of their service as directors of any of the REIT's Subsidiaries.

The table below provides a summary of the compensation earned in respect of the REIT's fiscal year ended December 31, 2014. Each of the Trustee's compensation is set out below, except for:

Mr. James W. Beckerleg, President and Chief Executive Officer of the REIT, as his compensation was previously set out in the "Summary Compensation Table" at page 11 of this Circular.

Name	Fees Earned <sup>(1)</sup>	Unit-Based Awards (Long-Term Incentive Plan) <sup>(2)(3)</sup>	All Other Compensation	Total	Fees taken in DUs	Total DUs value vested or earned <sup>(4)</sup>
Gérard A. Limoges	(\$) nil	(\$) 40,224	(\$) nil	(\$) 40,224	(%) nil	(\$) 8,361
Vitale A. Santoro	nil	34,478	nil	34,478	nil	7,166
John Levitt	nil	40,224	nil	40,224	nil	8,361
Ronald E. Smith	nil	34,478	nil	34,478	nil	7,166
Shenoor Jadavji <sup>(5)(6)</sup>	nil	nil	nil	nil	nil	nil

Notes:

- (1) Trustees eligible to receive cash remuneration from the REIT are entitled to elect to receive part or all of their fees in the form of DUs (as described above). For the purposes of this disclosure, such grants are included under "Fees Earned" above rather than "Unit-Based Awards".
- (2) For the period from January 1, 2014 to December 31, 2014, Deferred Units were awarded to Trustees as part of the REIT's LTIP. Amounts are determined based on the fair value of the Deferred Units on the grant date multiplied by the number of Deferred Units granted during the period as follows:
  - (a) James W. Beckerleg: see "Summary Compensation Table" for NEOs at page 11 of this Circular
  - (b) Gérard A. Limoges: 14,583 x \$2.40 = \$35,000
  - (c) Vitale A. Santoro: 12,500 x \$2.40 = \$30,000
  - (d) John Levitt: 14,583 x \$2.40 = \$35,000
  - (e) Ronald E. Smith: 12,500 x \$2.40 = \$30,000
- (3) Includes additional Deferred Units credited for the period of January 1, 2014 to December 31, 2014 to reflect distributions paid to Trust Units.
- (4) These awards were issued pursuant to the LTIP. The value of these grants represents the market value of the underlying Units as of December 31, 2014.
- (5) Ms. Jadavji was appointed to the Board of Trustees on September 30, 2014.
- (6) A finder's fee of \$100,625 was paid to Lotus Crux Acquisition LP ("LC Acquisition") in connection with the purchase of certain properties by the REIT pursuant to the terms of a strategic investment agreement between the REIT and LC Acquisition dated September 30, 2014 (the "Strategic Investment Agreement"). LC Acquisition is a limited partnership of which Ms. Jadavji is a director of the general partner. Additional information relating to the Strategic Investment Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Incentive Plan Awards

### Outstanding Unit-Based Awards

The following table provides a summary, in respect of each Trustee, of all Unit-based awards and option-based awards outstanding at the end of the REIT's most recently completed fiscal year ended December 31, 2014.

Name	Unit-Based Awards	
	Number of Units That Have Not Vested <sup>(1)</sup>	Market or Payout Value of Unit-Based Awards That Have Not Vested <sup>(1)</sup>
Gérard A. Limoges	24,759	(\$) 53,232
Vitale A. Santoro	21,223	45,629
John Levitt	24,759	53,232
Ronald E. Smith	21,223	45,629
Shenoor Jadavji <sup>(2)</sup>	nil	nil

Note:

- (1) These awards were issued pursuant to the LTIP. The value of these grants represents the market value of the underlying Units as of December 31, 2014.
- (2) Ms. Jadavji was appointed to the Board of Trustees on September 30, 2014.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides a summary, in respect of each Trustee, of the value vested or earned during the REIT's fiscal year ended December 31, 2014.

Name	Unit-Based Awards – Value Vested During the Year <sup>(1)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year <sup>(2)</sup>
	(\$)	(\$)
Gérard A. Limoges	8,361	nil
Vitale A. Santoro	7,166	nil
John Levitt	8,361	nil
Ronald E. Smith	7,166	nil
Shenoor Jadavji <sup>(3)</sup>	nil	nil

Notes:

- (1) These awards represent Units issued pursuant to Restricted Units and Deferred Units under the LTIP. The value of these grants represents the market value of the underlying Units as of December 31, 2014.
- (2) Represents awards made pursuant to the Annual Cash Incentive Bonus.
- (3) Ms. Jadavji was appointed to the Board of Trustees on September 30, 2014.

## MANAGEMENT AGREEMENT

The following information is intended to be a brief description of the Management Agreement. For a more detailed description, see “Arrangements with the Manager” in the REIT’s annual information form for the REIT’s fiscal year ended December 31, 2014 (the “AIF”), a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

On March 11, 2013, the REIT entered into a management agreement (the “**Management Agreement**”) with the Manager, Labec Realty Advisors Inc., whose head office is located at 2000 Peel Street, Suite 758, Montreal, Québec H3A 2W5. Pursuant to the terms of the Management Agreement, the Manager provides the REIT with the services necessary to manage its day-to-day operations, including the services of Messrs. James W. Beckerleg and Gordon G. Lawlor to the REIT as President and Chief Executive Officer and Chief Financial Officer of the REIT, respectively. Messrs. James W. Beckerleg and Gordon G. Lawlor respectively hold 50% of the shares of the Manager and are its only directors. Total fees incurred under the Management Agreement in 2014 were \$847,000.

In connection with the services provided by the Manager under the Management Agreement, the following amounts are payable to the Manager, in cash:

- an annual advisory fee (the “**Advisory Fee**”) equal to 0.25% of the Adjusted Cost Base of the REIT’s assets, where “**Adjusted Cost Base**” means the book value of the assets of the REIT, as shown on its most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization shown thereon, less excess cash that is not yet invested in properties or other assets; and
- an acquisition fee (the “**Acquisition Fee**”) equal to (i) 1.00% of the purchase price paid by the REIT for the purchase of a property, on the first \$100,000,000 of properties acquired in each fiscal year; (ii) 0.75% of the purchase price paid by the REIT for the purchase price of a property on the next \$100,000,000 of properties acquired in each fiscal year, and (iii) 0.50% of the purchase price paid by the REIT for the purchase of a property, on properties in excess of \$200,000,000 acquired in each fiscal year.

### Term and Termination

The Management Agreement has an initial term expiring in 2019, subject to early termination in certain circumstances, and will be renewable for further five year periods upon mutual agreement. The REIT has the right, to terminate the Management Agreement in the event that the GBV, as such term is defined in the Management Agreement, of the REIT’s assets reaches \$500 million, as such term is described in the AIF, in which case the REIT shall pay the Manager a termination fee equal to the management fees and expenses paid to the Manager in the then most recent fiscal year, plus any severance costs related to the employees of the Manager. In addition, the REIT has the right to terminate the Management Agreement at any time without cause by a decision of a majority of the Independent Trustees and upon at least 60 days’ prior written notice, in which case the REIT shall pay the Manager a termination fee equal to:

- (i) in the event the Management Agreement is terminated during its initial term, the anticipated fees which would have been payable to the Manager in respect of such services during the balance of the initial term, plus any severance costs related to the employees of the Manager and any lease termination penalties payable by the Manager; provided that if there remained less than two years on the initial term of the Management Agreement,

the REIT shall pay to the Manager a termination fee equal to the anticipated fees which would have been payable to the Manager in respect of such services during the following two years, plus any severance costs related to employees of the Manager and any lease termination penalties payable by the Manager; or

- (ii) in the event the Management Agreement is terminated during a renewal term, the anticipated fees which would have been payable to the Manager during the following two years, plus any severance costs related to the employees of the Manager and any lease termination penalties payable by the Manager.

### **Non-Competition**

During the term of the Management Agreement, the Manager and Messrs. Beckerleg and Lawlor shall not make any restricted investments in Canada. For the purposes of the Management Agreement, “restricted investments” means the acquisition of an ownership interest in or development of, directly or indirectly, income-producing office, retail, and industrial properties.

The Manager and Messrs. Beckerleg and Lawlor may however make restricted investments provided that (i) the REIT has first been offered the opportunity to make the restricted investment, directly or indirectly, or (ii) Messrs. Beckerleg and Lawlor make a restricted investment where the primary purpose of the investment is to use the property for personal purposes or as office space.

## **GOVERNANCE PRACTICES**

### **General**

The Trustees and management believe that sound corporate governance practices will contribute to the effective management of the REIT and the achievement of its strategic and operational goals and objectives. The following description of the REIT’s governance practices is made with reference to National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). Pursuant to NI 58-101, the REIT is required to disclose certain information with respect to its governance practices. This information is set out below.

### **External Management Structure**

The REIT is externally managed by an experienced team of real estate professionals utilizing an efficient management structure. In exchange for providing management services to the REIT, the Manager earns a competitive advisory fee, expressed as a percentage of the Adjusted Cost Base of the REIT’s assets, and an acquisition fee, expressed as a percentage of the purchase price of properties acquired. The Manager does not charge any incentive, disposition, financing, leasing, construction or development fees. In addition, the Manager has agreed to internalize the asset management function of the REIT once the REIT’s GBV reaches \$500 million. See “Management Agreement” at page 16 of this Circular.

Furthermore, the REIT seeks to maintain strong and effective governance with a Board of Trustees comprised of a majority of Independent Trustees (as defined below), all of whom have experience in the Canadian commercial real estate and capital markets.

As of the Record Date, members of management and the Board of Trustees held a 15.8% equity interest in the REIT.

### **Independence**

Four of the six Trustees during 2014 were Independent Trustees (as defined below) and unrelated to management of the Manager and the REIT. The Independent Trustees during 2014 were Messrs. John Levitt, Gérard A. Limoges, Ronald E. Smith and Mr. Vitale Santoro. Mr. James W. Beckerleg serves as President and Chief Executive Officer of the REIT. Mr. Vitale A. Santoro serves as Corporate Secretary. Accordingly, Mr. Beckerleg and Ms. Jadavji are not independent. The roles of Chairman of the Board of Trustees and Chief Executive Officer have been divided, permitting the Chairman to focus on his responsibilities. The Independent Trustees meet in camera in conjunction with every regularly scheduled quarterly Board meeting.

The Board of Trustees has established four Board committees, being the Audit Committee, the Governance and Compensation Committee, the Nominating Committee and the Investment Committee. Each committee has a formal written charter, except for the Investment Committee. The Declaration of Trust requires that the Governance and



Compensation Committee and the Audit Committee be composed of at least three Trustees, a majority of whom must be Independent Trustees. The Declaration of Trust requires that a majority of the trustees on each of these committees be residents of Canada. As defined in the Declaration of Trust, and for the purposes of this Circular, an “**Independent Trustee**” is any trustee who is independent within the meaning of NI 58-101. During 2014, the each of the Audit Committee and the Governance and Compensation Committee was comprised solely of Independent Trustees and each of the Nominating Committee and the Investment Committee was comprised of a majority of Independent Trustees.

### **Board Mandate**

The Board of Trustees is responsible for the stewardship of the activities and affairs of the REIT. The Board seeks to discharge such responsibility by reviewing, discussing and approving our strategic planning and organizational structure and supervising management to oversee that the strategic planning and organizational structure enhance and preserve the business of REIT and the REIT’s underlying value. The Board of Trustees meets periodically to review and approve the strategic plan proposed by management. In addition, the Board assesses the REIT’s major opportunities and the risk impact of strategic decisions contemplated by management and monitors performance against such plans.

### **Orientation and Continuing Education**

Ms. Shenoor Jadavji was appointed as a new Trustee on September 30, 2014. Further, Mr. Peter Aghar, Mr. Vincent Chiara and Mr. Coté will be new Trustees if elected. When new Trustees are elected, they will receive a comprehensive orientation. They will be briefed on the role of the Board of Trustees, its committees, the contribution individual Trustees are expected to make, and the nature and operation of the REIT and its assets. This is consistent with governance guidelines and enables a new Trustee to better understand the REIT and his or her role and responsibilities. Additionally, as new laws, issues or other developments that are relevant to the REIT arise, including general economic or capital markets trends, the REIT will ensure that such matters are the subject of presentations to, or discussions with, the Board of Trustees to ensure that each Trustee is fully aware of all relevant aspects of such matters.

The REIT’s continuing education program for its Trustees involves the ongoing evaluation by the Governance and Compensation Committee of the skills and competencies of existing Trustees. The Board of Trustees is currently comprised of highly qualified and experienced Trustees with impressive levels of skill and knowledge. Many of the Trustees are seasoned business executives, directors or professionals with considerable amounts of experience, including as directors of other significant public companies. The Governance and Compensation Committee continually monitors the composition of the Board of Trustees and plans to recommend the adoption of a formal continuing education program in 2015.

### **Ethical Business Conduct**

#### ***Code of Business Conduct***

The REIT has adopted a written Code of Conduct which sets out the principles which should guide the behaviour of all Trustees, officers and employees of the REIT and its subsidiaries, including the Manager. The objective of the Code of Conduct is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the REIT. The Code of Conduct addresses conflicts of interest, protecting the REIT’s assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour.

As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to the REIT’s best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Board of Trustees has the ultimate responsibility for the stewardship of the Code of Conduct. A copy of the Code of Conduct is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### ***Conflict of Interest***

The Declaration of Trust of the REIT contains “conflict of interest” provisions similar to those contained in the *Canada Business Corporations Act* to protect holders of units without creating undue limitations on the REIT.

Given that the Trustees and officers of the REIT are engaged in a wide range of real estate and other activities, the Declaration of Trust requires each of the Trustees or officers of the REIT to disclose to the REIT if he or she is a party to a material contract or transaction or proposed material contract or transaction with the REIT or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made by a Trustee (i) at the first meeting of the Board of Trustees, Investment Committee or applicable committee, as the case may be, at which a proposed

contract or transaction is considered; (ii) if the Trustee was not then interested in a proposed contract or transaction, at the first such meeting after a Trustee becomes so interested; (iii) if the Trustee becomes interested after a contract is made or a transaction is entered into, at the first such meeting after the Trustee becomes so interested; or (iv) at the first meeting after an interested party becomes a Trustee. Disclosure is required to be made by an officer (i) as soon as the officer becomes aware that a contract or transaction or proposed contract or transaction is to be, or has been, considered by the Trustees; (ii) as soon as the officer becomes aware of his or her interest in a contract or transaction; or (iii) if not currently one of the REIT's officers, as soon as such person becomes one of the REIT's officers.

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

The Declaration of Trust also contains provisions to address potential conflicts of interest arising between the REIT and any related party. In particular, the Trustees are required to obtain a valuation in respect of any real property that PROREIT LP or its subsidiaries intend to purchase from or sell to a related party prepared by a valuator engaged by, and prepared under the supervision of, a committee of two or more Independent Trustees who have no interest in such transaction. In addition, the REIT will not permit PROREIT LP to effect a transaction with a related party unless the transaction is determined to be on commercially reasonable terms by, and is approved by, a majority of the Independent Trustees who have no interest in such transaction.

### **Nomination of Trustees**

The Nominating Committee is responsible for identifying and investigating potential candidates for nomination to the Board of Trustees, including nominations put forward by Unitholders, and recommending prospective Trustees, as required, who will provide an appropriate balance of knowledge, experience and capability on the Board of Trustees. See "Governance Practices - Committees of the Board of Trustees - Governance and Compensation Committee" at page 20 of this Circular.

### **Compensation**

The Board of Trustees determines the appropriate compensation for the Trustees of the REIT after considering the recommendations of the Governance Compensation Committee. The Board of Trustees and the Governance and Compensation Committee believe that the compensation currently paid to the Trustees is fair in light of the responsibilities and risks assumed by each Trustee and having regard to compensation paid to trustees of comparable real estate investment trusts. See "Trustee Compensation" at page 14 of this Circular.

The Board of Trustees and the Governance and Compensation Committee are responsible for identifying and mitigating risk related to the REIT's compensation policies and practices. Such identified risks include the use of an external manager and the REIT's reliance on the services provided by the Manager, in particular the services of Messrs. James W. Beckerleg and Gordon G. Lawlor. Practices used by the REIT to mitigate such risks include the alignment of Trustee and management's interest with those of Unitholders.

### **Position Descriptions**

#### *Chair of the Board*

The Chair of the Board is elected by the Board of Trustees. The primary responsibility of the Chair of the Board is to provide leadership to the Board of Trustees in order to enhance Board effectiveness. The Board of Trustees has ultimate accountability for the supervision and management of the REIT. Critical to this accountability is the relationship between the Board of Trustees, management, Unitholders and other stakeholders. The Chair of the Board, as presiding member, oversees that these relationships are effective, efficient and further the best interests of the REIT. The Board of Trustees has adopted a written position description for the Chairman of the Board which sets out the Chairman's key responsibilities, including duties relating to setting Board meeting agendas, chairing Board of Trustees and Unitholder meetings and communicating with the senior officers of the REIT so that they are aware of concerns of Trustees, Unitholders and other stakeholders.

### *Committee Chairs*

The Board has adopted general position descriptions for the committee chairs. To fulfill his or her responsibilities and duties, the chair for each committee shall: facilitate the effective operation and management of, and provide leadership to, the committee; chair meetings of the committee; set the agenda for each meeting of the committee and otherwise bring forward matters for consideration within the charter of the committee; facilitate the committee's interaction with management, the Board of Trustees and other committees of the Board of Trustees; act as a resource and mentor for other members of the committee; report to the Board of Trustees on matters considered by the committee, its activities and compliance with the committee's charter; and perform such other duties and responsibilities as may be delegated to the Chair of the Board by the committee from time to time.

The above position descriptions are reviewed and reassessed annually by the Governance and Compensation Committee and the Nominating Committee.

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

#### ***Audit Committee***

The Audit Committee is responsible for assisting the Board of Trustees in fulfilling its oversight responsibilities with respect to financial reporting, including (i) reviewing the REIT's procedures for internal control with the REIT's auditor and Chief Financial Officer; (ii) reviewing and approving the engagement of the auditor; (iii) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including the REIT's annual information form and management's discussion and analysis; (iv) assessing the REIT's financial and accounting personnel; (v) assessing the REIT's accounting policies; (vi) reviewing the REIT's risk management procedures; and (vii) reviewing any significant transactions outside the REIT's ordinary course of business and any pending litigation involving the REIT.

The Audit Committee has direct communication channels with the Chief Financial Officer of the REIT and the external auditor of the REIT to discuss and review such issues as the Audit Committee may deem appropriate.

The Audit Committee is comprised of Messrs. Gérard A. Limoges, who acts as Chair of the Committee, Ronald E. Smith and John Levitt. Each of these individuals is "financially literate" and "independent" within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Each member of the Audit Committee possesses considerable education and experience relevant to the performance of his responsibilities as an Audit Committee member. For the education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, see "Matters To Be Acted Upon at the Meeting - Election of Trustees - Nominees". Additional information about our Audit Committee as required by NI 52-110 is contained in our latest annual information form which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### ***Governance and Compensation Committee***

The Governance and Nominating Committee is responsible for reviewing, overseeing and evaluating the governance policies of the REIT. The Board of Trustees has adopted a written charter for the Governance and Compensation Committee setting out its responsibilities for: (i) assessing annually, and at such other times as it deems appropriate, the effectiveness of the Board of Trustees, each of its committees and individual Trustees; (ii) organizing an orientation and education program for new Trustees; (iii) considering and approving proposals by the Trustees to engage outside advisers on behalf of the Board of Trustees as a whole or on behalf of the Independent Trustees; and (iv) reviewing and making recommendations to the Board of Trustees concerning any change in the number of Trustees composing the Board of Trustees, annually and at such other times as it deems appropriate.

In addition, pursuant to its written charter, the Governance and Compensation Committee is responsible for: (i) considering questions of management succession; (ii) administering any unit option or purchase plan of the REIT and any other compensation incentive programs (including the LTIP); (iii) assessing the performance of management of the REIT; (iv) reviewing and approving the compensation paid by the REIT, if any, to the officers, advisers and consultants of the REIT; and (v) reviewing and making recommendations to the Board of Trustees concerning the level and nature of the compensation payable to Trustees and officers of the REIT.

The Governance and Compensation Committee is comprised of Messrs. Vitale A. Santoro, who acts as Chair of the Committee, John Levitt and Gérard A. Limoges. Each of these individuals is an Independent Trustee. Each member of the Governance and Compensation Committee possesses considerable education and experience relevant to the performance of

his responsibilities as a Governance and Compensation Committee member. For the education and experience of each member, see “Matters To Be Acted Upon at the Meeting - Election of Trustees - Nominees”.

### ***Nominating Committee***

The Declaration of Trust requires the Board of Trustees to have a Nominating Committee consisting of at least three Trustees, a majority of whom are independent. The Declaration of Trust provides that the Chair of the Nominating Committee shall be a resident of Canada. The Nominating Committee is charged with reviewing, overseeing and evaluating the nominating policies of the REIT. The Board of Trustees has adopted a written charter for the Nominating Committee setting out its responsibilities for overseeing the recruitment and selection of candidates as Trustees of the REIT.

The Nominating Committee is comprised of Messrs. James W. Beckerleg, who acts as Chair of the Committee, John Levitt and Gérard A. Limoges.

### ***Investment Committee***

The Declaration of Trust requires the Board of Trustees to have an Investment Committee consisting of at least three Trustees, each of whom must have substantial experience in the real estate industry, as determined by the Board of Trustees. The Investment Committee will (i) approve or reject proposed acquisitions and dispositions of investments by the REIT; (ii) authorize proposed transactions; and (iii) approve all financing arrangements and the assumption or granting of any mortgage other than the renewal of any existing mortgage by any of the REIT’s Subsidiaries.

The Investment Committee is comprised of Messrs. James W. Beckerleg, who acts as Chair of the Committee, John Levitt, Ronald E. Smith and Gérard A. Limoges.

### **Succession Planning**

Although the REIT does not have any succession plan currently in place, the Governance and Compensation Committee plans to develop a succession plan for the key positions on the executive team which takes into account the skills required for such positions and possible candidates should the need arise.

### **Assessments**

The Governance Compensation Committee is responsible for annually reviewing and assessing the effectiveness of the Board of Trustees, the committees of the Board of Trustees and contributions of the individual Trustees. As part of the review process, the Compensation Committee plans to institute a policy in 2015 whereby it considers input from Trustees where appropriate, the attendance record of Trustees at meetings of the Board of Trustees and any committee thereof, the charters of the Board of Trustees and its committees, applicable position descriptions, the competencies and skills that each Trustee is expected to, and does in fact, bring to the Board of Trustees and each committee on which such Trustee serves, and the evolving needs of the REIT.

As part of a formal Board assessment process in 2015, the Compensation Committee plans to conduct of a review of (a) the performance of the Board of Trustees as a whole, including a review of the performance of the Board of Trustees’ Chair; (b) the performance of each of the REIT’s four committees, including a review of the performance of the committee Chairs; and (c) the performance of each individual Trustee by way of a peer-to-peer review.

### **Feedback to the Board of Trustees**

Unitholders may communicate comments directly to the Independent Trustees by writing to the Chair of the Board of Trustees, care of John Levitt, c/o PRO Real Estate Investment Trust, 2000 Peel Street, Suite 758, Montreal, Québec, H3A 2W5. All correspondence, with the exception of solicitations for the purchase or sale of products and services and other similar types of correspondence, will be forwarded to the Chair of the Governance and Compensation Committee.

## **INDEBTEDNESS OF TRUSTEES AND OFFICERS OF THE REIT AND ITS AFFILIATES**

As at the Record Date, no present or former Trustee, officer or employee is indebted to the REIT or any of its subsidiaries.

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Trustees, there are no material interests, direct or indirect, of the Trustees, any Unitholder who beneficially owns and/or controls or directs, directly or indirectly more than 10% of the outstanding Trust Units, or any associate or affiliate of any such persons, in any transactions since the commencement of the REIT's last completed financial year or in any proposed transaction which has materially affected or would materially affect the REIT or any of its subsidiaries.

## ADDITIONAL INFORMATION

Additional information relating to the REIT, including financial information provided in the REIT's comparative financial statements and MD&A for 2014, is available on SEDAR at [www.sedar.com](http://www.sedar.com). Unitholders may obtain at no charge copies of the REIT's financial statements and MD&A by making a written request to James W. Beckerleg, President and Chief Executive Officer of the REIT, at:

PRO Real Estate Investment Trust  
2000 Peel Street  
Suite 758  
Montreal, Québec H3A 2W5  
Telephone: (514) 933-9552  
Facsimile: (514) 933-9094

Financial information is provided in the REIT's comparative financial statements and MD&A for its most recently completed financial year.

## APPROVAL AND CERTIFICATION

The contents and sending of this Circular have been approved by the Trustees.

May 15, 2015

**BY ORDER OF THE TRUSTEES OF  
PRO REAL ESTATE INVESTMENT TRUST**

**(signed) "James W. Beckerleg"**  
\_\_\_\_\_  
President and Chief Executive Officer

**APPENDIX “A”  
RESOLUTIONS TO AMEND THE DECLARATION OF TRUST  
TO IMPLEMENT ADVANCE NOTICE POLICY**

**BE IT RESOLVED THAT:**

1. The following amendments to the REIT’s Declaration of Trust be and are hereby authorized and approved:

a. Section 1.1 shall be amended by adding the following definitions to the Declaration of Trust:

“**Nominating Unitholder**” has the meaning ascribed thereto in Section 3.8.1;

“**Notice Date**” has the meaning ascribed thereto in Section 3.8.1;

b. The following section is added following Section 3.8 and preceding Section 3.9:

**“3.8.1 Nomination of Trustees**

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as Trustees. Nominations of persons for election as Trustees may be made at any annual meeting of Unitholders, or at any special meeting of Unitholders, if one of the purposes for which the special meeting was called was the election of Trustees:

(i) by or at the direction of the Trustees; or

(ii) by or at the direction or request of one or more Unitholders pursuant to a requisition of the Unitholders made in accordance with Article 7; or

(iii) by any person (a “**Nominating Unitholder**”): (A) who, at the close of business on the date of the giving of the notice provided for below in this Section 3.8.1 and on the record date for notice of such meeting, is entered in the Register as a holder of one or more Units carrying the right to vote at such meeting or who beneficially owns Units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Section 3.8.1.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof to the Trustees in the manner prescribed by this Declaration of Trust. Furthermore, if such notice is made on a day which is not a Business Day or later than 5:00 p.m. on a day which is a Business Day, then such notice shall be deemed to have been made on the subsequent day that is a Business Day.

(c) To be timely, a Nominating Unitholder’s notice to the Trustees must be made:

(i) in the case of an annual meeting of Unitholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of Unitholders; provided, however, that in the event that the annual meeting of Unitholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Unitholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

(ii) in the case of a special meeting (which is not also an annual meeting) of Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day



following the day on which the first public announcement of the date of the special meeting of Unitholders was made. In no event shall any adjournment or postponement of a meeting of Unitholders or the announcement thereof commence a new time period for the giving of a Nominating Unitholder's notice as described above.

- (d) To be in proper written form, a Nominating Unitholder's notice to the Trustees must set forth:
  - (i) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of Units in the capital of the Trust which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to the Securities Act; and
  - (ii) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any Units of the Trust and any other information relating to such Nominating Unitholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to the Securities Act.
- (e) The Trust may require any proposed nominee to furnish such other information as may reasonably be required by the Trust to determine the eligibility of such proposed nominee to serve as an Independent Trustee of the Trust or that could be material to a reasonable Unitholder's understanding of the independence, or lack thereof, of such proposed nominee.
- (f) No person shall be eligible for election as a Trustee unless nominated in accordance with the provisions of this Section 3.8.1; provided, however, that nothing in this Section 3.8.1 shall be deemed to preclude discussion by a Unitholder (as distinct from the nomination of Trustees) at a meeting of Unitholders of any matter in respect of which it would have been entitled to submit to a vote pursuant to the terms and conditions contained in this Declaration of Trust. The chairperson of the applicable meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (g) For purposes of this Section 3.8.1, "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Trust under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).
- (h) Notwithstanding the foregoing, the Trustees may, in their sole discretion, waive any requirement in this Section 3.8.1."

2. The Declaration of Trust is hereby further amended to the extent necessary to reflect and give effect to the foregoing.
3. Any Trustee or officer of the REIT be and is hereby authorized, for and on behalf of the REIT to execute and deliver all documents and instruments and take such other actions, including making all necessary filings with

applicable regulatory bodies and stock exchanges, as such Trustee or officer may determine to be necessary or desirable to implement this ordinary resolution, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action.

4. Capitalized terms used in this resolution have the meanings ascribed thereto in the management information circular accompanying the Notice of Meeting and to which this resolution is attached.

**APPENDIX “B”**  
**RESOLUTIONS TO AMEND THE DECLARATION OF TRUST TO CLARIFY**  
**CERTAIN OPERATING POLICIES**

**BE IT RESOLVED THAT:**

1. The following amendments to the REIT’s Declaration of Trust, and corresponding amendments to the Partnership Agreement, be and are hereby authorized and approved:

a. Section 1.1 of the Declaration of Trust shall be revised and amended by adding a definition of “Indebtedness” to read as follows (and a corresponding amendment shall be made to Section 1.1 of the Partnership Agreement):

“**Indebtedness**” means (without duplication) on a consolidated basis:

- (i) any obligation of the Trust for borrowed money (other than the impact of any net discount or premium on Indebtedness at the time assumed from vendors of properties at rates of interest less or greater than, respectively, fair value and any undrawn amounts under any acquisition or operating facility);
- (ii) any obligation of the Trust (other than the impact of any net discount or premium on Indebtedness at the time assumed from vendors of properties at rates of interest less or greater than, respectively, fair value and any undrawn amounts under any acquisition or operating facility) incurred in connection with the acquisition of property, assets or businesses other than the amount of future income tax liability arising out of indirect acquisitions;
- (iii) any obligation of the Trust issued or assumed as the deferred purchase price of property;
- (iv) any capital lease obligation of the Trust; and
- (v) any obligation of the type referred to in subsections (i) through (iv) of another person, the payment of which the Trust has guaranteed or for which the Trust is responsible or liable, other than such an obligation in connection with a property that has been disposed of by the Trust for which the purchaser has assumed such obligation and provided the Trust with an indemnity or similar arrangement therefor;

provided that (A) for the purposes of subsections (i) through (iv), an obligation (other than convertible debentures) will constitute Indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with IFRS, (B) obligations referred to in subsections (i) through (iii) exclude trade accounts payables, security deposits, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business, (C) convertible debentures will constitute Indebtedness to the extent of the principal amount thereof outstanding; and (D) Units and exchangeable securities, including Class B LP Units, will not constitute Indebtedness;

b. Section 5.2(e) of the Declaration of Trust shall be revised and amended to read as follows (and a corresponding amendment shall be made to Section 6.2(e) of the Partnership Agreement):

“the Trust shall not incur or assume any Indebtedness if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of the Trust would be more than 70% of Gross Book Value following the investment.”

2. The Declaration of Trust and the Partnership Agreement are hereby further amended to the extent necessary to reflect and give effect to the foregoing.

3. Any Trustee or officer of the REIT be and is hereby authorized, for and on behalf of the REIT to execute and deliver all documents and instruments and take such other actions, including making all necessary filings with applicable regulatory bodies and stock exchanges, as such Trustee or officer may determine to be necessary or desirable to implement this ordinary resolution, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action.
4. Capitalized terms used in this resolution have the meanings ascribed thereto in the management information circular accompanying the Notice of Meeting and to which this resolution is attached.