

# INOVALIS REAL ESTATE INVESTMENT TRUST

## Distribution Reinvestment Plan

### Purpose

The Distribution Reinvestment Plan (the “**Plan**”) provides eligible beneficial holders (“**Holder**”) of trust units (“**Trust Units**”) of Inovalis Real Estate Investment Trust (the “**REIT**”) the opportunity to accumulate additional Trust Units plus additional bonus Trust Units in an amount equal to three percent of the distributions reinvested by the Holder. The Plan provides an efficient and cost-effective way for the REIT to issue additional equity to existing Holders.

The REIT will determine for each Distribution Payment Date the amount of new equity, if any, that will be made available under the Plan on that date. No assurances can be made that new Trust Units will be made available under the Plan on a regular basis, or at all.

The REIT may issue, in the aggregate, up to 525,000 Trust Units under the Plan. The REIT may increase the number of Trust Units available to be issued under the Plan at any time, subject to the approval of the stock exchange upon which the Trust Units trade.

### Definitions

“**Average Market Price**” means the volume weighted average trading price of the Trust Units on the Toronto Stock Exchange for the five trading days immediately preceding the applicable Distribution Payment Date, appropriately adjusted for certain capital changes (including Trust Unit subdivisions, Trust Unit consolidations, certain rights offerings and certain distributions).

“**Business Day**” means any day in which the Plan Agent’s offices are generally open for the transaction of commercial business other than a Saturday, Sunday or other day on which banks are required to be closed in Toronto, Ontario or a day on which the Toronto Stock Exchange does not publicly trade.

“**CDS**” means CDS Clearing and Depository Services Inc., which acts as a nominee for many Canadian investment dealers, brokerage firms, or its nominee or successor, as applicable.

“**CDS Participants**” refers to brokers, investment dealers, financial institutions or other nominees in their capacity as participants in the CDS depository service who hold Trust Units registered in the name of CDS on behalf of eligible beneficial Holders and who are acting on behalf of such eligible beneficial Holders.

“**Distribution**” means the cash distribution declared payable by the REIT for any particular month.

“**Distribution Payment Date**” means a specified day following the applicable Distribution Record Date, on which the REIT pays a Distribution to respective Holders.

“**Distribution Record Date**” means any date as designated by the REIT for determining the Holders entitled to receive a Distribution.

“**Participants**” means beneficial Holders of at least one Trust Unit who, on the applicable Distribution Record Date for a Distribution, are eligible to participate in the Plan and have elected to do so by having their CDS Participant notify CDS in its prescribed form, as more particularly described in the Plan.

“**Plan Agent**” means CIBC Mellon Trust Company, its successors or assigns or such other company as is appointed by the REIT from time to time to act as Plan Agent under the Plan.

### **Administration**

CIBC Mellon Trust Company currently acts as Plan Agent under the Plan. If CIBC Mellon Trust Company ceases to act as Plan Agent for any reason, another company will be designated by the REIT to act as Plan Agent.

The Plan Agent acts for and on behalf of the Participants. On each Distribution Payment Date, the REIT will pay to the Plan Agent all Distributions in respect of Trust Units held under the Plan for the account of Participants who have enrolled in the Plan that are to be reinvested in the Plan. The Plan Agent will use such funds to purchase additional Trust Units directly from the REIT. Additional Trust Units purchased under the Plan will be credited to CDS and CDS will in turn credit Participants via the applicable CDS Participant in accordance with its customary procedures.

Under the Plan, the Plan Agent will purchase, on each Distribution Payment Date that number of Trust Units equal to the amount invested under the Plan on behalf of all Participants divided by the Average Market Price. In addition, a Participant will receive from the REIT’s capital an additional distribution of Trust Units equal in value to 3% of each Distribution that was reinvested by the Participant. Participants will be credited with that number of Trust Units issued to the Participant, pursuant to the Plan.

All funds received by the Plan Agent under the Plan, including cash Distributions received from the REIT, will be applied to the purchase of new Trust Units directly from the REIT. Cash undistributed by the REIT upon the issuance of additional Trust Units under the Plan will be invested in the REIT to be used for future property acquisitions, capital improvements and working capital. **In no event will interest be paid to Participants on any funds held for investment under the Plan.**

### **Participation**

By enrolling in the Plan, a Participant is deemed to have directed the REIT to forward to the Plan Agent Distributions in respect of Trust Units held on behalf of the Participant that are to be reinvested under the Plan, and to have directed the Plan Agent to reinvest such Distributions in additional Trust Units in accordance with the Plan.

Beneficial Holders who hold their Trust Units with a CDS Participant may not directly enrol in the Plan, but may participate in the Plan through their CDS Participant. Beneficial Holders may only participate in the Plan if they arrange for their CDS Participant to enrol in the Plan on their behalf. Beneficial Holders should consult their CDS Participant to determine the procedures for

participation in the Plan. The administrative practices of CDS Participants may vary and, accordingly, the various dates by which actions must be taken and the required documentation may not be the same.

CDS Participants, on behalf of beneficial Holders, must notify CDS of a beneficial Holder's intention to participate in the Plan no later than the Distribution Record Date (and by the cut-off time on the Distribution Record Date established by CDS in its sole discretion) in order for the Distribution to which such Distribution Record Date relates to be reinvested under the Plan. CDS must, in turn, notify the Plan Agent by no later than 2:00 p.m. (Toronto time) on the Business Day immediately following the Distribution Record Date of such beneficial Holder's participation in the Plan. Otherwise, reinvestment will not occur for such period. **Beneficial Holders who wish to participate in the Plan will need their CDS Participant to elect to participate on their behalf every Distribution period. A failure to elect will result in withdrawal of participation in respect of such Distribution. Some CDS Participants will automatically continue a beneficial Holder's participation in the Plan unless otherwise instructed by the beneficial Holder. A beneficial Holder should confirm with its CDS Participant regarding its particular practice.**

Subject to the foregoing, once a Participant has enrolled in the Plan, participation continues automatically until terminated. Beneficial Holders should consult their CDS Participant to determine the procedure for termination in the Plan. The administrative practices of CDS Participants may vary and, accordingly, the various dates by which actions must be taken and required documentation may not be the same.

The REIT reserves the right to determine, from time to time, a minimum number of Trust Units that a Participant must hold in order to qualify for or continue enrolment in the Plan and reserves the right to refuse participation to, or cancel participation of, any person who, in the sole opinion of the REIT, is either participating in the Plan primarily with a view to arbitrage trading or participating or attempting to participate in the Plan in more than one capacity or as more than one Participant.

### **Non-Residents of Canada**

**Persons resident outside of Canada are not permitted to participate in the Plan.** Upon ceasing to be a resident of Canada, a Holder of Trust Units must terminate such Holder's participation in the Plan.

Neither the Plan Agent nor CDS will have any duty to inquire into the residency status of the Holders, nor will the Plan Agent or CDS be required to know the residency status of the Holders, other than as notified by a CDS Participant.

The REIT, the Plan Agent, CDS and CDS Participants reserve the right to deny participation in the Plan to any person or agent of such person who appears to be, or who the REIT, the Plan Agent, CDS or such CDS Participant has reason to believe is, a non-resident of Canada.

### **No Purchases of Trust Units in Certain Events**

The REIT will determine on or before each Distribution Record Date the amount of equity, if any, that will be made available under the Plan on the Distribution Payment Date to which such Distribution Record Date relates.

If, in respect of any Distribution Payment Date, fulfilling all of the Participants' entitlements under the Plan would result in the REIT exceeding the limit on new equity set by the REIT, then purchases of Trust Units on the applicable Distribution Payment Date will not occur and Participants will receive from the REIT the Distributions to which they would otherwise be entitled on such date and which are not reinvested as a result of such determination.

### **Price of New Trust Units**

On each Distribution Payment Date, the REIT will, on behalf of the Participants, pay to the Plan Agent all funds that are eligible for investment in new Trust Units on such date. The subscription price of new Trust Units purchased under the Plan will be the Average Market Price. The REIT will advise the Plan Agent of such Average Market Price on the Business Day immediately preceding the Distribution Payment Date.

### **Costs**

No commission, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Trust Units under the Plan. All administrative costs of the Plan, including the fees and expenses of the Plan Agent, will be paid by the REIT.

### **Accounts and Reports to Participants**

Statements and reports, if any, to beneficial Holders with respect to purchases of Trust Units under the Plan will be provided to Participants that are beneficial Holders by their CDS Participant. These account statements and reports are a Participant's continuing record of purchases of Trust Units made for such Participant's account under the Plan and should be retained for income tax purposes. The CDS Participant will also send annually to each Participant certain tax forms for tax reporting purposes. The calculation and monitoring of each Participant's adjusted cost base in Trust Units for income tax purposes will be the responsibility of each Participant, as certain averaging rules may apply and such calculations may depend on the cost of other Trust Units held by the Participant.

### **Trust Units held under the Plan**

As Trust Units held by beneficial Holders are held in the CDS book-entry only system, no certificates representing Trust Units issued pursuant to the Plan will be provided to Participants.

Participants that are beneficial Holders should contact their CDS Participant with respect to the treatment of fractional Trust Units that could notionally exist from the reinvestment of a Participant's distribution, as some CDS Participants will facilitate the accumulation of fractional Trust Units in a Participant's account while others may not.

### **Unitholder Voting**

Whole Trust Units of a Participant enrolled in the Plan on the Distribution Record Date for a vote of Holders will be voted in the same manner and in accordance with the same instructions of the Participant as any other Trust Units. No voting rights will attach to any fraction of a Trust Unit held in a Participant's account.

### **Responsibilities of the REIT and the Plan Agent**

Neither the REIT nor the Plan Agent shall be liable to any Holder for any act or for any omission to act in connection with the operation of the Plan including, without limitation, any claims for liability:

- (a) arising out of the failure to terminate, or of a CDS Participant's failure to terminate, a Participant's participation in the Plan upon such Participant's death;
- (b) with respect to the prices and times at which Trust Units are purchased on behalf of a Participant;
- (c) with respect to decisions by the REIT to raise or not raise equity through the Plan in any given distribution period, or the amount of equity raised, if any; and
- (d) arising out of any actions or responsibilities of CDS or any CDS Participant in relation to the Plan, or otherwise, including, without limitation: (i) any aspect of the records relating to, or payments made on account of, beneficial ownership interests of the Trust Units held by and registered in the name of CDS or any CDS Participant; (ii) any authority, advice, or representation made or given by CDS or any CDS Participant to the Plan Agent or otherwise, including representations with respect to rules of CDS and any action taken or to be taken by CDS or any CDS Participant, (iii) the allocation of Trust Units by CDS Participants to Participants, or (iv) the allocation of proceeds of the sale of Trust Units by CDS Participants to Participants.

Participants should recognize that neither the REIT nor the Plan Agent can assure a profit or protect them against a loss on the Trust Units purchased under the Plan.

### **Tax Considerations**

Neither the REIT nor the Plan Agent nor CDS assume or accept any responsibility for the income or other tax consequences to a Participant of enrolling in and acquiring beneficial ownership of Trust Units issued pursuant to the Plan. Holders interested in enrolling in the Plan are advised to consult with their own tax advisors as to the consequences of doing so in their particular circumstances.

### **Amendment, Suspension or Termination of the Plan**

The REIT may terminate the Plan in its sole discretion, upon not less than thirty (30) days' written notice to: (i) the Participants via the CDS Participants through which the Participants hold their Trust Units in the case of beneficial Holders, (ii) the Plan Agent, (iii) CDS, and (iii)

the Toronto Stock Exchange. The REIT may also amend, modify or suspend the Plan at any time, provided it complies with certain requirements of the Plan Agent, if any, and such action shall have no retroactive effect that would prejudice the interests of Participants. All amendments to the Plan will be subject to the prior approval of the Toronto Stock Exchange. The REIT will notify Holders of any amendment, suspension or termination of the Plan in accordance with the Plan and any applicable securities law requirements. If the REIT suspends or terminates the Plan, no investment will be made for the Plan Agent on the Distribution Payment Date immediately following the effective date of such suspension or termination, and any Distributions paid after the effective date of such suspension or termination will be remitted by the REIT to the Participants in cash only, in the usual manner.

### **Interpretation**

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by the REIT.

### **Governing Law**

The Plan shall be governed by, and administered and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

### **Notices**

All notices or other documents required to be given to Participants under the Plan shall be publicly announced by the REIT and the REIT will notify Participants in accordance with applicable securities law requirements.

Notices to the Plan Agent shall be sent to:

TSX Trust Company  
1 Toronto Street, Suite 1250  
Toronto, ON  
M5C 2V6  
Telephone: 1-800-387-0825 or 416-682-3860  
Facsimile: 1-888-249-6189  
E-mail: [shareholderinquiries@tmx.com](mailto:shareholderinquiries@tmx.com)  
Website: [www.tsxtrust.com](http://www.tsxtrust.com)

Notices to the REIT shall be sent to:

Attention: Chief Financial Officer (Europe)  
Telephone: 011-33-1-5643-3314  
Email: [anne.smolen@inovalis.com](mailto:anne.smolen@inovalis.com)

### **Effective Date of the Plan**

The effective date of the Plan is the 18<sup>th</sup> day of July, 2013.