



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

---

**ANNUAL AND SPECIAL MEETING OF UNITHOLDERS  
TO BE HELD ON JUNE 4, 2019**

---

**MAY 1, 2019**

## 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 at 11:00 a.m. (Toronto Time) on Tuesday June 4, 2019 in the Blue room at the Ritz-Carlton Hotel located at 1228 Sherbrooke Street West, Montreal, Québec, H3G 1H6, for the following purposes:

- (a) to receive the consolidated financial statements of the REIT for the financial year ended December 31, 2018 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, with or without variation, an ordinary resolution to approve the reconfirmation and the second amendment and restatement of the REIT’s amended and restated unitholders rights plan; and
- (e) 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. The board of trustees of the REIT has fixed April 26, 2019 as the record date for determining those Unitholders entitled to receive notice of and vote at the Meeting.

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 TSX Trust Company, 100 Adelaide Street West, Suite 301, 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 May 31, 2019 and, if the Meeting is adjourned or postponed, not later than 24 hours prior to the commencement of such adjournment or postponement.

Dated the 1<sup>st</sup> day of May, 2019.

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

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

## TABLE OF CONTENTS

GENERAL INFORMATION.....	1
Solicitation of Proxies .....	1
Appointment of Proxies.....	1
Voting of Units .....	1
Revocability of Proxy.....	2
Persons Making the Solicitation .....	3
Exercise of Discretion by Holders of Proxies.....	3
Voting Securities and Principal Holders Thereof .....	3
Quorum.....	3
MATTERS TO BE ACTED UPON AT THE MEETING .....	4
Receipt of Financial Statements .....	4
Election of Trustees .....	4
Reappointment of MNP LLP as Auditor .....	10
Reconfirmation and Amendment and Restatement of the Unitholders Amended Rights Plan.....	10
Interest of Certain Persons in Matters to Be Acted Upon.....	11
EXECUTIVE COMPENSATION.....	11
Overview .....	11
Compensation Discussion and Analysis .....	12
Elements of Compensation .....	12
Summary Compensation Table.....	13
Incentive Plan Awards .....	14
Termination and Change of Control .....	16
TRUSTEE COMPENSATION .....	17
Compensation of Trustees .....	17
Incentive Plan Awards .....	18
MANAGEMENT AGREEMENT .....	19
GOVERNANCE PRACTICES .....	20
General .....	20
Independence .....	20
Board Mandate .....	20
Orientation and Continuing Education .....	20
Ethical Business Conduct .....	21
Nomination of Trustees .....	22
Compensation .....	22
Position Descriptions.....	22
Committees of the Board of Trustees .....	22
Succession Planning .....	24
Assessments.....	24
Board Diversity .....	24
Feedback to the Board of Trustees .....	25
INDEBTEDNESS OF TRUSTEES AND OFFICERS OF THE REIT AND ITS AFFILIATES .....	25
INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	26
ADDITIONAL INFORMATION.....	26
APPROVAL AND CERTIFICATION .....	26
APPENDIX “A” SUMMARY OF THE AMENDED RIGHTS PLAN .....	A-1

## 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 at 11:00 a.m. (Toronto Time) on Tuesday June 4, 2019 in the Blue room at the Ritz-Carlton Hotel located at 1228 Sherbrooke Street West, Montreal, Québec, H3G 1H6, 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 December 21, 2018 (as amended from time to time, the “Declaration of Trust”).

The Board of Trustees has fixed April 26, 2019 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, TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 not later than May 31, 2019 at 11:00 a.m. (Toronto Time) 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 13, 2019. 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, TSX Trust Company, at the address on the accompanying Notice of Annual and Special Meeting of Unitholders, not later than May 31, 2019 at 11:00 a.m. (Toronto Time) and, if the Meeting is adjourned or postponed, not later than 24 hours prior to the commencement of such adjournment or postponement.

##### Voting of 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 TSX Trust Company. Beneficial Unitholders should provide their instructions sufficiently early to permit their Intermediaries or the agent of their Intermediaries to submit their votes to TSX Trust Company not later than May 31, 2019 at 11:00 a.m. (Toronto Time) 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, TSX Trust Company, so that it is received by TSX Trust Company not later than May 31, 2019 at 11:00 a.m. (Toronto Time) 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 Mansfield Street, Suite 920, Montreal, Québec, H3A 2Z6, facsimile 514-933-9094, Attention: Secretary, or at the offices of TSX Trust Company, 100 Adelaide Street West, Suite 301, 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 of the Form of Proxy, Notice and Circular relating to the Meeting will be borne by the REIT. The REIT will also bear the cost of delivering the unitholder proxy materials to registered Unitholders, non-objecting beneficial owners and objecting beneficial owners. 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. 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. 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, 86,259,511 Trust Units and 8,090,514 Special Voting Units (accompanying 8,090,514 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, 2018 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. 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 REIT currently has eight Trustees, Messrs. Peter Aghar, James W. Beckerleg, Vincent Chiara, Martin Coté, John Levitt, Gérard A. Limoges and Ronald E. Smith and Ms. Shenoor Jadavji. Each of the eight current Trustees will be standing for re-election at the Meeting.

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. The Declaration of Trust includes certain advance notice provisions which are intended to (i) facilitate orderly and efficient annual general or, where the need arises, special, meetings of Unitholders; (ii) ensure that all Unitholders receive adequate notice of Trustee nominations and sufficient information with respect to all nominees; and (iii) allow Unitholders to register an informed vote.

Unitholders will be asked to elect eight Trustees 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 eight 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, subject to the terms of the majority voting policy. 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 (i) the names of the persons being appointed or proposed to be nominated for election as Trustees; (ii) their current positions with the REIT; (iii) their principal occupation(s) or employment(s) during the five preceding years; and (iv) the approximate number of Trust Units, Class B LP Units, Deferred Units and Restricted Units beneficially owned or over which control or direction is exercised, directly or indirectly, by each of them, as of the Record Date. The following nominees were elected as Trustees at the REIT’s 2018 annual meeting of Unitholders and are proposed to be re-elected at the Meeting. Each Trustee elected will hold office until the next annual meeting of the Unitholders or until the election of his or her successor, unless he or she resigns or his or her office otherwise becomes vacant.

*Nominees*

<p><b>Peter Aghar</b> Toronto, Ontario, Canada</p> <p>Trustee</p> <p>Trustee Since: June 9, 2015</p>	<p><b>Principal Occupation</b> President at Crux Capital Corporation</p>				
	<p>Peter Aghar is the founder and President of Crux Capital Corporation, a value-add real estate investor, developer and venture capital investor active across Canada. Since 2013, Crux and its partners have purchased over 3 million square feet of commercial property and are participating in over 1 million square feet of development. Mr. Aghar has a successful track record of over 20 years as an opportunistic value investor on an institutional scale, having been responsible for more than one hundred real estate transactions totaling over \$10 billion in value. Transactions have consisted of investments in Canada, the United States and internationally, including equity investments, developments, joint ventures, structured and mezzanine debt, open and closed end private equity funds as well as the privatization and launch of several public entities. Mr. Aghar was formerly President and Chief Investment Officer of KingSett Capital and a Managing Director of Institutional Accounts at GE Capital Real Estate. Mr Aghar is a board member in a variety of companies and investment funds as well a member of the Young President Organization. He is also a trustee and the chair of the investment committee of Granite Real Estate Investment Trust (TSX: GRT.UN; NYSE: GRP.U). He is a CPA, CMA and is a graduate of the University of Waterloo with an Honours Mathematics Degree.</p>				
	<p><b>Current Public Board Memberships (other than the REIT)</b> Granite Real Estate Investment Trust (TSX: GRT)</p>				
Securities Held or Controlled	Trust Units	Class B LP Units	Deferred Units	Restricted Units	Total Trust Units and Equivalents
<b>as at the Record Date</b>	2,241,600 <sup>(1)</sup>	2,704,807 <sup>(2)</sup>	82,332	0	5,028,739

<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</b> President and Chief Executive Officer of PRO Real Estate Investment Trust</p>				
	<p>From May 2010 until March 2012, 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. Until the internalization of the REIT’s asset management function in 2019, Mr. Beckerleg was also a principal of the REIT’s external manager, Labec Realty Advisors Inc. He has a B.Sc (Mathematics) from McGill University (Montréal, Québec) and an MBA from Concordia University (Montréal, Québec).</p>				
	<p><b>Current Public Board Memberships (other than the REIT)</b> None</p>				
Securities Held or Controlled	Trust Units	Class B LP Units	Deferred Units	Restricted Units	Total Trust Units and Equivalents
<b>as at the Record Date</b>	105,800	302,238	822,443	149,850	1,380,331



<b>Vincent Chiara</b> Montreal, Québec, Canada  Independent Trustee <sup>(3)</sup>  Trustee Since: June 9, 2015	<b>Principal Occupation</b> President of Groupe Mach Inc.				
	Vincent Chiara, president and sole owner of Groupe Mach Inc. (“ <b>Mach</b> ”), 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 10.4 million square feet of office buildings located in Montreal and throughout Québec, including Place Victoria, the CIBC Tower, the Sun Life Building, the <i>Quartier des Lumières</i> and the University Complex. Mach also renovated over two million square feet of obsolete office space in the Montreal region. Mach has built, developed and owns shopping centers throughout Québec and Ontario with a leasable area of over 6.5 million square feet. In addition to office and commercial spaces, Mach owns 19.7 million square feet of industrial space, residential and development properties and land for development.				
	<b>Current Public Board Memberships (other than the REIT)</b> Hexo Corp (TSX: THCX)				
Securities Held or Controlled	Trust Units	Class B LP Units	Deferred Units	Restricted Units	Total Trust Units and Equivalents
<b>as at the Record Date</b>	10,870	995,150	82,332	0	1,088,352

<b>Martin Coté</b> Montreal, Québec, Canada  Independent Trustee <sup>(3)</sup>  Trustee Since: June 9, 2015	<b>Principal Occupation</b> Founder and managing member of Bluenose AC Investments Inc.				
	Martin Coté is a founder and managing member of Bluenose AC Investments Inc. (“ <b>Bluenose</b> ”), an investment vehicle formed in 2013 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				
Securities Held or Controlled	Trust Units	Class B LP Units	Deferred Units	Restricted Units	Total Trust Units and Equivalents
<b>as at the Record Date</b>	21,170	0	82,332	0	103,502

<b>Shenoor Jadavji</b> Vancouver, British Columbia, Canada  Trustee  Trustee Since: September 30, 2014	<b>Principal Occupation</b> President and Chief Executive Officer of Lotus Pacific Investments Inc.				
	Founder of Lotus Capital (“ <b>Lotus</b> ”), Shenoor is responsible for the strategic direction of the firm including capital sourcing and structuring value aligned joint venture investments. She brings over 30 years of experience in real estate transactions totaling more than \$2.5 billion across all real estate classes in major and secondary Canadian markets, as well as select US markets. Since 2012, Lotus has been involved in the acquisition, development, reposition and disposition of 6 million square feet of commercial assets. Outside of her leadership role at Lotus, Shenoor is an active and committed member of the community and has served on numerous boards. She is currently serving on the Multi-Generational Housing Advisory Board for the Ismaili Community which delivers affordable housing rental and owning options. She also spearheads an advisory committee for the Aga Khan University (“ <b>AKU</b> ”) focused on developing income producing properties on AKU lands in Sub-Saharan Africa and Pakistan.				
	<b>Current Public Board Memberships (other than the REIT)</b> None				
Securities Held or Controlled	Trust Units	Class B LP Units	Deferred Units	Restricted Units	Total Trust Units and Equivalents
<b>as at the Record Date</b>	2,022,000 <sup>(4)</sup>	3,088,405 <sup>(5)</sup>	98,848	0	5,209,253

<b>John Levitt</b> Toronto, Ontario, Canada  Independent Trustee <sup>(3)</sup> Chairman of the Board of Trustees  Trustee Since: March 11, 2013	<b>Principal Occupation</b> Partner at EDEV Real Estate Advisors				
	From May 2010 until March 2012, John Levitt was an Independent Trustee of CANMARC and served on several committees during his time with CANMARC, including the Audit Committee, the Governance and Nominating Committee, and the Investment Committee. Mr. Levitt is currently a partner at EDEV Real Estate Advisors, which he joined as a partner in 2005, and has over 25 years of experience in the real estate sector. EDEV Real Estate Advisors 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 its acquisition and development programs, which over eight years grew from an asset base of \$250 million to over \$2 billion.				
	<b>Current Public Board Memberships (other than the REIT)</b> None				
Securities Held or Controlled	Trust Units	Class B LP Units	Deferred Units	Restricted Units	Total Trust Units and Equivalents
<b>as at the Record Date</b>	81,504	0	153,800	0	235,304

<p><b>Gérard A. Limoges, CM, FCPA, FCA, Adm.A.</b> Montreal, Québec, Canada</p> <p>Independent Trustee<sup>(3)</sup> Chair of the Audit Committee</p> <p>Trustee Since: March 11, 2013</p>	<p><b>Principal Occupation</b> Corporate Director</p>				
	<p>From May 2010 until March 2012, Gérard A. Limoges was an Independent Trustee of CANMARC and served on several committees during his time with CANMARC, including the Audit Committee (as Chair), the Governance and Nominating Committee, and the Compensation Committee. Gérard A. Limoges is currently a corporate director and sits on the board of directors of Aeterna Zentaris 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 Montréal. He was formerly Deputy Chairman of Ernst &amp; 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 Chartered Professional Accountants of Québec, of the Canadian Institute of Chartered Accountants and of the Québec Order of Chartered Administrators. Mr. Limoges received the Order of Canada in 2002.</p>				
	<p><b>Current Public Board Memberships (other than the REIT)</b> Aeterna Zentaris Inc. (TSX: AEZS)</p>				
Securities Held or Controlled	Trust Units	Class B LP Units	Deferred Units	Restricted Units	Total Trust Units and Equivalents
<b>as at the Record Date</b>	87,456	0	153,800	0	241,256

<p><b>Ronald E. Smith, FCPA, FCA, ICD.D</b> Yarmouth, Nova Scotia, Canada</p> <p>Independent Trustee<sup>(3)</sup></p> <p>Trustee Since: March 11, 2013</p>	<p><b>Principal Occupation</b> Corporate Director</p>				
	<p>Ronald E. Smith is a corporate director and highly experienced Board Member 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 Alamos Gold Inc., a TSX listed entity, and Covalon Technologies Ltd., a TSXV 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 seven Canadian public companies and was a member of the Advisory Board of Southwest Properties Ltd. He has also served on various not-for-profit boards and committees. 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 (“MTT”), 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> Covalon Technologies Ltd (TSXV: COV.V) Alamos Gold Inc. (TSX: AGI)</p>				
Securities Held or Controlled	Trust Units	Class B LP Units	Deferred Units	Restricted Units	Total Trust Units and Equivalents
<b>as at the Record Date</b>	79,999	0	131,069	0	211,068

---

Notes:

- (1) Includes (A) 2,022,000 Trust Units held by Lotus Crux REIT LP, a limited partnership controlled by Lotus Crux REIT General Partner Inc., a corporation controlled by (i) LPI, a corporation controlled by Shenoor Jadavji, and (ii) Crux Capital Corporation, a corporation controlled by Peter Aghar, and (B) 219,600 Trust Units beneficially owned by Crux Capital Corporation, a corporation controlled by Peter Aghar.
- (2) Includes (A) 334,783 Class B LP Units beneficially owned by Can-Industrial Portfolio Venture I Limited Partnership, 739,130 Class B LP Units beneficially owned by CIP Properties (Phase II) Limited Partnership and 1,530,956 Class B LP Units beneficially owned by Lotus Crux Acquisition LP, all of which are controlled or directed, directly or indirectly, by Shenoor Jadavji and Peter Aghar, and (B) 99,938 Class B LP Units beneficially owned by Crux Capital Corporation.
- (3) Within the meaning of NI 52-110 (as defined below).
- (4) Includes (A) 334,783 Class B LP Units beneficially owned by Can-Industrial Portfolio Venture I Limited Partnership, 739,130 Class B LP Units beneficially owned by CIP Properties (Phase II) Limited Partnership and 1,530,956 Class B LP Units beneficially owned by Lotus Crux Acquisition LP, all of which are controlled or directed, directly or indirectly, by Shenoor Jadavji and Peter Aghar, (B) 383,598 Class B LP Units beneficially owned by Lotus Pacific (1750 JBM) Investments Inc., which is controlled or directed, directly or indirectly, by Shenoor Jadavji, and (C) 99,938 Class B LP Units beneficially owned by Crux Capital Corporation, which is controlled, directly or indirectly, by Peter Aghar.

Except as disclosed below, no Trustee is, or within the ten years prior to the date hereof has (i) been a director or executive officer of any company that, while that person was acting in that capacity, (A) 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; (B) 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 (C) 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 (ii) 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 Professional 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 two fiscal years for various services provided to the REIT:

	Year ended December 31, 2018	Year ended December 31, 2017
Audit Fees .....	\$ 115,000	\$ 85,000
Audit-Related Fees <sup>(1)</sup> .....	\$ 114,104	\$ 80,467
Tax Fees <sup>(2)</sup> .....	\$ 84,598	\$ 50,174
All Other Fees <sup>(3)</sup> .....	\$ 59,318	\$ 10,131
<b>Total</b> .....	<b>\$ 373,020</b>	<b>\$ 225,772</b>

Notes:

- (1) Audit-related fees are aggregate fees billed by the REIT's external auditor 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 for professional services rendered with respect to tax compliance, tax advice and tax planning.
- (3) All other fees are aggregate fees billed 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.

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

Unless otherwise instructed, 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.

## Reconfirmation and Amendment and Restatement of the Unitholders Amended Rights Plan

The REIT first adopted its unitholder rights agreement on March 11, 2013 and on June 7, 2016 the Unitholders approved the reconfirmation and amendment and restatement of the rights plan (as amended and restated, the "**Rights Plan**"). The Rights Plan has a term expiring upon the conclusion of the Meeting, unless it is reconfirmed by a resolution passed by a simple majority of votes cast by Independent Unitholders (as defined in the Rights Plan), whether in person or by proxy, at the Meeting. A copy of the Rights Plan is available under the REIT's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The purpose of the Rights Plan is to limit acquisitions that are exempt from the formal take-over bid requirements and to provide Unitholders with an equal opportunity to participate in a take-over bid and receive full and fair value for their Units. As at the date hereof, the Board is not aware of any pending or threatened take-over bid for the REIT.

Rights plans continue to be adopted to address the following concerns: (i) protecting against creeping bids (the accumulation of 20% of more of the Units through purchases exempt from Canadian take-over bid rules, such as (A) purchases from a small group of Unitholders under private agreements at a premium to the market price not available to all Unitholders, (B) acquiring control or effective control through the accumulation of Units over a stock exchange or other published market without paying a control premium, (C) acquiring up to 5% of the Units during the course of a take-over bid, or (D) through other transactions outside of Canada that may not be jurisdictionally subject to Canadian take-over bid rules), and requiring the bid to be made to all shareholders, and (ii) preventing a potential acquirer from entering into lock-up agreements with existing Unitholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan.

In recent years, unsolicited take-over bids have been made for a number of Canadian public companies, many of which had rights plans. The Board believes this demonstrates that the existence of a rights plan does not prevent the making of an unsolicited bid. Further, in a number of these cases, a change of control ultimately occurred at a price in excess of the original offer price. There can be no assurance, however, that the Rights Plan would serve to bring about a similar result.

For the Rights Plan to remain consistent with the latest generation of Canadian rights plans, the Board has determined that it is advisable to amend paragraph (c) of the definition of “Exempt Acquisition” in the Rights Plan to read as follows:

“pursuant to a distribution to the public of Units, Convertible Securities or Exchangeable Units (and the conversion or exchange of such Convertible Securities or Exchangeable Units) by the REIT made by way of a prospectus or on a private placement basis provided that the Person in question does not thereby acquire a greater percentage of the securities offered in the distribution than the percentage of Units such Person Beneficially Owned immediately prior to the distribution.”

At the Meeting, Unitholders of the REIT will be asked to consider, and if thought advisable, to approve, with or without amendment, a resolution (the “**Rights Plan Resolution**”) approving the reconfirmation and amendment and restatement of the Rights Plan (the “**Amended Rights Plan**”). The principal terms of the Rights Plan, including the proposed amendments, are set forth in Appendix “A” hereto. A copy of the Amended Rights Plan may be obtained by contacting the REIT at (514) 933-9552 or by fax at (514) 933-9094 and is available on the REIT’s website at [www.prereit.com](http://www.prereit.com). If approved, the complete text of the Amended Rights Plan will be filed under the REIT’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) after the Meeting.

For the Amended Rights Plan to be amended and continue in effect after the Meeting, the Rights Plan Resolution must be approved by a simple majority of votes cast by Independent Unitholders (as defined in the Rights Plan), whether in person or by proxy, at the Meeting. If the Rights Plan Resolution is passed at the Meeting, then the Amended Rights Plan will become effective as of the date the Rights Plan Resolution is passed. If the Rights Plan Resolution is not passed at the Meeting, the Amended Rights Plan will not become effective and the Rights Plan will cease to have effect at the end of the Meeting.

Accordingly, Unitholders will be asked to consider, and if deemed advisable, to pass, with or without variation, the following Rights Plan Resolution:

1. The unitholder rights plan of the REIT, including the amendments thereto, be reconfirmed, and the amended and restated unitholders rights agreement to be dated as of June 4, 2019 between the REIT and TSX Trust Company, which amends and restates the unitholders rights agreement dated June 7, 2016, and continues the rights issued thereunder, be and is hereby ratified, confirmed and approved.
2. 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.

The Board of Trustees recommends that Unitholders vote **FOR** the approval of the Rights Plan Resolution.

Unless otherwise instructed, the Named Proxyholders, if appointed as proxies, intend to vote **FOR** the approval of the Rights Plan Resolution.

### **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, 2018 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**

During the year ended December 31, 2018 and until April 1, 2019, the date on which the internalization of the REIT’s asset management function was completed, the REIT was externally managed by Labec Realty Advisors Inc. (the “**Manager**”), which provided the services of James W. Beckerleg as President and Chief Executive Officer and

Gordon G. Lawlor as Chief Financial Officer pursuant to the Management Agreement, under which the REIT paid certain fees. See “Management Agreement”. Since April 1, 2019, the REIT directly employs the REIT’s executive officers, namely James W. Beckerleg as President and Chief Executive Officer and Gordon G. Lawlor as Executive Vice President, Chief Financial Officer and Secretary.

Prior to April 1, 2019, the REIT did not have any employment agreements with its executive officers and did not pay any cash compensation or short term cash incentives to any individuals serving as executive officers of the REIT, directly or indirectly. Rather, those executive officers were compensated by the Manager. A portion of the compensation paid to certain employees of the Manager was attributable to time spent on the activities of the REIT. The board of directors of the Manager had 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 LTIP, which are the responsibility of the Governance and Compensation Committee of the REIT’s Board of Trustees.

On April 1, 2019, the REIT entered into employment agreements with each of its named executive officers, James W. Beckerleg and Gordon G. Lawlor (collectively, the “**Named Executive Officers**” or “**NEOs**”). These employment agreements provide for, among other things, the continuation of each executive’s employment for an indeterminate term in accordance with applicable law, and a base salary of \$450,000 for James W. Beckerleg and \$410,000 for Gordon G. Lawlor. Under the terms of their respective employment agreement, the NEOs are also entitled to an annual cash bonus and an annual grant of equity-based awards under the REIT’s LTIP.

### **Compensation Discussion and Analysis**

For the year ended December 31, 2018, as the REIT’s executive officers were employed by the Manager, the REIT was only obligated to pay a fixed amount to the Manager pursuant to the Management Agreement. See “Management Agreement”. Any variability in cash compensation paid by the Manager to the NEOs did not impact the REIT’s financial obligations.

The following is intended to describe the portion of the compensation of the NEOs that is attributable to time spent on activities of the REIT during the year ended December 31, 2018.

### **Elements of Compensation**

The compensation of NEOs for the year ended December 31, 2018 was 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 did 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 in 2018 was straightforward and informal. The Manager’s board of directors did not apply any specific formula for determining the amount of each compensation element or how one element fit into the overall compensation scheme in respect of the REIT’s activities. Objectives and performance measures as determined to be appropriate by the Manager’s board of directors could vary from year to year. Accordingly, the Board has not considered the implications of the risks associated with the compensation of NEOs for the year ended December 31, 2018.

### ***Base Salaries***

Base salaries paid by the Manager in 2018 were intended to attract and retain certain individuals to act as executives, and as compensation for fulfilling the responsibilities of the role. Base salaries were 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. In connection with the base salaries payable by the Manager, the REIT did 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 included Allied Properties REIT, Artis REIT, Cominar REIT and Pure Industrial REIT. Increases and decreases in base salary were at the sole discretion of the Manager’s board of directors.

### **Annual Cash Incentive Bonus**

Annual cash incentive bonuses in 2018 were 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 in 2018 was based on qualitative and quantitative performance standards, as determined 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 long term incentive plan (“**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 considers 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”. For more on the role of the Governance and Compensation Committee, see “Governance Practices - Committees of the Board of Trustees - Governance and Compensation Committee”.

### **Summary Compensation Table**

The following table sets forth the compensation for the fiscal years ended December 31, 2018, 2017 and 2016 earned by NEOs for services rendered to the REIT.

<b>NEO Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Non-Equity Incentive Plan Compensation (Bonus)<sup>(1)</sup></b>	<b>Unit-Based Awards<sup>(2) (3)</sup> (Long-Term Incentive Plan)</b>	<b>Pension Value</b>	<b>All Other Compensation</b>	<b>Total Compensation<sup>(4)</sup></b>
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
James W. Beckerleg <sup>(5)</sup> President and Chief Executive Officer	2018	nil	130,000	488,882	nil	nil	618,882
	2017	nil	130,000	308,768	nil	nil	438,768
	2016	nil	130,000	215,356	nil	nil	345,356
Gordon G. Lawlor, CPA, CA Executive Vice President, Chief Financial Officer and Secretary	2018	nil	130,000	338,214	nil	nil	468,214
	2017	nil	130,000	205,742	nil	nil	335,742
	2016	nil	130,000	142,790	nil	nil	272,790

Notes:

- (1) All annual incentive plan awards relating to services performed during the fiscal years ended December 31, 2018, 2017 and 2016 were paid by the Manager. See “Management Agreement”.
- (2) Represents Deferred Units granted to NEOs under the REIT’s LTIP. Amounts are determined based on the deemed value of the Deferred Units on the grant date multiplied by the number of Deferred Units granted, as follows: Mr. Beckerleg – 2018: \$2.30 x 150,000; 2017: \$2.25 x 90,000; 2016: \$2.30 x 60,000; Mr. Lawlor – 2018: \$2.30 x 105,000; 2017: \$2.25 x 60,000; 2016: \$2.30 x 40,000.
- (3) Includes additional Deferred Units credited during the year to reflect distributions paid on Trust Units.
- (4) In 2018, total fees paid by the REIT to the Manager were \$2,292,000. See “Management Agreement”.
- (5) 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, 2018.

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>	Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed <sup>(1)</sup>
James W. Beckerleg President and Chief Executive Officer	261,399	499,272	928,058
Gordon G. Lawlor, CPA, CA Executive Vice President, Chief Financial Officer and Secretary	179,522	342,887	617,906

Note:

- (1) Deferred Units issued pursuant to the LTIP. The value of these grants represents the market value of the underlying Units as of December 31, 2018.

### *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, 2018.

Name	Unit-Based Awards – Value Vested During the Year <sup>(1)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year
James W. Beckerleg President and Chief Executive Officer	268,139	nil
Gordon G. Lawlor, CPA, CA Executive Vice President, Chief Financial Officer and Secretary	178,745	nil

Note:

- (1) These awards represent Units issuable pursuant to Deferred Units issued under the LTIP. The value of these grants represents the market value of the underlying Units as of December 31, 2018.

### *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.

Eligible Participants may participate in the LTIP. “**Eligible Participants**” under the LTIP consist of all Trustees, directors, employees and consultants of the REIT and its affiliates. The LTIP provides the REIT with the option to grant to Eligible Participants deferred units (“**Deferred Units**”) and restricted units (“**Restricted Units**”). Currently, the aggregate number of Units that may be issued pursuant to the LTIP is 7,390,586, representing approximately 7.8% of the number of Units outstanding at December 31, 2018. 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. 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. Distribution equivalents in the form of additional Deferred Units or Restricted Units, as applicable, that are equal in

value to distributions paid on Units are credited to a holder's account on each distribution payment date based on the number of Deferred Units or Restricted Units in such account on the distribution record date. The number of additional Deferred Units or Restricted Units credited to a holder's account are calculated by multiplying the aggregate number of Deferred Units or Restricted Units held by such holder on the relevant distribution record date by the amount of cash distributions paid on each Unit, and dividing the result by the volume-weighted average trading price of a Trust Unit on the principal exchange on which the Trust Units are listed for the five trading days prior to such payment date.

There were 2,147,437 Deferred Units outstanding, representing approximately 2.3% of the Units issued and outstanding as of December 31, 2018, and no Restricted Units outstanding as of December 31, 2018. The REIT had, in aggregate, 5,243,149 Deferred Units and Restricted Units available for future grant as at December 31, 2018, which represents approximately 5.6% of the Units issued and outstanding as at December 31, 2018.

The aggregate number of Trust Units issued to insiders of the REIT within any 12-month period, or issuable to insiders of the REIT at any time, under the LTIP and any other security-based compensation arrangement of the REIT, may not exceed 10% of the total number of issued and outstanding Units during such period or at such time, as applicable.

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 (i) on January 1<sup>st</sup> of the following year (the "**Initial Vesting Date**"); (ii) on the first anniversary of the Initial Vesting Date; and (iii) 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. The Governance and Compensation Committee of the REIT may permit the acceleration of the vesting or settlement of Restricted Units and Deferred Units. Under the LTIP, an eligible Trustee has the right to receive up to 100% of his or her trustee fees for the calendar year through the issuance of Deferred 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.

In the event of any consolidation, subdivision or reclassification of the Trust Units or any other relevant changes in the capital structure of the REIT, the number of outstanding Deferred Units and Restricted Units will be appropriately adjusted by the Governance and Compensation Committee to ensure that such Deferred Units and Restricted Units represent a benefit substantially similar to the benefit they represented before such event. Restricted Units and Deferred Units are non-transferable.

The Board reviews and confirms the terms of the LTIP from time to time and may, subject to applicable stock exchange rules, amend or suspend the LTIP in whole or in part as well as terminate the LTIP without prior notice as it deems appropriate. Unitholders must approve any amendment to the LTIP that would: (a) result in any increase in the number of Trust Units issuable under the LTIP; (b) increase the insider participation limits; (c) result in the addition of any form of financial assistance to an Eligible Participant; or (d) amend the amendment provision of the LTIP. Notwithstanding the foregoing, and subject to the terms of the LTIP, no amendment may be made that may adversely affect the Deferred Units and Restricted Units previously granted under the LTIP without the written consent of the affected holder.

The REIT's annual "burn rate" for the Deferred Units and Restricted Units, which represents the number of Deferred Units and Restricted Units awarded under the LTIP during a fiscal year divided by the weighted average number of Units outstanding for the applicable fiscal year, was 0.75% in 2018, 0.81% in 2017 and 0.82% in 2016.

The table below sets forth details about the LTIP, the only equity compensation plan of the REIT, as of December 31, 2018.

<b>Plan Category</b>	<b>Number of Units to be Issued Upon Vesting of All Outstanding DUs and RUs Issued Pursuant to the LTIP</b>	<b>Weighted-Average Exercise Price of Outstanding DUs and RUs</b>	<b>Number of Units Remaining Available for Future Issuance Under LTIP (Excluding Units Reflected in the First Column)</b>
Equity compensation plans approved by Unitholders	2,147,437	n/a	5,243,149
Equity compensation plans not approved by Unitholders	n/a	n/a	n/a
<b>Total</b>	2,147,437	n/a	5,243,149

### *Special Grants of Deferred Units*

In the REIT's most recent fiscal year ended December 31, 2018, the REIT made the following special grants of Deferred Units to the following NEOs and Trustees, which grants are intended to motivate NEOs and Trustees and to promote a greater alignment of their interests with the interests of the Unitholders:

<b>NEO and/or Trustee Name</b>	<b>Deferred Units Granted in 2018<sup>(1)</sup></b>
Peter Aghar	15,500
James W. Beckerleg	150,000
Vincent Chiara	15,500
Martin Coté	15,500
Shenoor Jadavji	15,500
Gordon G. Lawlor	105,000
John Levitt	20,000
Gérard A. Limoges	20,000
Ronald E. Smith	15,500

Note:

(1) All Deferred Units were granted on March 20, 2018, based on a price of \$2.30 per underlying Trust Unit. No Restricted Units were granted in 2018.

The following table sets out additional information regarding awards made under the LTIP as at December 31, 2018:

	<b>Number</b>	<b>% of Outstanding Units</b>
Maximum Units Issuable	7,390,586	100%
Units Issued to Date	2,147,437	29.1%
Units Issuable under DU Awards	2,147,437	29.1%
Units Issuable under RU Awards	nil	0.0%
Units Available for Future Awards	5,243,149	70.9%

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

Prior to the internalization of the REIT's asset management function completed on April 1, 2019, there were no pre-defined payments or change of control arrangements for the NEOs (other than pre-defined payments or change of control arrangements with the Manager).

The REIT has on April 1, 2019 entered into employment agreements with each of the NEOs. These agreements provide for, among other things, the continuation of the executive's employment for an indeterminate term in accordance with applicable law and their base salary. Each NEO is also entitled to an annual bonus under the annual

incentive plan based on individual performance and to participate in the LTIP. Each NEO has also agreed to be bound by certain confidentiality undertakings. The employment agreements for the NEOs include termination arrangements.

The agreements provide that the REIT may terminate the employment of a NEO, without cause, by providing such NEO with 18 months' notice of termination. The REIT may, in its sole discretion, in lieu of part of all the notice period pay the NEO his base salary, by way of salary continuation, and annual bonus as he would have been paid had he continued to work during the notice period. Any pay in lieu of notice is conditional upon the NEO signing a mutual release in a form satisfactory to the REIT, acting reasonably. As applicable, the REIT will continue to pay the NEO's group health and dental benefit coverage during the notice period, but all other group benefits will be continued only as required to comply with applicable law. Under no circumstances will the NEO be paid less termination and severance pay than he is entitled to under applicable law. If a NEO is terminated without cause but for reasons unrelated to his work performance or conduct, he will be deemed to have retired under the LTIP, and to have achieved his annual objectives in the calendar or fiscal year in which his employment is terminated, and he will be awarded a prorated portion of an annual LTIP award equivalent to 75% of his base salary.

Each NEO may, at any time within 18 months following a change of control, terminate his or her employment for good reason. Upon such event, such NEO will be entitled to the same rights and benefits as would be the case in the event of his termination without cause.

If a NEO is terminated for cause, the REIT will pay him his base salary and accrued vacation pay through the date of termination. The NEO will not be entitled to an annual bonus with respect to the fiscal year in which his employment was terminated for cause. Outstanding LTIP awards will be treated in accordance with the terms of the LTIP.

## **TRUSTEE COMPENSATION**

### **Compensation of Trustees**

During the year ended December 31, 2018, in consideration for serving on the Board of Trustees, each non-employee Trustee received a fee of \$1,000 for each meeting of the Board or a committee of the Board attended in person or by conference call, subject to a maximum of \$1,000 for any one calendar day. Trustees who are employees of the REIT (or, prior to the internalization of the asset management function, who were employees of the Manager) are not eligible for remuneration in their role as a Trustee. In 2018, the REIT also granted to Trustees who were not employees of the Manager Deferred Units under the terms of the LTIP. See "Executive Compensation - Incentive Plan Awards - Long Term Incentive Plan".

The remuneration of the Trustees is subject to periodic review by the Board of Trustees, in consultation with the Governance and Compensation Committee. Trustees eligible to receive cash remuneration from the REIT may also elect to receive up to 100% of their cash remuneration in the form of Deferred Units. 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.

In 2019, non-employee Trustees are entitled to an annual retainer of \$35,000 payable in Deferred Units under the LTIP, and the Chair of the Board, the Chair of the Governance and Compensation Committee and the Chair of the Audit Committee are also entitled to an additional retainer of \$18,000, \$8,000 and \$10,000, respectively. Each non-employee Trustee is also entitled to receive a fee of \$1,000 for each meeting of the Board or a committee of the Board attended in person or by conference call, subject to a maximum of \$1,000 for any one calendar day.

The table below provides a summary of the compensation earned in respect of the REIT's fiscal year ended December 31, 2018. 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".

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
	(\$)	(\$)	(\$)	(\$)	(%)
Peter Aghar	9,000	48,446	nil	57,446	nil
Vincent Chiara	10,000	48,446	nil	58,446	nil
Martin Coté	9,000	48,446	nil	57,446	nil
Shenoor Jadavji	10,000	51,741	nil	61,741	nil
John Levitt	16,000	72,897	nil	88,897	nil
Gérard A. Limoges	15,000	72,897	nil	87,897	nil
Ronald E. Smith	14,000	58,168	nil	72,168	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) Represents Deferred Units granted under the REIT’s LTIP. Amounts are determined based on the deemed value of the Deferred Units \$2.30 on the grant date (March 20, 2018) multiplied by the number of Deferred Units granted.
- (3) Includes additional Deferred Units credited for the period of January 1, 2018 to December 31, 2018 to reflect distributions paid on Trust Units.

### 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, 2018.

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>	Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed <sup>(1)</sup>
		(\$)	(\$)
Peter Aghar	35,028	66,903	60,746
Vincent Chiara	35,028	66,903	60,746
Martin Coté	35,028	66,903	60,746
Shenoor Jadavji	35,028	66,903	92,289
John Levitt	44,223	84,466	179,687
Gérard A. Limoges	44,223	84,466	179,687
Ronald E. Smith	35,044	66,934	153,803

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, 2018.

### *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, 2018.

<b>Name</b>	<b>Unit-Based Awards – Value Vested During the Year<sup>(1)</sup></b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year</b>
	(\$)	(\$)
Peter Aghar	30,877	9,000
Vincent Chiara	30,877	10,000
Martin Coté	30,877	9,000
Shenoor Jadavji	41,392	10,000
John Levitt	45,655	16,000
Gérard A. Limoges	45,655	15,000
Ronald E. Smith	38,477	14,000

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, 2018.

### **MANAGEMENT AGREEMENT**

Until April 1, 2019, the REIT was externally managed by Labec Realty Advisors Inc. pursuant to the terms of a management agreement entered into on March 11, 2013 (the “**Management Agreement**”). On April 1, 2019, the REIT completed the internalization of its asset management function in accordance with the terms of the Management Agreement. The following information is intended to be a brief description of the Management Agreement, which was in effect until April 1, 2019 and under which the Manager provided the REIT with the services of necessary to manage its day-to-day operations, including the services of the REIT’s executive officers, James W. Beckerleg and Gordon G. Lawlor. Prior to the internalization, Messrs. James W. Beckerleg and Gordon G. Lawlor respectively held 50% of the shares of the Manager and were its only directors.

Total fees incurred under the Management Agreement in 2018 were \$2,292,000, which included without limitation the following fees, payable in cash:

- an annual 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 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.

For a more detailed description, see “Arrangements with the Manager” in the REIT’s annual information form for the REIT’s year ended December 31, 2018 (the “**AIF**”) and note 26 in the REIT’s annual financial statements for the year ended December 31, 2018, copies of which are available under the REIT’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## 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*, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), as applicable. The REIT is required to disclose certain information with respect to its governance practices. This information is set out below.

### Independence

The REIT seeks to maintain strong and effective governance with a Board of Trustees comprised of a majority of independent Trustees (within the meaning of NI 52-110), all of whom have experience in the Canadian commercial real estate and capital markets.

Five of the eight Trustees elected in 2018 were independent within the meaning of NI 52-110, namely Messrs. Vincent Chiara, Martin Coté, John Levitt, Gérard A. Limoges and Ronald E. Smith. Mr. James W. Beckerleg serves as President and Chief Executive Officer of the REIT, and Ms. Jadavji and Mr. Peter Aghar are entitled to receive fees under a strategic investment agreement between Lotus Crux Acquisition LP, an entity indirectly controlled by them, and the REIT. Accordingly, Mr. Beckerleg, Ms. Jadavji and Mr. Peter Aghar are not independent within the meaning of NI 52-110. 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. 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. The Declaration of Trust requires that a majority of the Trustees on each of these committees be residents of Canada. During 2018, 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. The Audit Committee, the Governance and Compensation Committee and the Nominating Committee are now all comprised 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

When new Trustees are elected, they receive a comprehensive orientation. They are 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 2019.

## **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. 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 (x) 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; (y) as soon as the officer becomes aware of his or her interest in a contract or transaction; or (z) 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”.

## **Compensation**

The Board of Trustees determines the appropriate compensation for the Trustees of the REIT after considering the recommendations of the Governance and 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”.

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.

## **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 Martin Coté. Each of these individuals is "financially literate" and "independent" within the meaning of 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 the REIT's Audit Committee as required by NI 52-110 is contained in the REIT's latest annual information form which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

The Governance and Compensation 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. Ronald E. Smith, 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.

In 2018, the Nominating Committee was comprised of James W. Beckerleg, who acted as Chair of the Committee, and Peter Aghar, and three independent Trustees, namely John Levitt, Gérard A. Limoges and Ronald E. Smith. The Nominating Committee is now comprised of three independent Trustees, namely John Levitt, Gérard A. Limoges and Ronald E. Smith.

### ***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 James W. Beckerleg, who acts as Chair of the Committee, Vincent Chiara, Shenoor Jadavji, John Levitt and Ronald E. Smith.

### **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 and 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 2019 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 2019, the Compensation Committee plans to conduct of a review of (i) the performance of the Board of Trustees as a whole, including a review of the performance of the Board of Trustees' Chair; (ii) the performance of each of the REIT's four committees, including a review of the performance of the committee Chairs; and (iii) the performance of each individual Trustee by way of a peer-to-peer review.

### **Board Diversity**

The REIT values the benefits that diversity can bring to its Board and has adopted a formal board diversity policy. The REIT believes diversity promotes the inclusion of different perspectives and ideas, mitigates against group think and improves oversight, decision-making and governance. Diversity on the Board also demonstrates the REIT's commitment to diversity at all levels within the REIT. The REIT is also committed to fostering an inclusive culture based on merit and free of conscious or unconscious bias.

At all times, the REIT seeks to maintain a Board comprised of talented and dedicated trustees with a diverse mix of experience, skills and backgrounds collectively reflecting the strategic needs of the business and the nature of the environment in which the REIT operates. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the REIT will consider candidates using objective criteria having due regard to the benefits of diversity and the needs of the Board.

The REIT believes promotion of diversity is best served through careful consideration of all of the knowledge, experience, skills and backgrounds of each individual candidate for trustee in light of the needs of the Board without focussing on a single diversity characteristic and, accordingly, has not adopted specific Board diversity goals. As the REIT grows, it will seek to maintain diversity in membership of its committees and in Board leadership roles and will consider diversity when assigning chair roles for the Board and its committees.

There is currently one woman on the Board, representing approximately 12.5% of the eight trustees on the Board.

## 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 Mansfield Street, Suite 920, Montréal, Québec, H3A 2Z6. 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

The table below sets out, as at the date indicated, the aggregate indebtedness of the current and former Trustees, directors and executive officers of the REIT and its subsidiaries, any proposed Trustee, and any associate of anyone of them, to:

- (i) the REIT or any of its subsidiaries; or
- (ii) another entity which such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the REIT or any of its subsidiaries.

Aggregate Indebtedness as at May 1, 2019		
Purpose	To the REIT or its Subsidiaries (\$)	To Another Entity (\$)
Loan	1,500,000	n/a

Other than as set out in the table below, no individual who is, or at any time during the most recently completed financial year of the REIT was, a Trustee, director or executive officer of the REIT or one of its subsidiaries, nor any proposed Trustee, nor any associate or any one of them:

- (i) is, or was at any time since the beginning of the most recently completed financial year of the REIT, indebted to the REIT or any of its subsidiaries; or
- (ii) is, or was at any time since the beginning of the most recently completed financial year of the REIT, indebted to another entity, which such indebtedness is, or was during such time, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the REIT or any of its subsidiaries.

Name and Principal Position	Involvement of the REIT or Subsidiary	Largest Amount Outstanding During the Year Ending December 31, 2018 (\$)	Amount Outstanding as at May 1, 2019 (\$)	Security for Indebtedness	Amount Forgiven During the Year Ending December 31, 2018
50 FNP Ltd. and LC Venture I Kanata LP <sup>(1)</sup>	Lender	1,500,000	1,500,000 <sup>(2)</sup>	Third ranking fixed and specific mortgage and floating charge on title, assignments of rents and leases, security interest and indemnities and guarantee	nil

Notes:

- (1) 50 FNP Ltd. and LC Venture I Kanata LP are controlled by Peter Aghar and Shenoor Jadavji, who are Trustees.
- (2) The loan receivable at December 31, 2018 of \$1,500,000 has been provided pursuant to a loan agreement with two parties controlled by Peter Aghar and Shenoor Jadavji for an aggregate loan amount of \$1,500,000 which was used as part of the financing of the acquisition by such parties of a 74,000 square foot multi-tenant commercial building well located in Greater Ottawa. The loan bears interest at 9% per annum, is on market terms as negotiated between parties acting at arm's length, has a term of two years and is secured by a third ranking

fixed and specific mortgage and floating charge over the property, a general assignment of rents and leases with respect to the property, a general assignment of material agreements with respect to the property and a security interest over all related personal property with respect to the property. In addition, Lotus Crux Acquisition LP, an entity controlled by Peter Aghar and Shenoor Jadavji, provided a full guarantee. In accordance with the terms of the strategic investment agreement to which the REIT is a party, and as a result of the loan, the REIT has been granted an option to purchase the property, once leased and stabilized, at a discount to its fair market value as determined by an independent third party appraiser at such time.

### **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 2018, 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 Mansfield Street, Suite 920  
Montréal, Québec, H3A 2Z6  
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 1, 2019

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

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

**APPENDIX “A”**  
**SUMMARY OF THE AMENDED RIGHTS PLAN**

***Summary***

The following is a summary of the material attributes and characteristics of the Amended Rights Plan and does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Amended Rights Plan.

***Separation Time***

The Rights separate and trade separately from the Voting Units after the Separation Time (as defined below). Following the Separation Time, the REIT shall determine whether to issue certificates evidencing the Rights or whether the Rights will be registered in book entry only form.

The “**Separation Time**” is the close of business on the tenth business day following the earliest of:

- (a) the date (the “**Unit Acquisition Date**”) of the first public announcement made by the REIT or an Acquiring Person (as defined below) that a person has become an Acquiring Person;
- (b) the date of the commencement of, or first public announcement of the intent of any Person to commence, a take-over bid (other than a Permitted Bid (as defined below) or a Competing Permitted Bid (as defined below) by any person (an “**Offeror**”) for the Voting Units;
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such; or
- (d) such later date as may be determined by the Board of Trustees in good faith.

If any take-over bid triggering the Separation Time expires or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, the bid shall be deemed, for the purposes of determining the Separation Time, never to have been made.

***Exercise Price of Rights***

The initial exercise price established under the Amended Rights Plan is \$30 per Unit. After the Separation Time and prior to the occurrence of a Flip-in Event (as defined below), each Right entitles the registered holder to purchase one Unit at the exercise price of \$30 per Unit, subject to certain anti-dilution adjustments and other rights as will be set out in the Amended Rights Plan. The terms of the Rights adjust significantly upon the occurrence of a “Flip-In Event”, as described below.

***Flip-In Event***

A “**Flip-In Event**” is triggered when a person becomes an Acquiring Person (as defined below). Upon the occurrence of a Flip-in Event, the REIT must take such action as shall be necessary to ensure that each Right (except for Rights beneficially owned by the persons specified below) shall thereafter constitute the right to purchase from the REIT upon exercise thereof in accordance with the terms of the Amended Rights Plan that number of Units having an aggregate market price on the date of the consummation or occurrence of such Flip-in Event equal to twice the exercise price, for an amount in cash equal to the exercise price. By way of example, if at the time of such announcement the exercise price of the Rights is \$100 and the Units have a market price of \$10 per Unit, the holder of each Right would be entitled to purchase the number of Units that has in the aggregate a market price of \$200 (i.e., 20 Units in this example) for a price of \$100, that is, at a 50% discount.

The Amended Rights Plan provides that Rights that are beneficially owned by:

- (a) an Acquiring Person, any affiliate or associate of an Acquiring Person, any person acting jointly or in concert with an Acquiring Person, or any affiliate or associate of such Acquiring Person, or
- (b) a transferee, direct or indirect, of Rights from any of the foregoing,

shall in certain circumstances become null and void without any further action and any holder of such Rights (including transferees) shall not have any rights whatsoever to exercise such Rights under any provision of the Amended Rights Plan.

### ***Acquiring Person***

An “**Acquiring Person**” is a person who beneficially owns (as such concept is defined in the Amended Rights Plan) 20% or more of the outstanding Units. An Acquiring Person does not, however, include:

- (a) the REIT or any other Subsidiary of the REIT;
- (b) any person who beneficially owns 20% or more of the Voting Units of the REIT on Closing (a “**Grandfathered Person**”), provided, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after Closing: (i) cease to own more than 20% or more of the outstanding Voting Units; or (ii) become the beneficial owner of any additional Voting Units that increases its beneficial ownership of Voting Units, by more than 1% of the number of Voting Units, outstanding as at Closing, directly or indirectly, other than pursuant to certain exempt acquisitions described below;
- (c) an underwriter or member of a banking or selling group that acquires Units from the REIT in connection with a distribution of securities; or
- (d) any person who becomes the beneficial owner of 20% or more of the Voting Units as a result of certain exempt acquisitions.

Exempt transactions include:

- (a) specified acquisitions (including pursuant to the DRIP) or redemptions of Voting Units; or
- (b) acquisitions pursuant to a Permitted Bid (which may include a Competing Permitted Bid), as described below.

### ***Permitted Bids***

A “**Permitted Bid**” means a bid which is made by an Offeror by means of a take-over bid circular and which also complies with the following additional provisions:

- (a) the bid is made to all holders of Voting Units, other than the Offeror, for all of the issued and outstanding Voting Units (including any Voting Units that may be issued on the conversion or exchange of securities issued by the REIT or the Class B LP Units);
- (b) the bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, irrevocable and unqualified conditions that no Voting Units shall be taken up or paid for pursuant to the bid (i) prior to the close of business on the date which is not less than 105 days following the date of the bid (or such shorter period that a bid must remain open for deposits of securities, in the applicable circumstances, pursuant to Canadian securities laws); and (ii) unless at such date more than 50% of the Voting Units held by independent unitholders shall have been deposited or tendered pursuant to the bid and not withdrawn;
- (c) the bid contains an irrevocable and unqualified provision that, unless the bid is withdrawn, Voting Units may be deposited pursuant to such bid at any time prior to the close of business at any time during the period described in (b)(i) and that any Voting Units deposited pursuant to the bid may be withdrawn until taken up and paid for; and
- (d) the bid contains an irrevocable and unqualified provision that if, in the event that the deposit condition in (b)(ii) is satisfied, the Offeror will make a public announcement of that fact and the bid will remain open for deposits and tenders of Voting Units for not less than 10 business days from the date of such public announcement.

A “**Competing Permitted Bid**” means a bid that:

- (a) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of the Permitted Bid;
- (b) satisfies all components of the definition of a Permitted Bid other than the requirements set out in paragraph (b)(i) of the definition of Permitted Bid; and
- (c) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Voting Units will be taken up or paid for pursuant to the bid prior to the close of business on a date that is no earlier than the minimum number of days such take-over bid must remain open for deposits of securities thereunder pursuant to applicable Canadian securities laws after the date of the take-over bid constituting the Competing Permitted Bid;

Neither a Permitted Bid nor a Competing Permitted Bid is required to be approved by the Board of Trustees and such bids may be made directly to unitholders. Acquisitions of Voting Units made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-in Event.

### ***Redemption and Waiver***

The Board of Trustees may, at any time prior to the occurrence of a Flip-in Event, with the prior approval of the holders of Voting Units or Rights, elect to redeem all but not less than all of the Rights at a redemption price of \$0.0001 per Right (the “**Redemption Price**”). In the event that prior to the occurrence of a Flip-in Event a person acquires, pursuant to a Permitted Bid, a Competing Permitted Bid or an exempt acquisition, outstanding Voting Units, then the Board of Trustees shall, immediately upon the consummation of such acquisition without further formality be deemed to have elected to redeem the Rights at the Redemption Price. If the Board of Trustees elects or is deemed to have elected to redeem the Rights, the right to exercise the Rights will terminate and each Right will after redemption be null and void and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.

Under the Amended Rights Plan, the Board of Trustees may, prior to the occurrence of a Flip-in Event, waive application of the Amended Rights Plan to a Flip-in Event that may occur by reason of a take-over bid made by way of a formal take-over bid circular to all holders of Voting Units. Once the Board of Trustees has exercised its discretion to waive application of the Amended Rights Plan in respect of any particular take-over bid and another take-over bid is made, the Board of Trustees shall be deemed to have waived the application of the Amended Rights Plan to such other take-over bid provided that such other take-over bid is made by way of a formal take-over bid circular to all holders of Voting Units prior to the expiry of the take-over bid in respect of which the waiver has been granted.

The Board of Trustees may also waive the application of the Amended Rights Plan upon the occurrence of a Flip-in Event in certain other circumstances, including where the Board of Trustees has determined that a person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person and within 14 days after the foregoing determination by the Board of Trustees or such earlier or later date as the Board of Trustees may determine, such person has reduced its beneficial ownership of Voting Units such that the person is no longer an Acquiring Person.