

**FRONSAC REAL ESTATE INVESTMENT TRUST**

**ANNUAL INFORMATION FORM**

**For the year ended December 31, 2019**

**March 20, 2020**

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## EXPLANATORY NOTES

Certain terms used herein are defined in the Glossary appearing in this annual information form (the “Annual Information Form”), or elsewhere in this Annual Information Form.

**Unless otherwise noted, in this Annual Information Form, all information is presented as at December 31, 2019.**

**Unless otherwise noted, in this Annual Information Form, measures of leasable area and space refer to gross leasable area, measurements in square feet refer to approximate measurements and a reference to dollars or \$ is a reference to Canadian dollars.**

In this Annual Information Form, “Properties” means the 57 income-producing commercial properties, including an interest in 14 Co-Ownership Properties, all located in the province of Québec, Ontario and Nova Scotia, and representing, in the aggregate, approximately 488,000 square feet of leasable area, of which approximately 82,000 square feet are co-owned, and “Property” means any of them.

## FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable securities legislation, including statements relating to certain expectations, projections, growth plans and other information related to the REIT’s business strategy and future plans. Forward-looking statements can, but may not always, be identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “would”, “should”, “believe”, “objective”, “ongoing”, “imply”, “assumes”, “goal”, “likely” and similar references to future periods or the negatives of these words and expressions and by the fact that these statements do not relate strictly to historical or current matters. These forward-looking statements are based on Management’s current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future plans and strategies, projections and anticipated events and trends that affect the REIT and its industry. Although the REIT and Management believe that the expectations reflected in such forward-looking statements are reasonable and are based on reasonable assumptions and estimates as of the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements.

Some of the specific forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to the following:

- the intention of the REIT to distribute a portion of its available cash to securityholders and the amount of such distributions;
- the ability of the REIT to execute its growth strategies;
- the tax status of the REIT;
- the expected tax treatment of the REIT’s distributions to Unitholders;
- the REIT’s capital expenditure requirements for its properties;
- the ability of the REIT to qualify for the REIT Exception;
- the expected occupancy and the performance of the REIT’s properties; and
- the debt maturity profile of the REIT.

Actual results and developments are likely to differ, and may differ materially, from those anticipated by the REIT and expressed or implied by the forward-looking statements contained in this Annual Information Form. Such statements are based on a number of assumptions and risks which may prove to be incorrect. Important assumptions relating to the forward-looking statements contained in this Annual Information Form include assumptions concerning the REIT’s future growth potential, expected capital expenditures, competitive conditions, results of operations, future prospects and opportunities, industry trends remaining unchanged, future levels of

indebtedness, the tax laws as currently in effect remaining unchanged and the current economic conditions remaining unchanged. Many factors could cause the REIT's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, risks and uncertainties relating to the properties of the REIT, the REIT's expectations regarding future occupancy rates of its properties, and including those risks and uncertainties discussed under the heading "Risk Factors".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Annual Information Form. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this Annual Information Form are based upon what Management currently believes to be reasonable assumptions, the REIT cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements and additional risks and uncertainties discussed in the REIT's materials filed with the Canadian securities regulatory authorities from time to time, available under the REIT's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

These forward-looking statements are made as of the date of this Annual Information Form and the REIT does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law. The REIT cannot assure investors that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

#### **NON-IFRS FINANCIAL MEASURES**

The REIT's consolidated financial statements are prepared in accordance with IFRS. In this Annual Information Form, the REIT discloses and discusses certain non-IFRS financial measures, including FFO and Recurring FFO, as well as other measures discussed elsewhere in this Annual Information Form. These non-IFRS measures are not defined by IFRS, do not have a standardized meaning and may not be comparable with similar measures presented by other issuers. The REIT has presented such non-IFRS measures as Management believes they are relevant measures of the REIT's underlying operating performance and debt management. Non-IFRS measures should not be considered as alternatives to net income, total comprehensive income, cash flows generated from operating activities or comparable metrics determined in accordance with IFRS as indicators of the REIT's performance, liquidity, cash flow and profitability. See the Glossary for definitions of FFO and Recurring FFO. For a full description of these measures and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS, please refer to the "Explanation of Non-IFRS Financial Measures" and "Financial Highlights" sections in the REIT's management discussion & analysis for the fiscal year ended December 31, 2019.

#### **DISTRIBUTABLE INCOME**

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions.

The REIT intends to make distributions of a significant percentage of its available cash to Unitholders, such cash distributions are not assured and may be reduced, suspended or discontinued. The ability of the REIT to make cash distributions and the actual amount of cash distributed will be dependent upon, among other things, the financial performance of the properties in its portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons, including if the REIT is unable to meet its cash distribution targets in the future, and such decline may be significant.

It is important for a person making an investment in Units to consider the particular risk factors that may affect both the REIT and the real estate industry in which the REIT operates and which may therefore affect the stability of the cash distributions on Units.

The after-tax return from an investment in Units to Unitholders that is subject to Canadian income tax can be made up of both a “return on” and a “return of” capital. That composition may change over time, thus affecting a Unitholder’s after-tax return. Returns on capital are generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Returns of capital are generally tax-deferred and reduce the Unitholder’s cost base in the Unit for tax purposes.

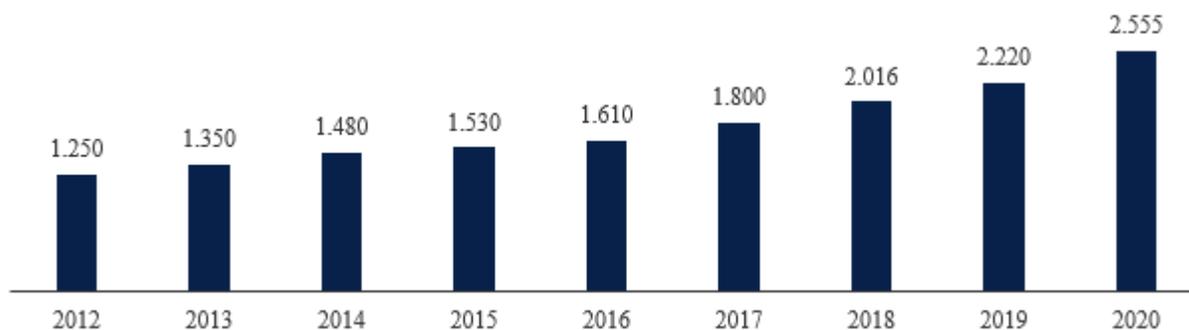
Distributable income is not an IFRS measure. There is no standardized measure of distributable income. Distributable income is presented in this Annual Information Form because the REIT believes this non-IFRS measure is a relevant measure of its ability to earn and distribute cash returns to Unitholders. Distributable Income as computed by the REIT may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to distributable income as reported by such entities.

In this Annual Information Form, “Distributable Income” means, for any period, net income determined in accordance with IFRS, subject to certain adjustments as set out in the Contract of Trust and as determined by the Trustees in their sole discretion.

The Distributable Income of the REIT is calculated based on the REIT’s income determined in accordance with the provisions of the Tax Act, subject to certain adjustments as set out in the Contract of Trust, including that capital gains and capital losses be excluded, net recapture income be excluded, no deduction be made for non-capital losses, capital cost allowance, terminal losses, amortization of cumulative eligible capital or amortization of costs of issuing Units or financing fees related to the instalment loan, and leasehold and client improvements be amortized. Distributable Income so calculated may reflect any other adjustments determined by the Trustees in their discretion and may be estimated whenever the actual amount has not been fully determined. Such estimates will be adjusted as of the subsequent Distribution Date when the amount of Distributable Income has been finally determined.

The REIT has had a proven history of distribution growth, having increased distributions eight times over the past eight years. The REIT commenced paying a distribution in 2012. The REIT’s current distribution policy for 2020 is to pay 2.555¢ per Unit, payable monthly on the last business day of each month. Distributions are paid to Unitholders of record on the record date as determined by the Trustees at their discretion based on anticipated future cash flows and the need to retain sufficient cash flow to support the business of the REIT.

The following table sets out the dividends/distributions paid by the REIT during the last nine years as at the date of this Annual Information Form:



## GLOSSARY

The following terms used in this Annual Information Form, have the meanings set out below:

“**2018 Debentures**” means the convertible unsecured subordinated debentures of the REIT due August 28, 2023.

“**2018 Trust Indenture**” means the indenture dated as of May 16, 2019 by and between the REIT and AST Trust Company (Canada), as trustee, governing the 2018 Debentures.

“**2019 Debentures**” means the convertible unsecured subordinated debentures of the REIT due May 16, 2024.

“**2019 Trust Indenture**” means the indenture dated as of May 16, 2019 by and between the REIT and AST Trust Company (Canada), as trustee, governing the 2019 Debentures.

“**Adjusted Unitholders’ Equity**” means, at any time, the aggregate of the amount of Unitholders’ equity and the amount of accumulated amortization recorded in the books and records of the REIT in respect of its properties calculated in accordance with IFRS.

“**Affected Holder**” has the meaning ascribed thereto under “Contract of Trust and Description of Units — Limitation on Non-Resident Ownership”.

“**Affected Units**” has the meaning ascribed thereto under “Contract of Trust and Description of Units — Limitation on Non-Resident Ownership”.

“**affiliate**” has the meaning that would be ascribed thereto in the *Securities Act* (Québec), if the word “company” were changed to “person” (as defined herein).

“**annuitant**” has the meaning ascribed thereto under “Risk Factors — Unitholder Liability”.

“**associate**” has the meaning ascribed thereto in the *Securities Act* (Québec).

“**Audit Committee**” means the audit committee of the Trustees described under “Management of the REIT – Audit Committee”.

“**business day**” means any day other than a Saturday, Sunday or a day on which the Schedule 1 chartered banks located in Montréal, Québec are not open for business during normal banking hours.

“**CRA**” means the Canada Revenue Agency.

“**Contract of Trust**” means the contract of trust made as of March 11, 2011, as amended by an amendment to contract of trust made as of February 12, 2020, and governed by the laws of the Province of Québec, pursuant to which the REIT was established, as amended, supplemented and/or restated from time to time.

“**Co-Ownership Properties**” has the meaning ascribed thereto under “Properties – Co-Ownership Properties”.

“**Debentures**” means, collectively, the 2018 Debentures and the 2019 Debentures.

“**Distributable Income**” has the meaning ascribed thereto under “Distributable Income”.

“**Distribution Date**” has the meaning ascribed thereto under “Distribution Policy”.

“**Distribution Period**” means each month or, as determined from time to time by the Trustees in their discretion, each quarter or each year, in each calendar year from and including the first day thereof and to and including the last day thereof (whether or not such days are business days).

**“emphyteutic lease”** means an agreement whereby an emphyteutic lessor grants to an emphyteutic lessee, for a determined period of time, the real right of enjoyment of an immovable property, provided the emphyteutic lessee erects constructions thereon (known as a “ground lease” at common law).

**“Excess Income”** means an amount equal to the net income of the REIT for a taxation year, determined in accordance with the provisions of the Tax Act other than Paragraph 82(1)(b) and Subsection 104(6) thereof, including net realized capital gains (other than (a) income and taxable capital gains of the REIT arising on or in connection with an in specie redemption of Units which are paid or payable by the REIT to redeeming Unitholders, (b) capital gains on which the tax may be offset by capital losses carried forward from prior years or is recoverable by the REIT and (c) net income and net realized capital gains of the REIT for the taxation year otherwise distributed or made payable to the Unitholders during such taxation year) and the non-taxable portion of net realized capital gains of the REIT, solely if so determined by the Trustees at their sole discretion.

**“Fronsac Capital”** means Fronsac Capital Inc., the predecessor of the REIT.

**“Funds From Operations (FFO)”** is not an IFRS financial measure. FFO is an industry term and its calculation is prescribed in publications of the Real Property Association of Canada (REALpac). FFO as calculated by the REIT may not be comparable to similar titled measures reported by other entities, including other real estate investment trusts. FFO is an industry standard widely used for measuring operating performance and is exclusive of unrealized changes in the fair value of investment properties, deferred income taxes and gains or losses on property dispositions. The REIT considers FFO a meaningful additional measure as it adjusts for certain non-cash items that do not necessarily provide an appropriate picture of a trust’s recurring performance. It more reliably shows the impact on operations of trends in occupancy levels, rental rates, net property operating income and interest costs compared to profit determined in accordance with IFRS. As well, FFO allows some comparability amongst different real estate entities that have adopted different accounting with respect to investment properties (some entities use the cost model and whereas others use the fair value model to account for investment properties).

**“GLA”** means gross leasable area, but excludes gross leasable area resulting from parking space, where applicable.

**“Greater Montréal Area”** means the areas and boroughs comprised of the City of Montréal and the City of Laval.

**“Gross Book Value”** means, at any time, the book value of the properties and assets of the REIT, as shown on its then most recent balance sheet, plus the amount of accumulated amortization shown thereon, calculated in accordance with IFRS.

**“hedging”** has the meaning ascribed thereto under “Investment Guidelines and Operating Policies — Operating Policies”.

**“IFRS”** means the International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board (AcSB) for publicly accountable enterprises, as same may be amended, restated, supplemented and/or replaced from time to time.

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

**“immovable hypothec”** means a secured interest in an immovable property under the laws of the Province of Québec.

**“Immovable Hypothecs”** means the immovable hypothecs and the indebtedness secured thereby to which the Properties were subject as of December 31, 2019.

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

**“including”** means including, without limitation, where the context so requires or permits.

**“Independent Trustee”** means a Trustee (i) who has no material business relationships with the REIT (other than his or her election or appointment as Trustee or, subject to the provisions of the Contract of Trust, his or her being a Unitholder), and (ii) who is not “related” within the meaning of the Tax Act.

**“Investment Committee”** means the investment committee of the Trustees described under “Management of the REIT — Investment Committee”.

**“Investment Properties”** means, collectively, the Properties, land held for future development and investment properties held for sale.

**“joint venture entity”** has the meaning ascribed thereto under “Investment Guidelines and Operating Policies — Investment Guidelines”.

**“joint venturers”** has the meaning ascribed thereto under “Investment Guidelines and Operating Policies — Investment Guidelines”.

**“Management”** means management of the REIT.

**“person”** means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, trustees, executors, administrators or other legal personal representatives, two or more persons who together constitute all of the owners of a Property, pension funds, land trusts, business trusts or other organizations, whether or not legal entities and regulatory bodies, governments and agencies and political subdivisions thereof and municipalities.

**“Properties”** has the meaning ascribed thereto under “Explanatory Notes”.

**“QSR”** means Quick Service Restaurant.

**“Recurring FFO per Unit”** is not an IFRS financial measure. The REIT calculates Recurring FFO per Unit as Recurring FFO divided by the weighted average number of Units outstanding.

**“Recurring FFO”** is not an IFRS financial measure. The REIT calculates Recurring FFO by subtracting from the base FFO material non-recurring revenues and adding material non-recurring charges.

**“REIT”** means Fronsac Real Estate Investment Trust.

**“REIT Exception”** has the meaning ascribed thereto under “Risk Factors — Status For Tax Purposes and Investment Eligibility”.

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval (SEDAR) of the Canadian Securities Administrators.

**“Sell Notice”** has the meaning ascribed thereto under “Contract of Trust and Description of Units — Limitation on Non-Resident Ownership”.

**“SIFT”** means “specified investment flow-through” trust, as defined in the Tax Act.

**“SIFT Rules”** means the provisions of the Tax Act which address the taxation of SIFTs and their unitholders.

**“Tax Act”** means the *Income Tax Act* (Canada), as amended.

**“Trustees”** means the trustees of the REIT and **“Trustee”** means any one of them.

**“TSX-V”** means the TSX Venture Exchange.

**“Unit”** means a unit of interest in the REIT issued from time to time in accordance with the Contract of Trust and includes, where the context so requires, units of the REIT issued pursuant to the Unit Compensation Plan and the Unit Option Plan and units of the REIT issued upon conversion of the Debentures, and includes a fraction of a unit of the REIT, and **“Units”** has the corresponding meaning.

**“Unit Compensation Plan”** means the unit compensation plan for the Trustees and officers of the REIT, as amended, supplemented or restated from time to time.

**“Unit Option Plan”** means the fixed unit purchase option plan for the Trustees and officers of the REIT, as amended, supplemented or restated from time to time.

**“Unitholders”** means the holders of Units, and **“Unitholder”** means one of them.

## THE REIT

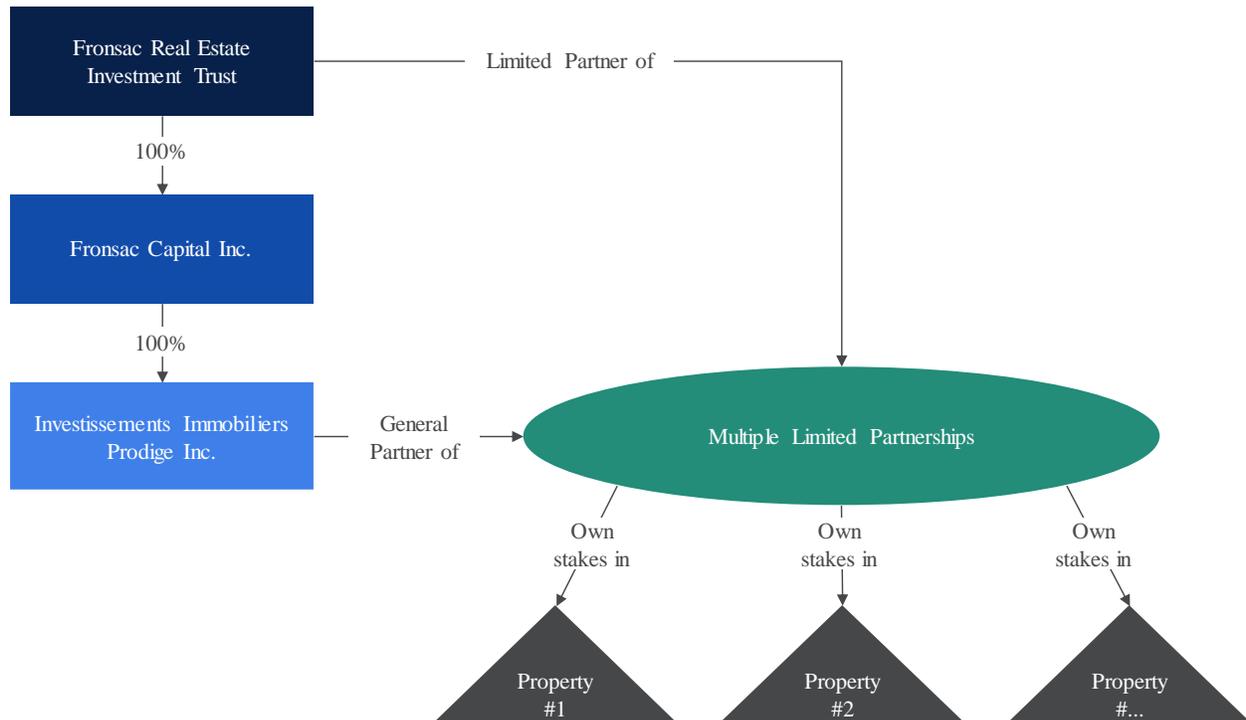
The REIT is an unincorporated open-ended investment trust created by the Contract of Trust under, and governed by, the laws of the Province of Québec. The REIT is a “mutual fund trust” as defined in the Tax Act, but is not a “mutual fund” within the meaning of applicable Canadian securities legislation. The principal, registered and head office of the REIT is located at 106 Gun Avenue, Pointe-Claire, Québec, H9R 3X3. A copy of the Contract of Trust is available under the REIT’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The REIT was established on March 11, 2011 for the principal purpose to provide persons with an opportunity to participate, directly or indirectly, in a portfolio of income-producing immovable property investments and related assets.

The REIT began its activities on March 11, 2011, at the time of the conversion from a corporation to a real estate investment trust of Fronsac Capital, a corporation incorporated on June 2, 2006, pursuant to an arrangement under the *Canada Business Corporations Act* effected on July 1, 2011 whereby each of the issued and outstanding common shares of Fronsac Capital was exchanged for one Unit.

The Properties currently comprise 57 income-producing commercial properties, including an interest in 14 Co-Ownership Properties, all located in the provinces of Québec, Ontario and Nova Scotia, and representing, in the aggregate, approximately 488,000 square feet of leasable area, of which 82,000 square feet are co-owned. See “Properties”.

The following chart is a simplified illustration of the organizational structure of the REIT as at December 31, 2019:



The REIT, directly and indirectly, has two employees.

## OBJECTIVES OF THE REIT

The objectives of the REIT have been approved by the Trustees and may be amended or replaced by the Trustees from time to time. In setting the objectives of the REIT, the Trustees are subject to the investment

guidelines and operating policies set out in the Contract of Trust. See “Investment Guidelines and Operating Policies”.

The objectives of the REIT are to: (i) provide Unitholders with stable and growing cash distributions from investments in real estate properties in Canada; (ii) expand the asset base of the REIT and enhance the value of the REIT’s assets to maximize long-term Unit value; and (iii) increase the REIT’s Recurring FFO per Unit and distributions per Unit, through accretive acquisitions.

The REIT intends to continue to concentrate its efforts in well-located freestanding commercial properties in the provinces of Québec, Ontario and Nova Scotia where the REIT can pursue accretive acquisitions complementary to its portfolio and Management expertise.

Management is constantly assessing acquisition opportunities and is able to implement an investment strategy of acquiring properties to provide additional cash flow and enhance long-term portfolio growth.

Management believes that achieving the objectives outlined above will result in an increasingly diverse and stable income stream intended to reduce both risk and volatility in respect of the returns realized by Unitholders.

<b>Property</b>	<b>City/Province</b>	<b>Type</b>	<b>Square Footage</b>	<b>Ownership</b>	<b>Acquisition date</b>
<b><u>2016</u></b>					
3726 Des Forges Blvd.	Trois-Rivières, Qc	QSR	3,360	100 %	August 18, 2016
2871-2885 Des Prairies Street	Trois-Rivières, Qc	QSR, gas, convenience store	6,662	100 %	August 18, 2016
2350 Chemin des Patriotes	Richelieu, Qc	QSR, gas, convenience store	4,851	100 %	September 2, 2016
4932 Des Sources Blvd.	Pierrefonds, Qc	QSR	2,716	100 %	October 28, 2016
314 De Montigny Street	St-Jérôme, Qc	QSR	2,832	100 %	October 28, 2016
288 Valmont Street	Repentigny, Qc	Gas, convenience store	2,400	100 %	October 28, 2016
<b><u>2017</u></b>					
2439 Ste Sophie Blvd.	Sainte-Sophie, Qc	Gas, convenience store	4,856	95 %	March 14, 2017
2429 Ste Sophie Blvd.	Sainte-Sophie, Qc	QSR	3,710	95 %	March 14, 2017
610 St -Joseph Blvd.	Gatineau, Qc	Auto Parts	3,019	100 %	May 12, 2017
513 Des Laurentides Blvd.	Laval, Qc	Auto Parts	3,372	100 %	May 12, 2017
123 St-Laurent East Blvd.	St-Eustache, Qc	Gas, convenience store	2,400	100 %	July 20, 2017
507 Chemin de la Grande Côte	St-Eustache, Qc	Gas, convenience store	3,846	100 %	July 20, 2017
4 North Street	Waterloo, Qc	Gas, convenience store	1,723	100 %	August 21, 2017
3355 de la Pérade Street	Québec City, Qc	Retail	28,894	100 %	October 19, 2017
2555 Montmorency Blvd.	Québec City, Qc	Retail	25,480	100 %	October 19, 2017
3592 Laval Street	Lac Mégantic, Qc	Gas, convenience store	1,777	100 %	October 19, 2017
536 Algonquin Blvd.	Timmins, On	QSR	2,690	100 %	November 9, 2017
1730 Jules Vernes Ave.	Cap Rouge, Qc	QSR	4,100	50 %	June 1, 2017
<b><u>2018</u></b>					
235 Montée Paiement	Gatineau, Qc	Retail	25,706	100 %	March 29, 2018
510 Bethany Ave.	Lachute, Qc	QSR, gas, convenience store	11,910	50 %	April 25, 2018
1337 Iberville Blvd.	Repentigny, Qc	Retail	17,050	100 %	June 21, 2018
222 St-Jean-Baptiste Blvd.	Mercier, Qc	QSR, gas, convenience store	8,088	50 %	June 29, 2018
230 St-Jean-Baptiste Blvd.	Mercier, Qc	QSR	4,165	50 %	June 29, 2018
101 Hébert Street	Mont-Laurier, Qc	Retail	37,530	100 %	September 10, 2018
290 Mgr. Langlois Blvd	Salaberry-de-Valleyfield, Qc	QSR, gas, convenience store	9,400	50 %	September 10, 2018
510 Portland Street	Dartmouth, NS	QSR	4,631	100 %	October 31, 2018
20 Frontenac Ouest Blvd.	Theftord Mines, Qc	QSR	2,400	100 %	December 7, 2018
975 Wilkinson Ave	Dartmouth, NS	QSR, gas, convenience store	7,975	50 %	December 7, 2018
1501 Jacques Bedard Street	Québec City, Qc	Retail	24,652	100 %	December 21, 2018

<u>Property</u>	<u>City/Province</u>	<u>Type</u>	<u>Square Footage</u>	<u>Ownership</u>	<u>Acquisition date</u>
<b>2019</b>					
852 Laure Blvd.	Sept Iles, Qc	QSR	3,239	100 %	April 29, 2019
87 Starrs Road	Yarmouth, NS	Gas, convenience store	3,335	100 %	April 29, 2019
4675 Shawinigan Sud Blvd.	Shawinigan, Qc	QSR, gas, convenience store	7,126	50 %	April 29, 2019
480 Bethany Ave.	Lachute, Qc	Retail	75,681	100 %	May 23, 2019
484 Bethany Ave.	Lachute, Qc	QSR	3,037	100 %	May 23, 2019
2077 Laurentides Blvd.	Laval, Qc	Retail	9,462	100 %	May 31, 2019
111-117 Desjardins Blvd.	Maniwaki, Qc	Retail	16,085	100 %	May 31, 2019
550 Lafliche Blvd.	Baie Comeau, Qc	Retail	19,676	100 %	August 22, 2019
304 LaSalle Blvd.	Baie Comeau, Qc	QSR	3,300	100 %	October 21, 2019
35 route 201	Coteau-du-Lac, Qc	QSR, gas, convenience store	5,000	50 %	November 14, 2019

### MANAGEMENT STRATEGY OF THE REIT

The REIT's property management is internalized and the REIT believes that the internalization of an experienced management is required to achieve, maintain and grow value while insuring that the interests of Management remain aligned with those of Unitholders and minimizing risk to Unitholders. The REIT believes that its objectives are best achieved through internalized management by employing a comprehensive, proactive management strategy which leverages and builds upon its competitive strengths in order to enhance the operating and financial performance of the REIT and its properties. The growth strategies of the REIT include:

- *Nurturing existing tenant relationships, ensuring tenant retention and accommodating tenant growth* — Renewal of existing tenant leases, as opposed to tenant replacement, often provides the best opportunity for increasing operating results while minimizing marketing, leasing and tenant improvement costs and avoiding interruptions in rental income from periods of vacancy. The REIT plans to continue to nurture existing tenant relationships to retain its existing tenants and to meet their changing needs.
- *Increasing rental income and minimizing operating expenses* — The REIT believes that ongoing preventative maintenance programs along with regular site visits and inspections help to ensure that the properties are well maintained. Management also believes that the operating economies that result from a geographically clustered portfolio translate into stable and competitive operating expenses. Operating expenses are reviewed monthly in order to ensure that costs are kept within budget.
- *Providing value-added property management through an integrated and internalized property and asset management structure* — The REIT has access to the necessary human resources in order to provide a full range of property and asset management and leasing services to the properties owned by the REIT. Management believes that the internalization of management provides the infrastructure and depth of experience to enable the REIT to be aware of, and responsive to, the needs of tenants in a more efficient and economic manner rather than contracting for property management services from a third party.
- *Maintaining asset class diversification in the REIT's geographic areas of concentration and expertise* — The REIT owns and manages and will continue to own, manage and acquire commercial properties in the provinces of Québec, Ontario and Nova Scotia, mainly outside of the Greater Montréal Area. The REIT believes that a balanced portfolio, by property and by geography, decreases Unitholder risk through diversification.
- *Replacing tenants quickly at best available rates and lowest possible transaction costs* — The REIT believes that the reputation of Management for responsiveness to tenants' needs and well-located, well-maintained properties will continue to allow the REIT to fill any vacancies quickly

and that its internalized management structure allows it to do so at the lowest possible transaction costs.

- *Practicing preventative maintenance and repair of properties* — In addition to addressing current capital expenditure requirements, the REIT employs a preventative maintenance program utilizing its familiarity with, and regular inspection of, building control systems as well as roofing and parking facilities in order to minimize capital expenditures going forward.
- *Acquiring stable income-producing properties that provide incremental net yields greater than current yields to Unitholders* — The REIT will utilize the experience and expertise of Management and its development and leasing knowledge capabilities to select commercial properties for acquisition which present an accretive opportunity to provide incremental net yields greater than current yields to Unitholders.
- *Expanding into other geographic markets where the REIT can exploit its competitive advantages* — The REIT is considering and will continue to consider expansion into other geographic markets where it can best exploit its competitive advantages.

## COMPETITIVE STRENGTHS

The REIT's main competitive strengths are the stability, commitment and reputation of Management and alignment of the interests of Management and Unitholders, the internalized management structure of the REIT and Management's expertise and experience. In particular, the REIT intends to capitalize on the following competitive strengths to achieve its objectives:

- *Stability, experience and expertise of Management* — The REIT will continue to benefit from the reputation, experience, commitment and stability of Management going forward.
- *Expertise in the commercial real estate market* — Historically, Management developed a significant expertise in the commercial real estate market. The REIT will continue to benefit from Management's recognized strength and reputation in its historical geographic area.
- *Entrepreneurial and responsive corporate culture* — The REIT benefits from Management's entrepreneurial and responsive corporate culture and strong market knowledge, allowing it to move from the assessment of leasing and acquisition opportunities to the completion of projects in a careful yet timely manner.
- *Diversified portfolio* — The REIT will seek to maintain a balanced portfolio of commercial properties based on property type consistent with its current portfolio, but also in line with evolving market conditions. Management believes that this strategy, in conjunction with the geographic location of properties, will provide the REIT with a diversified tenant base, reduce cash flow volatility and increase potential capital appreciation.
- *Privileged relationships with tenants* — Stable and privileged relationships with tenants enabled and will continue to help the REIT to achieve both a high tenant retention rate and a high tenant satisfaction rate and to accommodate existing tenants.
- *Ability to access and assess acquisition opportunities* — The REIT benefits from Management's network of relationships and its ability to assess potential acquisitions in order to acquire income producing properties where the projected yield on acquisition would result in a yield on the outstanding Units greater than the current yield to Unitholders.

## DEBT MANAGEMENT

The REIT seeks to maintain a diversified combination of short, medium and long-term debt maturities. The strategy is to balance maturities on new debt with existing debt maturities to minimize maturity exposure in any one given year and to reduce overall interest costs. Maintaining or improving the average cost of debt will be dependent on market conditions at the time of financing or refinancing. The strategy involves maximizing the term of long-term debt available based on the tenancy profiles of the assets being financed, in order to stabilize cash flow.

As a conservative interest rate risk management practice, the REIT's use of floating-rate debt is generally limited to its operating line (to fund ongoing operations and acquisitions) and its construction loans (until long term fixed-rate mortgage financing is placed on the completed development projects).

## PROPERTIES

The Properties currently comprise 57 income-producing commercial properties, including an interest in 14 Co-Ownership Properties, all located in the provinces of Québec, Ontario and Nova Scotia, and representing, in aggregate, approximately 488,000 square feet of leasable area, of which 82,000 square feet are co-owned. The majority of the Properties are situated in prime locations near major traffic arteries and benefit from high visibility and easy access by both tenants and tenants' customers. While the Properties located at 4200 Bernard Pilon, 2050 Léonard de Vinci, 2051 Nobel, 1901 Raymond Blais, 2439 Sainte-Sophie and 87 Starrs Road are subject to emphyteutic leases with unrelated parties, Management believes that the term to maturity and other terms and conditions of the emphyteutic leases are acceptable from the perspective of the REIT. The Properties are generally well-maintained and in good operating condition.

### OVERVIEW OF THE PROPERTIES

The following table summarizes the distribution of the Properties by province:

Province	Number of Properties	Area	
		Leasable Area (Square Feet)	%
Québec .....	52	466,085	95.5%
Ontario .....	2	5,817	1.2%
Nova Scotia.....	3	15,941	3.3%
<i>Total</i>	57	487,843	100.0%

The following table sets forth the major tenants of the REIT as at December 31, 2019:

#### Top Tenants<sup>(1)</sup>

		% of Total Net Rent
1	Sobeys <sup>(2)</sup>	15.0%
2	Suncor <sup>(3)</sup>	9.3%
3	Tim Hortons	7.5%
4	Shoppers	7.3%
5	Couche-Tard	7.3%
6	Staples Canada	6.7%
7	Savers	6.6%
8	Walmart	5.4%
9	MTY Food Group	2.4%
10	McDonald's	2.2%

**Notes:**

- (1) Excludes net rents collected through joint ventures.
- (2) Sobeys operates Shell service stations and IGA grocery stores.
- (3) Suncor operates Petro-Canada service stations.

**HYPOTHECS**

The Properties are currently leveraged with predominantly fixed rate debt. The indebtedness of the REIT as at December 31, 2019 was approximately 55.0% of the Gross Book Value, excluding the Debentures, and approximately 57.0% of the Gross Book Value, including the Debentures. The timing of lease maturities and debt maturities is structured to match where possible and practicable. As at December 31, 2019, the weighted average interest rate pursuant to the Immovable Hypothecs is approximately 4.10% per annum and the weighted average term to maturity of the Immovable Hypothecs is approximately 5.3 years.

The information in the following table is based upon information as at December 31, 2019 and summarizes the Immovable Hypothecs.

<b>Property</b>	<b>City / Province</b>	<b>Ownership</b>	<b>Balance Outstanding as at December 31, 2019<sup>(1)</sup></b>	<b>Loan Interest Rate<sup>(2)</sup></b>	<b>Maturity</b>
1349-1351 Road 117	Val-David, Qc	100%	1,410,824	3.41%	15-Aug-2023
340-344 Montée du Comté	Les Coteaux, Qc	100%	2,393,851	3.41%	15-Aug-2023
1440-50 St-Laurent East Blvd.	Louiseville, Qc	50%	976,500	4.20%	28-Mar-2023
1460 St-Laurent East Blvd.	Louiseville, Qc	50%	651,000	4.20%	23-Mar-2023
490-494 De L'Atrium Blvd.	Québec City, Qc	100%	1,170,004	3.15%	26-Feb-2020
7335 Guillaume Couture Blvd.	Lévis, Qc	100%	949,227	3.15%	26-Feb-2020
1319 Brookdale Avenue	Cornwall, On	100%	417,812	3.15%	26-Feb-2020
4200 Bernard-Pilon Street	St-Mathieu de Beloeil, Qc	100%			
1901 Raymond Blais Street	Sainte-Julie, Qc	100%			
2000 Leonard de Vinci Street	Sainte-Julie, Qc	100%	3,792,313	3.15%	26-Jun-2020
2050 Leonard de Vinci Street	Sainte-Julie, Qc	100%			
2051 Nobel Street	Sainte-Julie, Qc	100%			
16920-16930 St-Louis Ave.	St-Hyacinthe, Qc	100%	1,900,224	3.36%	15-Jun-2022
3726 Des Forges Blvd.	Trois-Rivières, Qc	100%	636,415	3.32%	01-Aug-2021
2350 Chemin des Patriotes	Richelieu, Qc	100%	2,238,730	2.85%	15-Sep-2021
2439 Ste Sophie Blvd.	Sainte-Sophie, Qc	95%	1,886,064	3.30%	01-Feb-2022
2429 Sainte Sophie Blvd.	Sainte-Sophie, Qc	95%			
610 Saint-Joseph Blvd.	Gatineau, Qc	100%	1,301,356	3.21%	10-May-2022
513 Des Laurentides Blvd.	Laval, Qc				
123 St-Laurent Blvd.	St-Eustache, Qc	100%	1,181,406	3.62%	20-Jul-2022
507 Chemin de la Grande Côte	St-Eustache, Qc	100%	901,292	3.76%	15-Jul-2022
4 North Street	Waterloo, Qc	100%	1,224,046	3.55%	01-Sep-2022
3355 de la Pérade Street	Quebec City, Qc	100%	2,699,605	4.47%	15-Nov-2032
2555 Montmorency Blvd.	Quebec City, Qc	100%	1,714,035	4.47%	15-Nov-2032
536 Algonquin Blvd.	Timmins, On	100%	760,235	3.85%	01-Dec-2022
1730 Jules Vernes Ave.	Cap Rouge, Qc	50%	658,197	3.99%	08-Mar-2023
235 Montée Paiement	Gatineau, Qc	100%	5,466,403	4.35%	15-Apr-2033
510 Bethany Ave. <sup>(3)</sup>	Lachute, Qc		1,589,416	5.45%	27-Nov-2020
1337 Iberville Blvd.	Repentigny, Qc	100%	4,223,298	3.88%	15-Jul-2023
222 St-Jean-Baptiste Blvd.	Mercier, Qc	82.5%	3,708,357	4.17%	30-Jul-2023
230 St-Jean-Baptiste Blvd.	Mercier, Qc	82.5%			

<b>Property</b>	<b>City / Province</b>	<b>Ownership</b>	<b>Balance Outstanding as at December 31, 2019<sup>(1)</sup></b>	<b>Loan Interest Rate<sup>(2)</sup></b>	<b>Maturity</b>
101 Hébert Street	Mont-Laurier, Qc	100%	5,888,101	4.62%	01-Oct-2028
510 Portland Street	Dartmouth, NS	100%	1,026,249	4.98%	15-Nov-2025
20 Frontenac Ouest Blvd.	Thetford Mines, Qc	100%	1,821,597	4.21%	15-Apr-2026
852 Laure Boulevard	Sept Iles, Qc				
975 Wilkinson Ave.	Dartmouth NS	50%	3,139,152	6.00%	15-Dec-2023
1501 Jacques Bedard Street	Quebec City, Qc	100%	2,952,323	4.12%	15-Jan-2029
87 Starrs Road <sup>(4)</sup>	Yarmouth, NS	100%	675,700	4.95%	24-Jun-2020
4675 Shawinigan Sud Blvd.	Shawinigan, Qc	50%	1,125,000	3.74%	15-Dec-2024
480 Bethany Ave.	Lachute, Qc	100%	6,010,556	4.77%	01-Dec-2028
484 Bethany Ave.	Lachute, Qc				
2077 Laurentides Blvd.	Laval, Qc	100%	2,715,815	3.64%	15-Jun-2024
111-117 Desjardins Blvd.	Maniwaki, Qc	100%			
550 Lafèche Boulevard	Baie Comeau, Qc	100%	3,854,735	3.80%	05-Nov-2030
<b>Total:</b>			<b>73,059,836</b>	<b>4.08%</b>	

**Notes:**

- (1) Represents the REIT's proportionate share.
- (2) Rounded up or down to the closest hundredth of one percent.
- (3) Floating interest rate based on the bank's primer lending rate plus 1.50%.
- (4) Floating interest rate based on the bank's primer lending rate plus 1.00%.

The following table summarizes the debt maturities of the Immovable Hypothecs as at December 31, 2019:

<b>Debt Maturities</b>	<b>Total Due At Maturity</b>
<b>Debt Maturities</b>	
2020 .....	\$6,183,739
2021 .....	\$2,701,448
2022 .....	\$10,448,112
2023 .....	\$11,767,322
2024 .....	\$4,328,492
Thereafter.....	\$22,932,677
<b>Weighted Average Interest Rate on Immovable Hypothecs</b>	4.06%
<b>Weighted Average Term to Maturity on Immovable Hypothecs</b>	6.1 years

**SUMMARY OF THE PROPERTIES**

The following table summarizes certain aspects of each of the Properties as at December 31, 2019.

<b>Address</b>	<b>City/Province</b>	<b>Year Built/ Renovated</b>	<b>Leasable area (square feet)</b>	<b>Percentage Leased</b>	<b>Tenants</b>
40-50 Brunet Street	Mont St-Hilaire, Qc	2003	5,452	100%	McDonalds, Parkland, Beau-Soir
230 St-Luc Blvd.	St-Jean-sur-Richelieu, Qc	1998	8,359	100%	Sobeys, Beau-Soir
196 Hôtel-de-Ville Blvd.	Rivière-du-Loup, Qc	1987/2018	6,088	100%	Couche-Tard
1349-1351 Road 117	Val-David, Qc	2012	2,400	100%	Couche-Tard, Subway
275 Barkoff Street	Trois-Rivières, Qc	1994	2,400	100%	Sobeys
530 Barkoff Street	Cap-de-la-Madeleine, Qc	1988	2,641		Couche-Tard
340-344 Montée du Comté	Les Coteaux, Qc	2014	8,071	100%	Suncor, Tim Hortons, Beau-Soir
1440-50 St-Laurent East Blvd.	Louiseville, Qc	2013	6,132	100%	Parkland, Tim Hortons
1460 St-Laurent East Blvd.	Louiseville, Qc	2014	4,841	100%	McDonalds
490-494 De L'Atrium Blvd.	Québec City, Qc	1998	6,574	100%	Couche-Tard, Hair Salon
7335 Guillaume Couture Blvd.	Lévis, Qc	2011	2,860	100%	Tim Hortons

Address	City/Province	Year Built/ Renovated	Leasable area (square feet)	Percentage Leased	Tenants
1319 Brookdale Avenue	Cornwall, On	1977	3,127	100%	Burger King
4200 Bernard-Pilon Street	St-Mathieu de Beloeil, Qc	1990	1,200	100%	Suncor
1901 Raymond Blais Street	Sainte-Julie, Qc	2002	5,150	100%	Suncor
2000 Leonard de Vinci Street	Sainte-Julie, Qc	1989/2018	1,255	100%	Mad Dogz, Thai Resto
2050 Leonard de Vinci Street	Sainte-Julie, Qc	1991	5,975	100%	Suncor
2051 Nobel Street	Sainte-Julie, Qc	2006	1,392	100%	Boston Pizza
16920-16930 St-Louis Ave.	St-Hyacinthe, Qc	2016	6,290	100%	Suncor, Tim Hortons, Beau-Soir
3726 Des Forges Blvd.	Trois-Rivières, Qc	1984/2016	3,360	100%	Mikes
2871-2885 Des Prairies Street	Trois-Rivières, Qc	2014	6,662	100%	Eko, Subway, La Belle Province
2350 Chemin des Patriotes	Richelieu, Qc	2004	4,851	100%	Suncor, Subway, Beau-Soir
4932 Des Sources Blvd.	Pierrefonds, Qc	1985	2,716	100%	Tim Hortons
314 De Montigny Street	St-Jérôme, Qc	1995	2,832	100%	Tim Hortons
288 Valmont Street	Repentigny, Qc	1992	2,400	100%	Couche-Tard
2439 Ste-Sophie Blvd.	Ste-Sophie, Qc	2017	4,856	100%	Parkland
2429 Ste-Sophie Blvd.	Ste-Sophie, Qc	2017	3,710	100%	Benny & Co
610 St-Joseph Blvd.	Gatineau, Qc	1971	3,019	100%	Speedy
513 Des Laurentides Blvd.	Laval, Qc	1983	3,372	100%	Speedy
123 St. Laurent East Blvd.	St-Eustache, Qc	2015	2,400	100%	Suncor, Caliprix
507 Chemin de la Grande Côte	St-Eustache, Qc	1990/2014	3,846	100%	Harnois Energy, Provi-Soir
4 North Street	Waterloo, Qc	2013	1,723	100%	Parkland, Beau-Soir
3355 de la Pérade Street	Québec City, Qc	1972	28,894	100%	Value Village
2555 Montmorency Blvd.	Québec City, Qc	1989	25,480	100%	Value Village
3592 Laval Street	Lac Mégantic, Qc	2000/2018	1,777	100%	Canadian Tire
536 Algonquin Blvd.	Timmins, On	1992	2,690	100%	KFC
1730 Jules Vernes Ave.	Cap Rouge, Qc	2017	4,100	100%	Benny & Co
235 Montée Paiement	Gatineau, Qc	2001	25,706	100%	Staples
510 Bethany Ave.	Lachute, Qc	2017	11,910	100%	A&W, Suncor, Amir, Thai Express, Benny & Co
1337 Iberville Blvd.	Repentigny, Qc	2009	17,050	100%	Pharmaprix
222 St-Jean-Baptiste Blvd.	Mercier, Qc	2017	8,088	100%	Suncor, A&W, Beau-Soir, Petit Potager
230 St-Jean-Baptiste Blvd.	Mercier, Qc	2017	4,165	100%	Benny & Co
101 Hébert Street	Mont-Laurier, Qc	1997/2017	37,530	100%	Sobeys
290 Mgr. Langlois Blvd.	Salaberry-de-Valleyfield, Qc	2020	9,400	100%	Parkland, Benny & Co (Under dev)
510 Portland Street	Darmouth, NS	2013	4,631	100%	Pizza Hut
20 Frontenac Ouest Blvd.	Thertford Mines, Qc	2001/2012	2,400	100%	A&W
975 Wilkinson Ave.	Darmouth, NS	2017	7,975	100%	Sobeys, A&W, Tim Hortons, NSLC
1501 Jacques Bedard Street	Québec City, QC	1994	24,652	100%	Sobeys
852 Laure Boulevard	Sept Iles, Qc	1989	3,239	100%	Mikes
87-97 Starrs Road	Yarmouth, NS	2013/2019	3,335	100%	Sobeys
4675 Shawinigan Sud Blvd.	Shawinigan, Qc	2019	7,126	100%	Harnois Energy, McDonald's, Subway, Beau-Soir, Rogers
480 Bethany Ave.	Lachute, Qc	1995/2017	75,681	100%	Walmart
484 Bethany Ave.	Lachute, Qc	2008/2018	3,037	100%	Tim Hortons
2077 Des Laurentides Blvd.	Laval, Qc	1989	9,462	100%	Dollarama
111-117 Desjardins Blvd.	Maniwaki, Qc	1978	16,085	100%	Dollarama, Laurentian Bank
550 Lafèche Boulevard	Baie Comeau, Qc	1974/2010	19,676	100%	Pharmaprix
304 LaSalle Boulevard	Baie Comeau, Qc	1989	3,300	100%	Mikes
35 route 201	Coteau-du-Lac, Qc	Under dev	4,500	100%	Parkland, Subway, Beau-Soir
<b>Total Portfolio</b>			<b>487,843</b>	<b>100%</b>	

The following is a summary of the lease maturities of the Properties:

**Lease Expirations**

<b><u>Number of Tenants</u></b>		<b><u>Total</u></b>
	2020	1
	2021	6
	2022	1
	2023	7
	2024	6

**Area (square feet)**

	2020	1,200
	2021	13,601
	2022	2,716
	2023	14,422
	2024	29,692

**Weighted Average Net Rent**

	2020	\$100,000
	2021	\$419,723
	2022	\$83,592
	2023	\$660,658
	2024	\$874,144

**The following is a summary of each of the Properties. Except as otherwise specified herein, all figures are as at December 31, 2019.**

*40-50 Brunet, Mont St-Hilaire, Québec*

The property is a service station with fast food combo located at 40-50 Brunet in Mont St-Hilaire, Québec. The property was built in 2003, with approximately 4,560 square feet of GLA. The property is currently 100% leased to two tenants and benefits from great visibility along exit 113 of highway 20.

*230 St-Luc Blvd., St-Jean-sur-Richelieu, Québec*

The property is a service station with a car wash located at 230 St-Luc Blvd., St-Jean-sur-Richelieu, Québec. The property was built in 1998, with approximately 8,400 square feet of GLA. The property is currently 100% leased to two tenants and benefits from great traffic along Saint-Luc Blvd.

*1349-1351 Route 117, Val-David, Québec*

The property is a service station with fast food combo located at 1349-1351 Route 117, Val-David, Québec. The property was built in 2012, with approximately 6,100 square feet of GLA. The property is currently 100% leased to two tenants and is located directly at the entrance of the municipality of Val-David. The property is located at the intersection of Rue de l'Église and Route 117 in Val-David, Québec.

*490-494 de l'Atrium, Québec City, Québec*

The property is a service station located at 490-494 de l'Atrium, Québec City, Québec. It was built in 1988 with approximately 3,900 square feet of GLA. The property is currently 100% leased to two tenants and conveniently located on a trafficked artery in Québec City.

*196 Hôtel-de-Ville Blvd., Rivière-du-Loup, Québec*

The property is a service station located at 196 Hôtel-de-Ville Blvd., Rivière-du-Loup, Québec. The

property was built in 1987 and renovated in 2018, with approximately 2,400 square feet of GLA. The property is currently 100% leased to one tenant and strategically located on Hôtel-de-Ville Blvd., the most highly trafficked artery in Rivière-du-Loup.

*340-344 Montée du Comté, Les Coteaux, Québec*

The property is a service station with fast food combo and a car wash located at 340-344 Montée du Comté, Les Coteaux, Québec. The property was built in 2014, with approximately 8,100 square feet of GLA. The property is currently 100% leased to four tenants and benefits from great visibility along exit 12 of highway 20.

*7335 Guillaume Couture Blvd., Lévis, Québec*

The property is a QSR located at 7335 Guillaume Couture Blvd., Lévis, Québec. The property was built in 2011, with approximately 2,900 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great traffic and visibility along Guillaume Couture Blvd. (road 132).

*1319 Brookdale Avenue, Cornwall, Ontario*

The property is a QSR located at 1319 Brookdale Avenue, Cornwall, Ontario. The property was built in 1977, with approximately 3,100 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great access and visibility on Brookdale Avenue.

*4200 Bernard-Pilon Street, Saint-Mathieu-de-Beloeil, Québec*

The property is a service station located at 4200 Bernard-Pilon Street, Saint-Mathieu-de-Beloeil, Québec. The property was built in 1990, with approximately 1,200 square feet of GLA. The property is currently 100% leased to one tenant and is strategically located at exit 105 of highway 20.

*1901 Raymond Blais Street, Sainte-Julie, Québec*

The property is a service station located at 1901 Raymond Blais Street, Sainte-Julie, Québec. The property was built in 2002, with approximately 1,400 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great location in the heart of Sainte-Julie's retail node along highway 20.

*2000 Leonard de Vinci Street, Sainte-Julie, Québec*

The property is occupied by two restaurants and is located at 2000 Leonard de Vinci Street, Sainte-Julie, Québec. The property was built in 1989 and renovated in 2018, with approximately 5,200 square feet of GLA. The property is currently 100% leased to two tenants and benefits from great location in the heart of Sainte-Julie's retail node along highway 20.

*2050 Leonard de Vinci Street, Sainte-Julie, Québec*

The property is a service station located at 2050 Leonard de Vinci Street, Sainte-Julie, Québec. The property was built in 1991, with approximately 1,300 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great location in the heart of Sainte-Julie's retail node along highway 20.

*2051 Nobel Street, Sainte-Julie, Québec*

The property is a QSR located at 2051 Nobel Street, Sainte-Julie, Québec. The property was built in 2006, with approximately 6,000 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great location in the heart of Sainte-Julie's retail node along highway 20.

*16920-16930 St-Louis Ave., Saint-Hyacinthe, Québec*

The property is a service station with fast food combo located at 16920-16930 St-Louis Ave., Saint-Hyacinthe, Québec. The property was built in 2016, with approximately 6,300 square feet of GLA. The property is currently 100% leased to three tenants and is located on a main artery of Saint-Hyacinthe.

*3726 Des Forges Blvd., Trois-Rivières, Québec*

The property is a QSR located at 3726 Des Forges Blvd., Trois-Rivières, Québec. The property was built in 1984 and renovated in 2016, with approximately 3,400 square feet of GLA. The property is currently 100% leased to one tenant is located on a main artery of Trois-Rivières.

*2871-2885 Des Prairies Street, Trois-Rivières, Québec*

The property is a service station with fast food combo located at 2871-2885 Des Prairies Street, Trois-Rivières, Québec. The property was built in 2014, with approximately 6,700 square feet of GLA. The property is currently 100% leased to three tenants and benefits from strategic location along highway 40.

*2350 Chemin des Patriotes, Richelieu, Québec*

The property is a service station with fast food combo located at 2350 Chemin des Patriotes, Richelieu, Québec. The property was built in 2004, with approximately 4,900 square feet of GLA. The property is currently 100% leased to three tenants and benefits from strategic location along highway 10.

*4932 Des Sources Blvd., Pierrefonds, Québec*

The property is a QSR located at 4932 Des Sources Blvd., Pierrefonds, Québec. The property was built in 1985, with approximately 2,700 square feet of GLA. The property is currently 100% leased to one tenant and is located at an highly trafficked intersection in Pierrefonds.

*314 De Montigny Street, Saint-Jérôme, Québec*

The property is a QSR located at 314 De Montigny Street, Saint-Jérôme, Québec. The property was built in 1995, with approximately 2,800 square feet of GLA. The property is currently 100% leased to one tenant and is located on a highly trafficked artery in Saint-Jérôme.

*288 Valmont Street, Repentigny, Québec*

The property is a service station located at 288 Valmont Street, Repentigny, Québec. The property was built in 1992, with approximately 2,400 square feet of GLA. The property is currently 100% leased to one tenant and benefits from high traffic due to its location at exit 102 of highway 40.

*610 Saint-Joseph Blvd., Gatineau, Québec*

The property is a garage located at 610 Saint-Joseph Blvd., Gatineau, Québec. The property was built in 1971, with approximately 3,400 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along Saint-Joseph Blvd.

*513 Des Laurentides Blvd., Laval, Québec*

The property is a garage located at 513 Des Laurentides Blvd., Laval, Québec. The property was built in 1983, with approximately 3,000 square feet of GLA. The property is currently 100% leased to one tenant and is located on a highly trafficked artery of Laval.

*123 St-Laurent Blvd., Saint-Eustache, Québec*

The property is a service station located at 123 St-Laurent Blvd., Saint-Eustache, Québec. The property was built in 2015, with approximately 3,900 square feet of GLA. The property is currently 100% leased to two tenants and is located in a key intersection in Saint-Eustache.

*507 Chemin de la Grande Côte, Saint-Eustache, Québec*

The property is a service station located at 507 Chemin de la Grande Côte, Saint-Eustache, Québec. The property was built in 1990 and renovated in 2014, with approximately 2,400 square feet of GLA. The property is currently 100% leased to two tenants and is conveniently located on Chemin de la Grande Cote at the entrance of a residential neighborhood.

*4 North Street, Waterloo, Québec*

The property is a service station located at 4 North Street, Waterloo, Québec. The property was built in 1958 and rebuilt in 2013, with approximately 2,900 square feet of GLA. The property is currently 100% leased to two tenants and is located at the heart of Waterloo.

*3355 de la Pérade Street, Québec City, Québec*

The property is a retail store located at 3355 de la Pérade Street, Québec City, Québec. The property was built in 1972 with approximately 28,900 square feet of GLA. The property is currently 100% leased to one tenant and is located along a major artery in Québec City.

*2555 Montmorency Blvd., Québec City, Québec*

The property is a retail store located at 2555 Montmorency Blvd., Québec City, Québec. The property was built in 1989, with approximately 25,500 square feet of GLA. The property is currently 100% leased to one tenant and benefits from a convenient location in the Beauport borough of Québec City.

*3592 Laval Street, Lac Mégantic, Québec*

The property is a service station located at 3592 Laval Street, Lac Mégantic, Québec. The property was built in 2000 and renovated in 2018, with approximately 1,800 square feet of GLA. The property is currently 100% leased to one tenant and benefits from its location at the entrance of the town's mall.

*536 Algonquin Blvd., Timmins, Ontario*

The property is a QSR located at 536 Algonquin Blvd., Timmins, Ontario. The property was built in 1992, with approximately 2,700 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along Algonquin Blvd.

*235 Montée Paiement, Gatineau, Québec*

The property is a retail store located at 235 Montée Paiement, Gatineau, Québec. The property was built in 2001, with approximately 25,700 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility on road 148.

*1337 Iberville Blvd., Repentigny, Québec*

The property is a retail store located at 1337 Iberville Blvd., Repentigny, Québec. The property was built in 2009, with approximately 17,100 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along Iberville Blvd.

*101 Hébert Street, Mont Laurier, Québec*

The property is a retail store located at 101 Hébert Street, Mont Laurier, Québec. The property was built in 1997 and renovated in 2017, with approximately 37,500 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along Mont Laurier's busiest boulevard.

*510 Portland Street, Dartmouth, Nova Scotia*

The property is a QSR located at 510 Portland Street, Dartmouth, Nova Scotia. The property was built in 2013, with approximately 4,600 square feet of GLA. The property is currently 100% leased to one tenant and benefits from high traffic on Portland Street.

*20 Frontenac Blvd. West, Thetford Mines, Québec*

The property is a QSR located at 20 Frontenac Blvd. West, Thetford Mines, Québec. The property was built in 2001 and renovated in 2012, with approximately 2,400 square feet of GLA. The property is currently 100% leased to one tenant and is at the center of the town's retail node.

*1501 Jacques Bedard Street, Lac Saint-Charles, Québec*

The property is a retail store located at 1501 Jacques Bédard Street, Lac Saint-Charles, Québec. The property was built in 1994, with approximately 24,700 square feet of GLA. The property is currently 100% leased to one tenant and is at the center of Lac Saint-Charles.

*852 Laure Blvd., Sept-Iles, Québec*

The property is a restaurant located at 852 Laure Blvd., Sept-Iles, Québec. The property was built in 1989, with approximately 3,200 square feet of GLA. The property is currently 100% leased to one tenant and is located on the main retail artery in the town of Sept-Iles.

*87 Starrs Road, Yarmouth, Nova Scotia*

The property is a gas station and convenience store located at 87 Starrs Road, Yarmouth, Nova Scotia. The property was built in 2013, with approximately 3,300 square feet of GLA. The property is currently 100% leased to one tenant and is located on a highly trafficked artery in the town of Yarmouth.

*480 Bethany Ave., Lachute, Québec*

The property is a retail store located at 480 Bethany Avenue, Lachute, Québec. The property was built in 1995, with approximately 76,000 square feet of GLA. The property is currently 100% leased to one tenant and is located at the entrance of the town of Lachute in the heart of the retail node.

*484 Bethany Ave., Lachute, Québec*

The property is a QSR located at 484 Bethany Avenue, Lachute, Québec. The property was built in 2008, with approximately 3,000 square feet of GLA. The property is currently 100% leased to one tenant and is located at the entrance of the town of Lachute in the heart of the retail node.

*2077 des Laurentides Blvd., Laval, Québec*

The property is a retail store located at 2077 des Laurentides Blvd., Laval, Québec. The property was built in 1989, with approximately 9,500 square feet of GLA. The property is currently 100% leased to one tenant and is located on a trafficked artery in Laval.

*111-117 Desjardins Blvd., Maniwaki, Québec*

The property is composed of a retail store and a bank located at 111-117 Desjardins Blvd., Maniwaki, Québec. The property was built in 1978, with approximately 16,000 square feet of GLA. The property is currently 100% leased to two tenant and is located in the center of Maniwaki.

*550 Laflèche Blvd., Baie Comeau, Québec*

The property is composed of a retail store located at 550 Laflèche Blvd., Baie Comeau, Québec. The property was built in 1974, with approximately 20,000 square feet of GLA. The property is currently 100% leased to one tenant and is located in the center of the retail node of Baie Comeau.

*304 LaSalle Blvd., Baie Comeau, Québec*

The property is composed of a restaurant located at 304 LaSalle Blvd., Baie Comeau, Québec. The property was built in 1989, with approximately 3,300 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility in front of a local strip mall.

## **CO-OWNERSHIP PROPERTIES**

The REIT co-owns 14 properties, owned with arm's length third-party co-owners. The "Co-Ownership Properties" consist of the following properties in which the REIT has the co-ownership interest set forth below:

<b>Property</b>	<b>Percentage Owned by the REIT</b>
275 Barkoff, Trois-Rivières, Québec .....	65.0%
530 Barkoff, Cap-de-la-Madeleine, Québec.....	50.0%
1440-1450 St-Laurent Blvd. East, Louiseville, Québec .....	50.0%
1460 St-Laurent Blvd. East, Louiseville, Québec .....	50.0%
2439 Ste-Sophie Blvd., Sainte-Sophie, Québec .....	95.0%
2429 Ste-Sophie Blvd., Sainte-Sophie, Québec .....	95.0%
1730 Jules Vernes, Québec City, Québec.....	50.0%
510 Bethany Ave., Lachute, Québec .....	50.0%
222 St-Jean-Baptiste Blvd., Mercier, Québec .....	50.0%
230 St-Jean-Baptiste Blvd., Mercier, Québec .....	50.0%
290 Mgr. Langlois Blvd., Valleyfield, Québec .....	50.0%
975 Wilkinson, Dartmouth, Nova Scotia.....	50.0%
4675 Shawinigan-Sud Blvd., Shawinigan, Québec .....	50.0%
35 route 201, Coteau-du-Lac, Québec.....	50.0%

The Co-Ownership Properties are described below. Except as otherwise specified, all occupancy rates and other figures are as at December 31, 2019.

*275 Barkoff Street, Trois-Rivières, Québec*

The property is a service station located at 275 Barkoff Street, Trois-Rivières, Québec. The property was built in 1994, with approximately 2,400 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along Barkoff Street.

*530 Barkoff Street, Trois-Rivières, Québec*

The property is a service station located at 530 Barkoff Street, Trois-Rivières, Québec. The property was built in 1988, with approximately 2,600 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along Barkoff Street.

*1440-50 St-Laurent Blvd. East, Louiseville, Québec*

The property is composed of a service station and a QSR located at 1440-50 St-Laurent Blvd. East, Louiseville, Québec. The property was built in 2013, with approximately 6,300 square feet of GLA. The property is currently 100% leased to two tenants and benefits from great visibility along exit 174 of highway 40.

*1460 St-Laurent East Blvd., Louiseville, Québec*

The property is a QSR located at 1460 St-Laurent East Blvd., Louiseville, Québec. The property was built in 2014, with approximately 4,800 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along exit 174 of highway 40.

*2439 Ste-Sophie Blvd., Sainte-Sophie, Québec*

The property is a service station located at 2439 Ste-Sophie Blvd., Sainte-Sophie, Québec. The property was built in 2017, with approximately 4,500 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along Sainte-Sophie Blvd.

*2429 Ste-Sophie Blvd., Sainte-Sophie, Québec*

The property is a QSR located at 2429 Sainte-Sophie Blvd., Sainte-Sophie, Québec. The property was built in 2017, with approximately 3,700 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along Sainte-Sophie Blvd.

*1730 Jules Vernes Ave., Québec City, Québec*

The property is a QSR located at 1730 Jules Vernes Ave., Québec City, Québec. The property was built in 2017, with approximately 4,100 square feet of GLA. The property is currently 100% leased to one tenant and benefits from high traffic at the entrance of Saint-Augustin, an affluent neighborhood of Québec City.

*510 Bethany Ave., Lachute, Québec*

The property is a service station with fast food combo and a QSR located at 510 Bethany Ave., Lachute, Québec. The property was built in 2017, with approximately 11,100 square feet of GLA. The property is currently 100% leased to six tenants and benefits from high traffic at the entrance of Lachute in addition to being its most important QSR offering.

*222 St-Jean-Baptiste Blvd., Mercier, Québec*

The property is a service station with fast food combo located at 222 St-Jean-Baptiste Blvd., Mercier, Québec. The property was built in 2017, with approximately 7,700 square feet of GLA. The property is currently 100% leased to four tenants and benefits from great visibility along road 138 at the exit of highway 30.

*230 St-Jean-Baptiste Blvd., Mercier, Québec*

The property is a QSR located at 230 St-Jean-Baptiste Blvd., Mercier, Québec. The property was built in 2017, with approximately 4,000 square feet of GLA. The property is currently 100% leased to one tenant and benefits from great visibility along road 138 at the exit of highway 30.

*290 Mgr. Langlois Blvd., Valleyfield, Québec*

The property is a service station with fast food combo to be developed and located at 290 Mgr. Langlois Blvd., Valleyfield, Québec. Construction is set to begin in 2020. It is expected that the property will be leased to three tenants. The property also benefits from great visibility along Mgr. Langlois Boulevard.

*975 Wilkinson Ave., Dartmouth, Nova Scotia*

The property is a service station with fast food combo located at 975 Wilkinson Ave., Dartmouth, Québec. The property was built in 2017, with approximately 8,000 square feet of GLA. The property is currently 100% leased to four tenants and benefits from great visibility at the corner of Wilkinson Ave. and Wright.

*4675 Shawinigan Sud Blvd., Shawinigan, Québec*

The property is a service-station with fast food combo located at 4675 Shawinigan Sud Blvd., Shawinigan, Québec. The property was built in 2019, with approximately 7,100 square feet of GLA. The property is currently 100% leased to five tenants and is located at the entrance of Shawinigan-Sud.

*35 route 201, Coteau-du-Lac, Québec*

The property is a service-station with fast food combo located at 35 route 201, Coteau-du-Lac, Québec. The property will be demolished and re-built in 2020 and will have approximately 4,500 square feet of GLA. The property is currently 100% leased to three tenants and is located at exit 17 on highway 20.

## **CONTRACT OF TRUST AND DESCRIPTION OF UNITS**

### **GENERAL**

The REIT is an unincorporated open-ended trust created pursuant to the Contract of Trust and governed by the laws of the Province of Québec.

### **UNITS**

Units represent a Unitholder's proportionate ownership interest in the REIT. The aggregate number of Units which the REIT may issue is unlimited. Units are issued in registered form, are non-assessable and are transferable. As at December 31, 2019, there were 117,403,566 Units outstanding.

No Unitholder has or is deemed to have any right of ownership in any of the assets of the REIT. Each Unit confers the right to one vote at any meeting of Unitholders and to participate equally and rateably in any distributions by the REIT and, in the event of any required distribution of all of the property of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without Unitholder approval. No certificates for fractional Units will be issued and fractional Units will not entitle the holders thereof to vote.

The Units shall be issued upon the terms and subject to the conditions of the Contract of Trust, which Contract of Trust shall be binding upon all holders of Units and by acceptance of the certificate representing such Units, the holder thereof shall agree to be bound by the Contract of Trust.

### **PURCHASE OF UNITS**

The REIT may purchase for cancellation at any time the whole or any part of the outstanding Units, at a price per Unit (or fraction of a Unit, if applicable) and on a basis determined by the Trustees, the whole in compliance with all applicable securities regulatory laws, regulations and policies and the policies of any applicable stock exchange. Any such purchases will constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

In addition, Unitholders may, upon written notice to the transfer agent of the REIT in accordance with the terms of the Contract of Trust, require the REIT to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder (the "Redemption Right") at a price per Unit (the "Redemption Price") equal to the lesser of: (i) 90% of the market price of the Units calculated on the

date on which the Units are surrendered for redemption (the “Redemption Date”), and (ii) 100% of the closing market price on the principal market on which the Units are listed for trading, on the Redemption Date.

For the purposes of this calculation, “market price” as at a specified date is: (a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date; (b) an amount equal to the weighted average of the closing market prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or (c) if there was trading on the applicable exchange or market for fewer than five of the ten trading days, an amount equal to the simple average of the following prices established for each of the ten consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The “closing market price” of a Unit for the purpose of the foregoing calculations, as at any date is: (a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date and the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date; (b) an amount equal to the closing price of a Unit on the principal market or exchange if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date; (c) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or (d) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion.

Subject to the limitations set out below, the Redemption Price payable in respect of the Units tendered for redemption during any calendar month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, payable at par to, or to the order of, the Unitholder who exercised the right of redemption within 30 days after the end of the calendar month in which the Units were tendered for redemption. Payments made by the REIT of the Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Unitholder unless such cheque is dishonoured upon presentment. Upon such payment, the REIT shall be discharged from all liability to the Unitholder in respect of the Units so redeemed.

The Redemption Right is subject to the limitations that: (a) the total amount payable by the REIT pursuant to the exercise by the Unitholders of the Redemption Right in the same calendar month shall not exceed \$50,000 (the “Monthly Limit”); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month and, in the absence of such a waiver, Units tendered for redemption in any calendar month in which the total amount payable by the REIT pursuant to the Redemption Right exceeds the Monthly Limit will be redeemed for cash pursuant to the Redemption Right and, subject to receipt of all necessary regulatory approvals, by a distribution in specie of assets held by the REIT on a pro rata basis; (b) at the time the Units are tendered for redemption, the outstanding Units shall be listed for trading on the TSX-V or traded or quoted on any stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; or (c) the normal trading of the outstanding Units shall not be suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading, on the Redemption Date for such Units or for more than five trading days during the 10 trading day period commencing immediately after the Redemption Date for such Units.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations in (a), (b) and (c) above, then each Unit tendered for redemption shall, subject to obtaining all applicable regulatory approvals (which the REIT shall use reasonable commercial efforts to obtain forthwith), be redeemed by

way of a distribution *in specie* to such Unitholder of shares of a Canadian corporation owning securities of any one or more subsidiary of the REIT having a fair market value equal to the product of: (i) the Redemption Price per Unit of the Units tendered for redemption; and (ii) the number of Units tendered by such Unitholder for redemption. No shares of a Canadian corporation owning securities of any one or more subsidiary of the REIT with a fair market value of less than \$100 will be transferred and where the number of such shares to be received by the former Unitholder upon redemption, *in specie*, would otherwise include shares of a Canadian corporation owning securities of any one or more subsidiary of the REIT with a fair market value of less than a multiple of \$100, such number shall be rounded to the next lowest multiple of \$100 and the excess shall be paid in cash. The Redemption Price then payable in respect of Units tendered for redemption during any month shall, subject to receipt of all necessary regulatory approvals, be paid by the transfer, to or to the order of the Unitholder who exercised the Redemption Right, on the last day of the calendar month following the month in which the Units were tendered for redemption, of the fair market value of such shares determined as aforesaid and the cash payment, if any, in accordance with the Redemption Right applied *mutatis mutandis*. On such distribution of the shares, the REIT shall be discharged from all liability to the Unitholder in respect of the Units so redeemed.

It is anticipated that the Redemption Right described above will not be the primary mechanism for Unitholders to dispose of their Units. Shares of subsidiaries of the REIT which may be distributed to Unitholders *in specie* in connection with a redemption will not be listed on any stock exchange, no market is expected to develop and such shares may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws.

All Units which are redeemed under the Redemption Right shall be cancelled and such Units shall no longer be outstanding and shall not be reissued by the REIT.

## **TAKE-OVER BIDS**

The Contract of Trust contains provisions to the effect that if a take-over bid is made for Units within the meaning of the *Securities Act* (Québec) and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the offer either, at the election of such Unitholders, on the terms offered by the offeror or at the fair value of such Unitholders’ Units determined in accordance with the procedures set out in the Contract of Trust.

## **MEETINGS OF UNITHOLDERS**

The Contract of Trust provides that meetings of Unitholders must be called and held for the election or removal with or without cause of Trustees, the appointment or removal of the auditors of the REIT, the approval of amendments to the Contract of Trust (as described under “Amendments to Contract of Trust”), the sale of the assets of the REIT as an entirety or substantially as an entirety other than as part of an internal reorganization of the assets of the REIT as approved by the Trustees and to require that all of the property of the REIT be distributed and an increase or decrease by the Unitholders in the number of Trustees within the minimum and maximum number of Trustees provided in the Contract of Trust. Meetings of Unitholders will be called and held annually for the election of the Trustees and the appointment of auditors of the REIT.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 10% of the Units then outstanding by a written requisition. A requisition must state in reasonable detail the business to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Canada Business Corporations Act*.

Unitholders will be entitled to attend and vote at all meetings of the Unitholders either in person or by proxy and a proxyholder will not be required to be a Unitholder. Two persons present in person or represented by proxy and holding in the aggregate not less than 5% of the outstanding Units will constitute a quorum for the transaction of business at all such meetings. At any meeting for which quorum is not present within 30 minutes within the time fixed for the holding of such meeting, the meeting, if called by request of Unitholders, shall be terminated, but in any other case, the meeting shall be adjourned to a date not less than seven days later and to such

place and time as may be determined by the chairman of the meeting. If at such adjourned meeting a quorum, as above defined, is not present, the Unitholder(s) 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 or dealt with at the original meeting in accordance with the notice calling same.

The Contract of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

## **ISSUANCE OF UNITS**

The REIT may issue new Units from time to time. Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued are first offered to existing Unitholders. New Units may be issued for cash through public offerings or through private placements (i.e., offerings to specific investors which are not made generally available to the public). In certain instances, the REIT may also issue new Units as consideration for the acquisition of new properties or assets or as consideration for services rendered. The price or the value of the consideration for which Units may be issued will be determined by the Trustees, generally in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of Units.

## **LIMITATION ON NON-RESIDENT OWNERSHIP**

Not more than 49% of the Units issued and outstanding at any time shall be held or beneficially owned, directly or indirectly, by persons who are non-residents of Canada for purposes of the Tax Act (individually, a “non-resident”, and collectively “non-residents”). The Trustees may, in their discretion, from time to time and at such time as the Trustees deem appropriate, require from the Unitholders and the Unitholders shall furnish diligently to the Trustees a declaration as to their respective residency and should any Unitholder not be the beneficial owner of the Units registered in his name, the residency of the beneficial owner of such Units. In the event that it appears from the Register (as such term is defined in the Contract of Trust) or from the declarations of residency delivered to the Trustees that, or in the event that the Trustees otherwise determine that, there has been a contravention of the foregoing non-resident ownership constraint or that, after giving effect to any proposed subscription, issue or transfer of Units to a non-resident, there would be a contravention of the non-resident ownership constraint, the REIT shall cause a public announcement to be made to such effect and shall not accept any subscription for Units from any non-resident, issue any Units to any such person or register or otherwise recognize the transfer of any Units to any non-resident. In addition, in the event that it appears from the Register (as such term is defined in the Contract of Trust) or from the declarations of residency delivered to the Trustees that, or in the event that the Trustees otherwise determine that, there has been a contravention of the foregoing non-resident ownership constraint, the REIT shall send a written notice (a “Sell Notice”) to the registered holders of such of those Units as shall be chosen on the basis of inverse order to the order of acquisition or registration of all non-residents, by law or by such other method that is authorized by the Trustees’ determination (each such selected registered holder hereinafter known as an “Affected Holder”). Such Sell Notice shall require that an Affected Holder sell to a person who is not a non-resident of Canada the total number of Units specified in the Sell Notice (the “Affected Units”) within the prescribed period stipulated in the Sell Notice. Any such Sell Notice to be delivered to an Affected Holder shall be given by registered prepaid mail or delivered directly to the Affected Holder and shall specify a date, which shall not be more than 60 days, within which the Affected Units must be sold on a basis that does not result in the contravention of the Contract of Trust. The Sell Notice shall also require the Affected Holder to notify the REIT of the sale or disposition requested when completed. In the event that the Affected Units have not been sold by the Affected Holder on or prior to the date stipulated in the Sell Notice or the Affected Holder has not provided evidence satisfactory to the Trustees to the effect that it is not a non-resident prior to such date, the REIT may elect to sell the Affected Units on behalf of the Affected Holder without further notice on and subject to the terms herein contained and to forthwith suspend the rights of the Affected Holder to vote or to receive distribution in connection with the Affected Units. Upon such sale the Affected Holders shall cease to be holders of the Affected Units and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificate representing such Affected Units. See “Risk Factors – Restrictions on Certain Unitholders and Liquidity of Units”.

## INFORMATION AND REPORTS

The REIT will furnish to Unitholders such financial statements (including interim and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act or equivalent provincial legislation.

Prior to each annual and special meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the *Canada Business Corporations Act*.

## AMENDMENTS TO CONTRACT OF TRUST

The Contract of Trust may be amended or altered from time to time. Certain amendments must be approved by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. These include:

- (i) any amendment to change a right with respect to any issued and outstanding Units of the REIT, to reduce the amount payable thereon upon termination of the REIT or to diminish or eliminate any voting rights pertaining thereto;
- (ii) any amendment to the duration or term of the REIT;
- (iii) any amendment to increase the maximum number of Trustees (to more than 15 Trustees) or to decrease the minimum number of Trustees (to less than three Trustees), any change by the Unitholders in the maximum number of additional Trustees which may be appointed between meetings of Unitholders and any change by the Unitholders in the number of Trustees within the minimum and maximum number of Trustees provided in the Contract of Trust, provided that the Trustees may, between meetings of Unitholders, appoint additional Trustees, if after such appointment, the total number of Trustees would not be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders; and
- (iv) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees.

Amendments to the Contract of Trust, not requiring the approval of at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose, must be approved by a majority of the votes cast at a meeting of Unitholders called for such purpose.

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

- (i) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the REIT, its status as a "unit trust", a "mutual fund trust" and a "registered investment" under the Tax Act or the distribution of Units;
- (ii) which, in the opinion of the Trustees, provide additional protection for the Unitholders;
- (iii) to remove any conflicts or inconsistencies in the Contract of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (iv) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to issue Units for which the purchase price is payable on an instalment basis or to implement a Unit option plan, purchase plan or rights plan, or a distribution reinvestment plan;

- (v) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws from time to time; and
- (vi) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable.

## **SALE OF ASSETS**

Any sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT as approved by the Trustees) shall occur only if approved by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose.

## **TERM OF THE REIT**

The REIT has been established for a term to continue until no property of the REIT is held by the Trustees. The distribution of all of the property of the REIT may be required by the affirmative vote of two-thirds of the votes cast at a meeting of Unitholders called for such purpose.

## **DETERMINATIONS OF THE TRUSTEES**

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

## **INVESTMENT GUIDELINES AND OPERATING POLICIES**

### **INVESTMENT GUIDELINES**

The Contract of Trust provides for certain guidelines on investments which may be made by the REIT.

The property of the REIT may be invested only with the approval of the Trustees and in accordance with the following guidelines:

- (i) notwithstanding anything in the Contract of Trust, the REIT shall not make or hold any investment, take any action or omit to take any action or permit a subsidiary to make or hold any investment or take any action or omit to take any action that would result in:
  - (a) the REIT not qualifying as a “mutual fund trust” or “unit trust” within the meaning of the Tax Act;
  - (b) Units not qualifying as qualified investments for investment by registered retirement savings plans, registered retirement income funds or deferred profit sharing plans, registered disability savings plans or tax-free savings accounts;
  - (c) if the REIT is a registered investment within the meaning of the Tax Act, the REIT paying a tax under the registered investment provisions of the Tax Act imposed for exceeding certain investment limits;

- (d) the REIT not qualifying as a “real estate investment trust”, as defined in subsection 122.1(1) of the Tax Act if, as a consequence of the REIT not so qualifying, the REIT would be subject to tax on its “taxable trust distributions” pursuant to section 122 of the Tax Act; or
  - (e) the REIT being liable to pay a tax imposed under Part XII.2 of the Tax Act;
- (ii) except as otherwise prohibited in the Contract of Trust, the REIT may only, directly or indirectly, invest in:
    - (a) interests (including ownership and leasehold interests) in income-producing immovable property that is capital property of the REIT;
    - (b) corporations, trusts, limited partnerships, or other legal entity which principally have interests (including the ownership of leasehold interests) in income-producing immovable property (or activities relating or ancillary thereto); and
    - (c) such other activities as are consistent with the other investment guidelines of the REIT;
  - (iii) the REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT; provided that such joint venture arrangement contains terms and conditions which, in the opinion of Management, are commercially reasonable, including such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT’s and any joint venturer’s interest in the joint venture arrangement, provisions to provide liquidity to the REIT, provisions to limit the liability of the REIT and its Unitholders to third parties, and provisions to provide for the participation of the REIT in the management of the joint venture arrangement;
  - (iv) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities, or in money market instruments of, or guaranteed by, a Schedule 1 Canadian chartered bank maturing prior to one year from the date of issue, or except as permitted in the Contract of Trust, the REIT may not hold securities other than securities of a person: (a) acquired in connection with the carrying on, directly or indirectly, of the REIT’s activities or the holding of its assets; or (b) which has activities similar to the REIT’s, provided in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding units of the securities issuer (the “Acquired Issuer”), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of the REIT and the Acquired Issuer or for otherwise ensuring that the REIT will control the business and operations of the Acquired Issuer;
  - (v) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in immovable property;
  - (vi) the REIT may only invest in operating businesses indirectly through one or more trusts, partnerships, corporations or other legal entities;
  - (vii) the REIT shall not invest in raw land for development except for properties adjacent to existing properties of the REIT for the purpose of: (a) the renovation or expansion of existing facilities that are capital property of the REIT; or (b) the development of new facilities which will be capital property of the REIT, provided that the aggregate cost of the investments of the REIT in new land, after giving effect to the proposed investments, will not exceed 10% of Gross Book Value;
  - (viii) the REIT may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where the hypothec, mortgage, hypothecary bond or mortgage bond is issued by a subsidiary of the REIT;

- (ix) the REIT may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where:
  - (a) the immovable property, which is security therefor, is income-producing immovable property which otherwise complies with the other investment guidelines of the REIT adopted from time to time in accordance with the Contract of Trust and the guidelines set out therein;
  - (b) the immovable hypothec or mortgage is an immovable hypothec or mortgage registered on title to the immovable property which is security therefor; and
  - (c) the aggregate value of the investments of the REIT in these instruments, after giving effect to the proposed investment, will not exceed 15% of the Adjusted Unitholders' Gross Book Value;
- (x) subject to paragraph (i) above, the REIT may invest in immovable hypothecs or mortgages which are not first ranking for the purposes of providing, directly or indirectly, financing in connection with a transaction in which the REIT is the vendor or with the intention of using such hypothec or mortgage as part of a method for subsequently acquiring an interest in or control of an immovable property or a portfolio of properties; and
- (xi) the REIT may invest an amount (which, in the case of an amount invested to acquire immovable property, is the purchase price less the amount of any debt incurred or assumed by the REIT in connection with such investment) of up to 15% of the Gross Book Value of the REIT in investments which do not comply with paragraphs (ii), (iii), (iv), (vii), (ix) and (x) above under the heading "Investment Guidelines and Operating Policies — Investment Guidelines" and paragraph (iii) below under the heading "Investment Guidelines and Operating Policies — Operating Policies".

For the purpose of the foregoing guidelines, the properties, assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing to investment in immovable property will be deemed to include an investment in a joint venture arrangement or a limited partnership. Except as specifically set forth in the Contract of Trust to the contrary, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by the REIT, the whole subject to, among other things, paragraph (i) above under "— Investment Guidelines".

## **OPERATING POLICIES**

The Contract of Trust provides that the operations and affairs of the REIT shall be conducted in accordance with the following policies, the whole subject to, among other things, paragraph (i) above under "— Investment Guidelines":

- (i) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 – *Mutual Funds* of the Canadian Securities Administrators (in Québec, *Regulation 81-102 respecting Mutual Funds*), as amended or replaced from time to time;
- (ii) (a) any written instrument creating an obligation which is or includes the granting by the REIT of an immovable hypothec or mortgage, and (b) to the extent the Trustees determine to be practicable and consistent with their duty to act in the best interests of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof shall be bound; the REIT, however, is not required, but shall use all

reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of immovable property;

- (iii) the REIT shall not lease or sublease to any person any immovable property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing immovable property, premises or space having a fair market value net of encumbrances in excess of 20% of the Adjusted Unitholders' Equity;
- (iv) the limitation contained in paragraph (iii) above shall not apply to the renewal of a lease or sublease and shall not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by:
  - (a) the Government of Canada, the Government of the United States, and any province of Canada, any state of the United States or any municipality in Canada or the United States, or any agency thereof;
  - (b) any corporation, any of the bonds, debentures or other evidences of indebtedness of which are of, or are guaranteed by an issuer, or any of the other securities of an issuer which have received and continue to hold, an "investment grade" rating from a recognized credit rating agency, in each case at the time the lease or sublease is entered into, or at the time other satisfactory leasing or pre-leasing arrangements (as determined by the Trustees in their discretion) were entered into. In the case of an investment permitted pursuant to paragraph (iii) above, the foregoing may be determined at the time that the option or right to acquire an interest in the project is granted; or
  - (c) a Canadian chartered bank registered under the laws of a province of Canada;
- (v) except for renovation or expansion of existing facilities that are capital property of the REIT or the development of new facilities which will be capital property of the REIT on property adjacent to existing properties of the REIT as permitted under paragraph (vii) above under the heading "Investment Guidelines and Operating Policies — Investment Guidelines", the REIT shall not engage in construction or development of immovable property except as necessary to maintain its immovable properties in good repair or to enhance the income-producing potential of properties that are capital property of the REIT;
- (vi) the title to each immovable property shall be held by and registered in the name of the Trustees or, to the extent permitted by applicable law, in the name of the REIT or a corporation or other entity wholly-owned by the REIT or jointly by the REIT with joint venturers or a corporation which is a nominee of the REIT which holds a registered title to such immovable property pursuant to a nominee agreement with the REIT;
- (vii) the REIT shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total consolidated indebtedness of the REIT would be more than 80% of the Gross Book Value;
- (viii) the REIT shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of any person, except indebtedness or liabilities assumed or incurred by a person in which the REIT holds an interest, directly or indirectly. The REIT is not required but shall use its reasonable best efforts to comply with this requirement (a) in respect of obligations assumed by the REIT pursuant to the acquisition of immovable property or (b) if doing so is necessary or desirable in order to further the initiatives of the REIT permitted under the Contract of Trust; and
- (ix) the REIT shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the moneys, properties and assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties.

For the purposes of the foregoing policies, the properties, assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the REIT will be deemed those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing to investment in immovable property will be deemed to include an investment in a joint venture. Except as specifically set forth to the contrary in the Contract of Trust, all of the foregoing prohibitions, limitations or requirements pursuant to the foregoing policies shall be determined as at the date of investment or other action by the REIT, the whole subject to paragraph (ii) above under the heading “Investment Guidelines and Operating Policies — Investment Guidelines”.

## **AMENDMENTS TO INVESTMENT GUIDELINES AND OPERATING POLICIES**

Pursuant to the Contract of Trust, all of the investment guidelines set out under the heading “Investment Guidelines and Operating Policies — Investment Guidelines” and the operating policies contained in subparagraphs (i), (v), (vi) and (vii) above under the heading “Investment Guidelines and Operating Policies — Operating Policies” may only be amended if such amendment is approved by two-thirds of the votes cast by Unitholders of the REIT at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended if such amendment is approved by a majority of the votes cast by Unitholders at a meeting called for such purpose.

## **DISTRIBUTION POLICY**

The following outlines the distribution policy of the REIT as contained in the Contract of Trust. The distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of Unitholders.

The Contract of Trust provides that the REIT may, as the Trustees determine in their discretion, distribute to Unitholders, in respect of any Distribution Period, on or about the 15<sup>th</sup> day of the immediately following period and on December 31 of each calendar year (each a “Distribution Date”), the Distributable Income of the REIT for the preceding Distribution Period and, in the case of distributions made on December 31, for the Distribution Period then ended. Unitholders may also receive a distribution on December 31 of each year of any Excess Income of the REIT for such year, solely if so determined by the Trustees at their sole discretion, and subject to any adjustment the Trustees consider reasonable at their sole discretion.

Distributions may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the Trustees’ estimates for the prior periods. Distributions are made in cash. If the Trustees determine that the REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

The REIT may distribute to Unitholders on each Distribution Date such percentage of the Distributable Income of the REIT for the Distribution Period immediately preceding the period in which the Distribution Date falls, as the Trustees determine in their discretion. The amount of each distribution, as well as the timing of each Distribution Period shall be determined by the Trustees at their sole discretion.

For the year 2019, the REIT made distributions of 0.185¢ per Unit for each month of the year.

On November 8, 2019, the REIT announced that beginning in January 2020, the annual distribution to each Unitholder would be increased from 2.220¢ to 2.555¢ per Unit, representing an increase of 15.1%. Monthly distributions would consequently equal 0.213¢ per Unit. At such time, the REIT also announced that it would make monthly cash distributions of 0.213¢ per Unit, representing 2.555¢ per Unit on an annualized basis, on January 31, February 28 and March 31, 2020 to Unitholders of record on January 15, February 14 and March 16, 2020, respectively.

Unitholders who are non-residents of Canada are required to pay all taxes payable in respect of distributions by the REIT. The REIT withholds such taxes as required by the Tax Act and remits such payment to the tax authorities on behalf of the Unitholder. **Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.**

The REIT qualifies as a mutual fund trust and qualifies for the REIT Exception for Canadian income tax purposes. The REIT expects to distribute all of its taxable income to Unitholders and is entitled to deduct such distributions for Canadian income tax purposes. The REIT generally deducts for tax purposes such amount as is paid or payable to Unitholders for the year as is necessary to ensure that the REIT is not liable for income tax payable under Part I of the Tax Act in any year. The distribution for any Distribution Period is payable to Unitholders of record on the last business day of such period. From time to time, the REIT may retain some taxable income and net capital gains, when appropriate, in order to utilize the capital gains refund available to mutual fund trusts without incurring any income taxes. Accordingly, no provision for current income taxes payable is required, except for amounts incurred in the REIT's incorporated Canadian subsidiaries.

If the REIT were to cease to qualify for the REIT Exception for Canadian federal income tax purposes, certain distributions would not be deductible in computing income for Canadian income tax purposes and the REIT would be subject to tax on such distributions at a rate substantially equivalent to the general corporate income tax rate. Other distributions would generally continue to be treated as returns of capital to Unitholders.

The REIT expects to distribute to the Unitholders in each year an amount not less than its taxable income for the year, as calculated in accordance with the Tax Act after all permitted deductions have been taken. The REIT in preparing its returns considers the overall taxability of the REIT and therefore may make elections that Management believes are in the best interests of the organization as a whole. These elections may be made to preserve the financial flexibility of the REIT in order to effectively manage its long term growth. As a result, from year to year, the taxability of the REIT's distributions may fluctuate depending upon the timing of recognition of certain gains and losses based on the activities of the REIT.

## DEBENTURES

The following table summarizes the principal amounts outstanding as at the date of this Annual Information Form under the Debentures, which are described in greater detail herein.

Type	Maturity	Principal Amount Outstanding
2018 Debentures	August 28, 2023	\$1,404,000
2019 Debentures	May 16, 2024	\$1,732,000

On August 28, 2018, the REIT issued \$1,404,000 in principal amount of 2018 Debentures by way of private placement. The 2018 Debentures are governed by the 2018 Trust Indenture. The 2018 Debentures bear interest at a rate of 6.0% per annum, payable in cash in equal semi-annual instalments, in arrears, on February 28 and August 28 of each year. The 2018 Debentures are convertible to their holders' option into Units at a price of \$0.73 per Unit, representing a conversion rate of 1,369.86 Units for each \$1,000 principal amount of 2018 Debentures. The 2018 Debentures will be redeemable at the option of the REIT on or after August 28, 2021 if the closing price of the Units on the TSX-V is higher than \$0.73 for a period of forty-five (45) consecutive business days.

On May 16, 2019, the REIT issued \$1,732,000 in principal amount of 2019 Debentures by way of private placement. The 2019 Debentures are governed by the 2019 Trust Indenture. The 2019 Debentures bear interest at a rate of 6.0% per annum, payable in cash in equal semi-annual instalments, in arrears, on August 28 and February 28 of each year. The 2019 Debentures are convertible to their holders' option into Units at a price of \$0.73 per Unit, representing a conversion rate of 1,369.86 Units for each \$1,000 principal amount of 2019 Debentures. The 2019 Debentures will be redeemable at the option of the REIT on or after May 16, 2022 if the closing price of the Units on the TSX-V is higher than \$0.73 for a period of forty-five (45) consecutive business days.

## MARKET FOR SECURITIES

The Units have been listed on the TSX-V since 2011 under the trading symbol "GAZ.UN" and subsequently changed to "FRO.UN" on August 7, 2018.

The following table sets forth, for the periods indicated, the reported high and low sales prices and the aggregate volume of trading of the Units on the TSX-V:

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded</u>
January 2019.....	0.57	0.53	362,423
February 2019.....	0.56	0.51	857,711
March 2019.....	0.60	0.52	282,819
April 2019.....	0.65	0.57	835,657
May 2019.....	0.62	0.57	518,213
June 2019.....	0.70	0.60	428,946
July 2019 .....	0.73	0.64	302,938
August 2019.....	0.70	0.64	241,520
September 2019 .....	0.69	0.65	216,808
October 2019 .....	0.70	0.64	151,289
November 2019 .....	0.70	0.62	439,181
December 2019.....	0.70	0.63	139,287

On February 13, 2020, the REIT completed a public offering of an aggregate of 29,000,000 Units at a price of \$0.62 per Unit, for aggregate gross proceeds of approximately \$18 million.

### **MANAGEMENT OF THE REIT**

The operations and affairs of the REIT are subject to the control of the Trustees and the operations of the REIT are under the direction of Management. Among other duties, Management is responsible for providing the Trustees and the Investment Committee with information and advice relating to acquisitions, dispositions and financing, maintaining the books and financial records of the REIT, preparing reports and other information required to be sent to Unitholders and other disclosure documents, calculating and determining all allocations, designations, elections and determinations made in connection with the income and capital gains of the REIT for tax and accounting purposes, preparing all documentation relating to meetings of Unitholders, completing or supervising completion of transactions, and recommending suitable individuals for nomination as Trustees.

### **TRUSTEES**

The Contract of Trust provides that the assets and operations of the REIT are subject to the control and authority of a minimum of three and a maximum of fifteen Trustees.

The term of office of each of the Trustees will expire after the first annual meeting of Unitholders following the establishment of the REIT and, thereafter, at each annual meeting, unless a Trustee otherwise resigns, is removed or disqualified.

The Trustees are elected by resolution passed by a majority of the votes cast at a meeting of Unitholders.

A Trustee appointed or elected to fill a vacancy will be so appointed or elected for the remaining term of the Trustee he or she is succeeding. The number of Trustees may be changed by Unitholders or, if authorized by Unitholders, by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Independent Trustee, if after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. A vacancy occurring among the Trustees may be filled by resolution of the Trustees or by Unitholders at a meeting of Unitholders. A Trustee may be removed at any time with or without cause by the affirmative vote of a majority of

the votes cast at a meeting of Unitholders called for that purpose or with cause by resolution passed by an affirmative vote of not less than two-thirds of the remaining Independent Trustees.

A majority of the Trustees, a majority of the Independent Trustees and a majority of the members of any committee of the Trustees must be resident Canadians. At least a majority of the Trustees must be Independent Trustees and at least a majority of the Trustees on the Audit Committee and the Governance Committee must be Independent Trustees.

A quorum for all meetings of the Trustees or any committee thereof shall be at least a majority of the Trustees or of the Trustees on such committee, as the case may be, present in person, at least one of whom shall, except for the Audit Committee and for the Governance Committee (a majority of whose members must be Independent Trustees), be an Independent Trustee. The Trustees (or, when only the approval of a majority of all of the Independent Trustees is required, the Independent Trustees) may act with or without a meeting. Any action of the Trustees (or the Independent Trustees in the circumstances mentioned in the preceding sentence) may be taken at a meeting by vote or without a meeting by written consent or resolution signed by all of the Trustees, or all of the Independent Trustees, as the case may be.

The standard of care and duties of the Trustees provided in the Contract of Trust are similar to those imposed on a director of a corporation governed by the *Canada Business Corporations Act*. Accordingly, the Contract of Trust requires that the Trustees exercise their powers and carry out their functions honestly, in good faith, with a view to the best interests of the REIT and the Unitholders and, in connection therewith, they exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The duties and standard of care of the Trustees as aforesaid are intended to be similar to and not greater than those imposed on an administrator of the property of others charged with full administration pursuant to article 1309 of the *Civil Code of Québec*.

The Contract of Trust provides for certain indemnities in favour of the Trustees and officers of the REIT and certain other persons in certain circumstances.

## **CONFLICT OF INTEREST RESTRICTIONS AND PROVISIONS**

The Contract of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitations on the REIT. Given that the Trustees are engaged in a wide range of real estate and related activities, the Contract of Trust contains provisions, similar to those contained in the *Canada Business Corporations Act*, that require each Trustee to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in immovable property or a joint venture arrangement) 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 at the meeting at which a proposed contract or transaction is first considered. 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 the Unitholders, a Trustee is required to disclose in writing to the REIT or request to have entered into the minutes of the meetings, the nature and extent of his interest forthwith after the Trustee 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 remuneration as a Trustee, officer, employee or agent of the REIT or one for indemnity under the provisions of the Contract of Trust or the purchase of liability insurance.

## **TRUSTEES AND OFFICERS**

The name and municipality of residence, office held with the REIT and principal occupation of each Trustee and officer of the REIT, are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Trustee Since</b>	<b>Principal Occupation</b>
MICHEL LASSONDE <sup>(1)(2)(3)</sup> ..... Québec, Canada	Trustee, Chairman of the Board of Trustees	July 1, 2011	Corporate Director
JASON PARRAVANO..... Québec, Canada	Trustee, President and Chief Executive Officer	May 24, 2019	President and Chief Executive Officer of the REIT
GUY DANCOSSE <sup>(2)(4)</sup> ..... Québec, Canada	Trustee	April 11, 2016	Attorney
GUY LAFRAMBOISE <sup>(2)(4)</sup> ..... Québec, Canada	Trustee	September 15, 2014	President of Restaurant Subway Québec Ltd.
FRANÇOIS-OLIVIER LAPLANTE <sup>(1)(4)</sup> ..... Québec, Canada	Trustee	April 11, 2016	Partner at Nymbus Capital Inc., an investment management firm
KATIA MARQUIER <sup>(1)(4)</sup> ..... Québec, Canada	Trustee	September 30, 2017	Chief Financial Officer of Fednav Ltd., an international maritime transporter of dry bulk
MICHEL TRUDEAU <sup>(1)(3)(4)</sup> ..... Québec, Canada	Trustee	May 25, 2018	Corporate Director
MICHAEL ZAKUTA <sup>(2)(3)(4)</sup> ..... Québec, Canada	Trustee	May 24, 2012	President, Chief Executive Officer and trustee of Plaza Retail Real Estate Investment Trust
KEVIN HENLEY ..... Québec, Canada	Chief Financial Officer	—	Chief Financial Officer of the REIT

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Governance Committee
- (3) Member of the Investment Committee
- (4) Independent Trustee.

All the Trustees serve until the next annual meeting of Unitholders or until his/her successor has been elected or appointed.

As at the date of this Annual Information Form, the Trustees and the executive officers of the REIT beneficially owned or exercised control or direction over, directly or indirectly, an aggregate of 26,985,646 Units, representing approximately 18.4% of the issued and outstanding Units. Mr. Guy Dancosse does not hold any Unit as a result of a requirement in the *Civil Code of Québec*, which provides at Article 1275 that the settlor or beneficiary of a trust may be a trustee but requires such a trustee to act with a trustee who is neither a settlor nor a beneficiary. Since his first election as Trustee, Mr. Guy Dancosse is the Trustee who is not entitled to hold, directly or indirectly, any Units in accordance with the requirement of Article 1275 of the *Civil Code of Québec*. Additional information regarding each of the Trustees and officers of the REIT is set forth below.

**MICHEL LASSONDE, TRUSTEE AND CHAIRMAN**

Michel Lassonde is the Chairman of the Board of Trustees since July 1, 2011, and has been President and Chief Executive Officer of the REIT from July 1, 2011 to March 15, 2017. From August 5, 2008 to July 1, 2011, Mr. Lassonde was President and Chief Executive Officer of Fronsac Capital, the predecessor to the REIT. From October 1991 to March 2008, Mr. Lassonde was a judge of the Court of Québec.

**JASON PARRAVANO, TRUSTEE AND PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Jason Parravano is the President and Chief Executive Officer of the REIT since March 15, 2017. He joined the REIT in March 2015. He is a member of the *Ordre des comptables professionnels agréés du Québec*. Mr. Parravano comes from a public accountancy background specializing in public issuers and has been involved in various financing activities for both public and private companies alike. Mr. Parravano held the position of Chief Financial Officer of the REIT from March 2015 until March 15, 2017.

#### **GUY DANCOSSE, TRUSTEE**

Guy Dancosse, Q.C., IAS.A., CRIA, is an attorney at the Montreal law firm Dunton Rainville, LLP. Since he started his career over 30 years ago, Mr. Dancosse has developed a large expertise in the fields of arbitration, mediation and negotiation, both at the national and international level, and in all subjects related to business, work relations and human resources.

#### **GUY LAFRAMBOISE, TRUSTEE**

Guy Laframboise is President of Restaurant Subway Québec Ltd. since January 1990.

#### **FRANÇOIS-OLIVIER LAPLANTE, TRUSTEE**

François-Olivier Laplante is a partner at Nymbus Capital Inc., a Canadian investment management firm for which he manages a real estate-focused hedge fund. He is also President of Folco Capital Inc., a corporation managing a variety of investments, focusing on real estate assets. From 2003 to 2014, Mr. Laplante served as Vice-President, Director and Head of Liability Trading on the Institutional Equity Trading team at Desjardins Securities Inc., part of a \$260 billion financial institution.

#### **KATIA MARQUIER, TRUSTEE**

Katia Marquier is the Chief Financial Officer of Fednav since January 2020, where she previously spent 3 years as Vice President, Finance. In addition to sitting on the executive committee, she is responsible for the monitoring of financial statements, cash flow activities, tax and corporate finance as well as for the implementation of governance best practice with regard to financial management and corporate services management. Ms. Marquier is a member of the *Order of Chartered Professional Accountants* (CPA, CA). She has more than 20 years of experience in financial management especially at Gaz Metro I.l.p. (Énergir) and KPMG. Ms. Marquier is also a member of the board of directors and the audit committee of SportsScene Group Inc. (TSX).

#### **MICHEL TRUDEAU, TRUSTEE**

Michel Trudeau is a corporate director. Since September 2019, Mr. Trudeau is a director of Valeo Pharma Inc., a Canadian-based pharmaceutical company listed on the Canadian Securities Exchange. Mr. Trudeau was Vice Chairman of Laurentian Bank Securities Inc. from October 2018 to October 2019. Mr. Trudeau was previously President and Chief Executive Officer of Laurentian Bank Securities Inc. between 2003 and 2018. Well known within the brokerage sector, he rapidly rose through the ranks at firms in both Toronto and Montréal. He previously worked for more than 15 years within the institutional and fixed income sectors, including 10 years at Merrill Lynch where he successively occupied various senior management positions.

#### **MICHAEL ZAKUTA, TRUSTEE**

Michael Zakuta is President, Chief Executive Officer and trustee of Plaza Retail Real Estate Investment Trust (previously Les Centres commerciaux Plazacorp Ltée), a real estate investment trust listed on the Toronto Stock Exchange, and of Plaza Group Management Limited. Mr. Zakuta is a property developer and entrepreneur since 1986 through a variety of private corporations of which he is a main shareholder and an officer.

#### **KEVIN HENLEY, CHIEF FINANCIAL OFFICER**

Kevin Henley joined the REIT in 2017. Mr. Henley has vast experience in real estate as well as in the capital markets industry. Mr. Henley is a Calvin Potter Fellow of Concordia's John Molson School of Business where he obtained his bachelor of commerce in finance.

#### **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

To the knowledge of the Trustees and executive officers of the REIT:

(a) no Trustee or executive officer of the REIT is, as at the date of this Annual Information Form or was within the ten years before the date of this Annual Information Form, a director, trustee, chief executive officer or chief financial officer of any company or trust, that:

- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company or trust access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “order”), that was issued while that person was acting in that capacity; or
- (ii) was subject of an order that was issued after that person ceased to act in that capacity and which resulted from an event that occurred while that person was acting in that capacity.

(b) no Trustee or executive officer of the REIT, or a Unitholder holding a sufficient number of Units to affect materially the control of the REIT:

- (i) is, as at the date of this Annual Information Form, or was within the ten years before the date of this Annual Information Form, a director, trustee, of executive officer of any company or trust, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the ten years before the date of this Annual Information Form, 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, her or its assets.

(c) no Trustee or executive officer of the REIT, or a Unitholder holding a sufficient number of Units to affect materially the control of the REIT has been subject to:

- (i) any penalties or sanctions imposed by a court pursuant to securities legislation or by a regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important by a reasonable investor in making an investment decision.

## **INVESTMENT COMMITTEE**

The Trustees have appointed an Investment Committee consisting of three Trustees, being Michel Lassonde, Michel Trudeau and Michael Zakuta. The Investment Committee is responsible to evaluate potential acquisitions and dispositions brought forward by Management. The Investment Committee will carry out its responsibilities with a view to achieving the REIT’s strategic objectives of building a portfolio of high-quality assets that fit within the REIT’s business model.

## **AUDIT COMMITTEE**

The Contract of Trust requires the creation, subject to applicable law, of an Audit Committee, consisting of at least three Trustees, to review the REIT’s financial reporting and internal controls, in consultation with Management, the REIT’s internal accountants and the REIT’s external auditors. A majority of the members of the Audit Committee must be Independent Trustees. From January 1, 2019 to December 31, 2019, the Audit Committee was comprised of Katia Marquier, Michel Lassonde, François-Olivier Laplante and Michel Trudeau.

## **RISK FACTORS**

There are certain risks inherent in an investment in the Units and in the activities of the REIT, including the following, which investors should carefully consider before investing in the Units.

### **MARKET PRICE**

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the initial appraisal of the value of the Properties or the value of such properties from time to time.

The pricing of the Units may be determined, in part, based on the estimate of Distributable Income of the REIT. Although the REIT intends to make distributions of its available cash to Unitholders, these cash distributions are not assured. The actual amount distributed will depend on numerous factors including, but not limited to, the REIT's financial performance, debt covenants and obligations, working capital requirements and future capital requirements. The market price of the Units may deteriorate if the REIT is unable to meet its cash distribution targets in the future.

The after-tax return from an investment in Units to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the REIT (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders.

One of the factors that may influence the market price of the Units is the annual yield on the Units. Accordingly, an increase in market interest rates may lead purchasers of Units to demand a higher annual yield which could adversely affect the market price of the Units. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount and reductions in, or suspensions of, distributions may occur that would reduce yield based on the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities, changes in the economic environment and numerous other factors beyond the control of the REIT.

### **UNITHOLDER LIABILITY**

The Contract of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier (an "Annuitant") will be held to have any personal liability as such, and that no resort shall be had to the private property of any Unitholder or Annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the REIT or of the Trustees. Only assets of the REIT are intended to be liable and subject to levy or execution.

The Contract of Trust further provides that certain written instruments signed by the REIT (including all immovable hypothecs and mortgages and, to the extent the Trustees determine to be practicable and consistent with their obligation as Trustees to act in the best interests of the Unitholders, other written instruments creating a material obligation of the REIT) shall contain a provision or be subject to an acknowledgment to the effect that such obligation will not be binding upon Unitholders personally or upon any Annuitant. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Québec to Unitholders or Annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

In addition, in conducting its affairs, the REIT will be acquiring immovable property investments, subject to existing contractual obligations, including obligations under hypothecs or mortgages and leases. The Trustees will use all reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations binding upon any of the Unitholders or Annuitants personally. However, the REIT may not be able to obtain such modification in all cases. To the extent that claims are not satisfied by the REIT, there is a risk that a Unitholder or Annuitant will be held personally liable for obligations of the REIT where the liability is not disavowed as described

above. The possibility of any personal liability attaching to Unitholders or Annuitants under the laws of the Province of Québec for contract claims where the liability is not so disavowed is remote.

The REIT will use all reasonable efforts to obtain acknowledgments from the hypothecary creditors under assumed hypothecs that assumed hypothec obligations will not be binding personally upon the Trustees, the Unitholders or any Annuitant.

Claims against the REIT may arise other than under contracts, including claims in delict, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of Unitholders for such claims is considered remote under the laws of Québec and, as well, the nature of the REIT's activities will be such that most of its obligations will arise by contract, with non-contractual risks being largely insurable. In the event that payment of a REIT obligation were to be made by a Unitholder, such Unitholder would be entitled to reimbursement from the available assets of the REIT.

Article 1322 of the *Civil Code of Québec* effectively states that the beneficiary of a trust is liable towards third persons for the damage caused by the fault of the trustees of such trust in carrying out their duties only up to the amount of the benefit such beneficiary has derived from the act of such trustees and that such obligations are to be satisfied from the trust patrimony. Accordingly, although this provision remains to be interpreted by the courts, it should provide additional protection to Unitholders with respect to such obligations.

The Trustees will cause the activities of the REIT to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine to be practicable and consistent with their duty to act in the best interests of the Unitholders, any material risk of liability on the Unitholders for claims against the REIT. The Trustees will, to the extent available on terms which they determine to be practicable, cause the insurance carried by the REIT, to the extent applicable, to cover the Unitholders and Annuitants as additional insureds.

## **RESTRICTIONS ON CERTAIN UNITHOLDERS AND LIQUIDITY OF UNITS**

The Contract of Trust imposes restrictions on non-resident Unitholders, who are prohibited from beneficially owning more than 49% of the Units. These restrictions may limit the rights of certain Unitholders, including non-residents of Canada, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units held by the public.

Unitholders who are non-residents of Canada are required to pay all withholding taxes payable in respect of distributions by the REIT. The REIT withholds such taxes as required by the Tax Act and remits such payment to the tax authorities on behalf of the Unitholders. The Tax Act contains measures to subject to Canadian non-resident withholding tax certain otherwise non-taxable distributions of Canadian mutual funds to non-resident Unitholders. This may limit the demand for Units and thereby affect their liquidity and market value.

## **CASH DISTRIBUTIONS ARE NOT GUARANTEED**

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amounts distributed, will be entirely dependent on the operations and assets of the REIT and its subsidiaries, and will be subject to various factors including financial performance and results of operations, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from anchor tenants and capital expenditure requirements. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

## **ENVIRONMENTAL RISK**

The REIT is subject to various laws relating to the environment which deal primarily with the costs of removal and remediation of hazardous substances such petroleum products. Environmental risk is relevant to the

REIT's ability to sell or finance affected assets and could potentially result in liabilities for the costs of removal and remediation of hazardous substances or claims against the REIT. Management is not aware of any material non-compliance with environmental laws or regulations with regard to the REIT's portfolio, or of any material pending or threatened actions, investigations or claims against the REIT relating to environmental matters. The REIT manages environmental exposures in a proactive manner by conducting thorough due diligence before the acquisition of each property and by taking environmental insurance coverage on Properties for which risk could potentially arise.

## **DEVELOPMENT AND ACQUISITION RISK**

The REIT's external growth prospects will depend in large part on identifying suitable acquisition opportunities and conducting necessary due diligence. If the REIT is unable to manage its growth and integrate its acquisitions and developments effectively, its business operating results and financial condition could be adversely affected. Developments and acquisitions may not meet operational or financial expectations due to unexpected costs or market conditions, which could impact the REIT's performance.

The REIT competes for suitable immovable property investments with individuals, corporations and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future immovable property investments similar to those desired by the REIT. Many of those investors will have greater financial resources than those of the REIT, or operate without the investment or operating restrictions of the REIT or according to more flexible conditions. An increase in the availability of investment funds and an increase in interest in immovable property investments may tend to increase competition for immovable property investments, thereby increasing purchase prices and reducing the yield on them.

In addition, numerous other developers, managers and owners of properties compete with the REIT in seeking tenants. The existence of competing developers, managers and owners and competition for the REIT's tenants could have an adverse effect on the REIT's ability to lease space in its Properties and on the rents charged, and could adversely affect the REIT's revenues and, consequently, its ability to meet its debt obligations and make distributions to its Unitholders.

## **ACCESS TO CAPITAL AND DEBT FINANCING, AND CURRENT GLOBAL FINANCIAL CONDITIONS**

The real estate industry is capital intensive. The REIT requires access to capital to maintain its Properties, as well as to fund its growth strategy and its capital expenditures from time to time. There can be no assurances that the REIT will have access to sufficient capital (including debt financing) on terms favourable to the REIT for future property acquisitions and developments, for the financing or refinancing of properties, for funding operating expenses or for other purposes. In addition, the REIT may not be able to borrow funds under its credit facilities or other sources due to limitations on the REIT's ability to incur debt set forth in the Contract of Trust or conditions set forth in its debt instruments from time to time.

Market events and conditions, including disruptions that sometimes affect international and regional credit markets and other financial systems and global economic conditions, could impede the REIT's access to capital (including debt financing) or increase the cost of such capital. Failure to raise or access capital in a timely manner or under favourable terms could have a material adverse effect on the REIT's financial position and results of operations, including on its acquisition and development plan and growth strategy.

## **DEBT FINANCING**

The REIT intends to finance its growth strategy, including developments and acquisitions, through a combination of its working capital and liquidity resources, including cash flows from operations, additional borrowings and public or private sales of equity or debt securities. The REIT's activities are therefore partially dependent upon the interest rates applied to its existing credit facilities. The REIT may not be able to refinance its existing credit facilities or renegotiate the terms of repayment at favourable rates.

Furthermore, the REIT's credit facilities provide that, upon notice to the REIT, the relevant lender may require that its credit facility be repaid in full at any time during the term of such credit facility. The REIT has not been made aware by any of the relevant lenders of their intention to demand repayment of their respective credit facilities. Nevertheless, where one or more lenders exercise their right to demand repayment of their respective credit facilities, the REIT's ability to make distributions to its Unitholders may be adversely affected.

In addition, certain of the REIT's credit facilities provide that, upon an event of default, such credit facilities become immediately due and payable. Therefore, upon an event of default under such credit facilities, or inability to renew same at maturity, the REIT's ability to make distributions to its Unitholders may be adversely affected.

A portion of the REIT's cash flows is dedicated to servicing its credit facilities, and there can be no assurance that the REIT will continue to generate sufficient cash flows from operations to meet required interest or principal payments, such that it could be required to seek renegotiation of such payments or obtain additional financing, including equity or debt financing.

The REIT is exposed to debt financing risks, including the risk that the existing hypothecary borrowings secured by its Properties, the credit facilities or the REIT's convertible debentures cannot be refinanced or that the terms of such refinancing will not be as favourable as the terms of the existing indebtedness.

#### **DEPENDENCE ON KEY PERSONNEL**

The Management of the REIT depends on the services of certain key personnel, including Messrs. Jason Parravano and Kevin Henley. The loss of the services of any key personnel could have a material adverse effect on the REIT.

#### **POTENTIAL CONFLICTS OF INTEREST**

The Trustees may from time to time deal with persons, firms, institutions or corporations with which the REIT may be dealing, or which may be seeking investments similar to those desired by the REIT. The interests of these persons could conflict with those of the REIT. In addition, from time to time, these persons may be competing with the REIT for available investment opportunities.

Furthermore, the Contract of Trust contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and refrain from voting thereon. See "Management of the REIT – Conflict of Interest Restrictions and Provisions".

#### **GENERAL UNINSURED LOSSES**

The REIT subscribed a blanket comprehensive general liability including insurance against fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars or environmental contamination) which are either uninsurable or not insurable on an economically viable basis. The REIT will also carry insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its Properties, but the REIT would continue to be obligated to repay any hypothecary recourse or mortgage indebtedness on such Properties.

#### **STATUS FOR TAX PURPOSES AND INVESTMENT ELIGIBILITY**

A special tax regime applies to trusts that are considered SIFT entities as well as those individuals who invest in SIFTs. Under the SIFT Rules, a SIFT is subject to tax in a manner similar to corporations on income from business carried on in Canada and on income (other than taxable dividends) or capital gains from "non-portfolio properties" (as defined in the Tax Act), at a combined federal/provincial tax rate similar to that of a corporation.

The SIFT Rules apply unless (among other exceptions not applicable here) the trust qualifies as a “real estate investment trust” for the year (the “REIT Exception”). If the REIT fails to qualify for the REIT Exception, the REIT will be subject to the tax regime introduced by the SIFT Rules.

Management believes that the REIT currently meets all the criteria required to qualify as a mutual fund trust and for the REIT Exception for income tax purposes. As a result, Management believes that the SIFT Rules do not apply to the REIT. Management intends to take all the necessary steps to meet these conditions on an on-going basis in the future. Nonetheless, there is no guarantee that the REIT will continue to meet all the required conditions to be eligible for the REIT Exception for the remainder of fiscal 2020 and any other subsequent year.

Pursuant to the Contract of Trust, the Trustees intend to distribute or designate all taxable income directly earned by the REIT to Unitholders and to deduct such distributions and designations for income tax purposes, such that it will not be subject to tax. In the context of the sale of a significant part of its Investment Properties, the REIT could end up with a substantial taxable profit that would require it to make a sizeable additional special distribution to avoid having to pay taxes itself. From time to time, the REIT may retain some taxable income and net capital gains in order to utilize the capital gains refund available to mutual fund trusts without incurring any income taxes.

In order to maintain the REIT’s current mutual fund trust status, the REIT is required to comply with specific restrictions regarding its activities and the investments held by the REIT. If the REIT was to cease to qualify as a mutual fund trust, or for the REIT Exception for income tax purposes, the consequences could be material and adverse.

## **GOVERNMENT REGULATION**

The REIT and its Properties are subject to various governmental legislation and regulation. Any change in such legislation or regulation adverse to the REIT and its Properties could affect the operating and financial performance of the REIT.

In addition, environmental laws have become increasingly important in the last twenty years. Under various laws, the REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its Properties or disposed of at other locations or for the costs of other remedial or preventive work. The failure to remove or remediate such substances, or to effect such remedial or preventive work if any, may adversely affect an owner’s ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs or governmental agencies. Notwithstanding the above, the REIT is not aware of any material non-compliance, liability or other claim in connection with any of its Properties, nor is the REIT aware of any environmental condition with respect to any of its Properties that it believes would involve material expenditure by the REIT.

## **DILUTION**

The number of Units the REIT is authorized to issue is unlimited. The Trustees have the discretion to issue additional Units in other circumstances. Any issuance of Units may have a dilutive effect on Unitholders.

## **PUBLIC HEALTH RISK IN RELATION TO COVID-19**

A local, regional, national or international outbreak of a contagious disease, such as COVID-19, could have an adverse effect on local economies and potentially the global economy. The COVID-19 could affect the REIT’s ability to collect rent in certain instances. The COVID-19 has not had a material impact on the REIT’s operations as of March 20, 2020.

Management is following closely the evolution but the impact on the operations of the REIT is unknown at the at the moment. The impacts will be accounted for when they will be known and when it will be possible to properly measure them.

## AUDIT COMMITTEE AND AUDITOR FEES AND SERVICES

### CHARTER OF THE AUDIT COMMITTEE

The Charter of the Audit Committee is attached hereto as Schedule A.

### COMPOSITION OF THE AUDIT COMMITTEE

From January 1, 2019 to December 31, 2019, the Audit Committee was comprised of Katia Marquier (Chair), Michel Lassonde, François-Olivier Laplante and Michel Trudeau.

Under National Instrument 52-110 – *Audit Committees* (in Québec, *Regulation 52-110 respecting Audit Committees*) (“NI 52-110”), an “independent” member of the Audit Committee is one who has no direct or indirect material relationship with the REIT, meaning a relationship which could, in the view of the Board of Trustees, reasonably interfere with the exercise of a member’s independent judgment. The Board of Trustees believes that all of the members of the Audit Committee in office for the fiscal year ended December 31, 2019, save and except for Michel Lassonde, were independent within the meaning of NI 52-110. Mr. Lassonde is not independent as he has been in the last three years President and Chief Executive Officer of the REIT. The Board of Trustees believes that all of the members of the Audit Committee in office for the fiscal year ended December 31, 2019 were financially literate within the meaning of NI 52-110.

### RELEVANT EDUCATION AND EXPERIENCE

The following sets out the education and experience of each member of the Audit Committee relevant to the performance of their responsibilities, in particular any education or experience that provides the member with one or more of the following abilities: (a) understanding of the accounting principles used by the REIT to prepare its financial statements; (b) the capacity to generally assess the application of the accounting principles related to the accounting of estimates, accounts receivable, accounts payable and reserves; (c) experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the REIT’s financial statements, or experience actively supervising one or more persons engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

Mr. Lassonde has been President and Chief Executive Officer of the REIT since its inception in July 2011 until March 2017. From 1991 to 2008, Mr. Lassonde served as a judge of the Court of Québec.

Mr. Laplante is a partner at Nymbus Capital Inc., a Canadian investment management firm for which he manages a real estate-focused hedge fund. He is also President of Folco Capital Inc., a corporation managing a variety of investments focusing on real estate assets. From 2003 to 2014, Mr. Laplante served as Vice-President, Director and Head of Liability Trading on the Institutional Equity Trading team at Desjardins Securities Inc.

Ms. Marquier is the Chief Financial Officer of Fednav since January 2020, where she previously spent 3 years as Vice President, Finance. In addition to sitting on the executive committee, she is responsible for the monitoring of financial statements, cash flow activities, tax and corporate finance as well as for the implementation of governance best practice with regard to financial management and corporate services management. Previously, she spent 3 years as corporate controller at Gaz Metro Inc. (now Énergir Inc.) and Valener Inc., two publicly-traded corporations. Ms. Marquier began her career at KPMG LLP. She is a member of the *Ordre des comptables professionnels agréés du Québec*.

Michel Trudeau is a corporate director. Since September 2019, Mr. Trudeau is a director of Valeo Pharma Inc., a Canadian-based pharmaceutical company listed on the Canadian Securities Exchange. Mr. Trudeau was Vice Chairman of Laurentian Bank Securities Inc. from October 2018 to October 2019. Mr. Trudeau was previously President and Chief Executive Officer of Laurentian Bank Securities Inc. between 2003 and 2018. He previously worked for more than 15 years within the institutional and fixed income sectors, including 10 years at Merrill Lynch where he successively occupied various senior management positions.

## **EXTERNAL AUDITOR SERVICES FEES**

The REIT has paid Bélanger Dalcourt CPA Inc., the REIT's external auditor, the following fees in each of the last two fiscal periods:

### ***Audit Fees***

The aggregate fees billed by the REIT's external auditor for audit services performed in connection with the annual audit of the REIT's consolidated financial statements was \$50,000 for fiscal 2019 and \$50,000 for fiscal 2018.

### ***Audit-Related Fees***

The aggregate fees billed by the REIT's external auditor for assurance and related services that are reasonably related to the performance of the annual audit and quarterly reviews of the REIT's financial statements and were \$10,000 for fiscal 2019 and Nil for fiscal 2018.

### ***Tax Fees and All Other Fees***

In fiscal 2019 and fiscal 2018, the REIT's external auditor did not bill any fees for professional services rendered for tax compliance, tax advice and tax planning or for other products and services.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

As the date hereof, the REIT has no knowledge of any legal material proceedings to which it is a party or which affects the Properties.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Apart from the information provided in this Annual Information Form or in the consolidated financial statements of the REIT for the years ended December 31, 2019, 2018 and 2017, the REIT has no knowledge of any material interest, direct or indirect, of a Trustee or executive officer of the REIT, a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Units or an associate or affiliate of any of the foregoing persons, in any transaction within the three most recently completed financial years, or in a proposed transaction, that has materially affected or is reasonably expected to affect the REIT.

## **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for the Units is AST Trust Company (Canada) at its principal offices in Montréal, Québec, and Toronto, Ontario.

## **MATERIAL CONTRACTS**

In addition to the Contract of Trust, the 2018 Trust Indenture and the 2019 Trust Indenture are the only "material contracts", other than contracts entered into in the ordinary course of business, which have been entered into by the REIT within the most recently completed financial year, or before the most recently completed financial year that is still in effect. See "Contract of Trust and Description of Units" and "Debentures". Reference is made to each of the Contract of Trust, the 2018 Trust Indenture and the 2019 Trust Indenture for a full text of their provisions. Each of the Contract of Trust, the 2018 Trust Indenture and the 2019 Trust Indenture is available under the REIT's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **INTEREST OF EXPERTS**

Bélanger Dalcourt CPA Inc. has audited the consolidated financial statements of the REIT for the years ended December 31, 2019 and 2018. As of the date of this Annual Information Form, partners and associates of Bélanger Dalcourt CPA Inc., as a group, did not own, beneficially or of record, any of the outstanding Units.

## **ADDITIONAL INFORMATION**

Additional information regarding the REIT may be found under the REIT's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including the Trustees' and officers' remuneration and indebtedness, principal holders of the REIT's securities, options to purchase securities and interests of informed persons in material transactions, if applicable, is contained in the REIT's management information circular for the most recent meeting of Unitholders that involved the election of the Trustees. Additional financial information is provided in the REIT's audited financial statements for the most recently completed financial year.

## SCHEDULE A

### AUDIT COMMITTEE CHARTER

The board of trustees (the “Board”) of Fronsac Real Estate Investment Trust (the “Trust”) has by resolution set up an Audit Committee (the “Committee”) made up of a majority of unrelated and independent trustees (as such term is defined in the Independence Standards Applicable to Audit Committees) who are financially literate.

The Board appoints the members and designates the Committee Chair. The Committee may from time to time invite other persons it considers advisable to attend its meetings and participate in deliberations and discussions on the various matters transacted by the Committee. Any person invited to attend Committee meetings who is not a member of the Committee is not entitled to vote on decisions made thereat.

The Board exercises all powers and duties conferred upon it under the Contract of Trust and the laws and regulations governing the Trust.

The Board helps the Board carry out its oversight responsibilities vis-à-vis unitholders, potential unitholders, the investment community, and other interest parties, relating to the Trust’s financial statements, financial reporting, internal accounting and financial control systems and internal control systems and the annual independent audit of the financial statements of the Trust. Doing so, it is responsible to ensure the free and open communication between trustees and external auditors.

In addition to its responsibilities established by law and which may be determined from time to time by the Committee, the Committee has the following duties and responsibilities:

- The primary responsibility of the Committee is to oversee the Trust’s financial reporting process on behalf of the Board and report the results to the Committee. Management of the Trust is responsible of preparing the financial statements of the Trust and the external auditors have the responsibility to audit these statements. Generally, the Committee also has the responsibility of improving the credibility and objectivity of financial information if the Trust.
- The committee must strengthen the trustees’ role by encouraging in-depth discussions between directors, management and external auditors. It shall also look to strengthen auditors’ independence in particular towards the management of the Trust. In fulfilling its role of supervising financial matters, the Committee has the authority to conduct or authorize investigations into any matters brought to its attention. In order to fulfill its role, it will have access to all books, documents, locations and personnel of the Trust, and will in addition have the power to retain the services of an external advisor or expert to this end.
- The Committee is directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Trust, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- The Committee is also responsible for recommending nominees to the board of trustees each year to appoint in order to prepare or issue an audit report or other auditing, examination, or certification, as well as to recommend its compensation to the board of trustees.
- The Committee has the ultimate authority and the responsibility to evaluate the external auditors and, if need be, to recommend their replacement.

- The Committee must also review and approve the Trust's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Trust, if applicable.
- The Committee shall receive from the external auditors annual reports on their independence, review these reports with them, examine whether the provision of services other than audit services is compatible with maintaining the auditors' independence and, if the Committee decides so, recommend that the Board takes the appropriate measures to ensure the independency of the auditors.
- The Committee shall discuss with the external auditors, prior to the audit, the planning, scope of the audit, staff requirements and their professional fees. Moreover, it shall discuss with management and the external auditors the sufficiency and effectiveness of internal financial controls, including the supervision and management of financial risks of the Trust, the ethics program and the compliance with applicable laws. In addition, the Committee shall meet with the external auditors, with and without the presence of management to discuss the results of their examinations. The Committee shall meet quarterly with the Chief Financial Officer of the Trust.
- The Committee must review the Trust's financial statements, MD&A and annual and interim earnings press releases before they are published. It must ensure that proper procedures are put in place to review public disclosure by the Trust of financial information extracted or derived from the financial statements apart from the information covered by the above points (namely the financial statements, MD&As and releases), and must periodically assess the adequacy of those procedures. The Committee must also discuss the quarterly review and any other matters which are essential that the external auditors of the Trust disclose to it, the whole in accordance with generally accepted accounting principles. The chairman of the Committee may act as representative of the Committee for the purposes of this review.

The Committee must establish processes regarding the:

- (a) receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting controls or audit; and
- (b) confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The Committee shall approve in advance any engagements for non-audit services provided by the external auditors to the Trust or their affiliates.

The Committee must pre-approve all non-audit services that the external auditors of the Trust must perform for the Trust or its subsidiaries. It fulfills this obligation under the following conditions:

- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Trust and its subsidiaries to the external auditors during the fiscal year in which the services were provided;
- (b) the Trust or the subsidiary of the Trust, as the case may be, did not recognize the services as non-audit services at the time of the engagement; or
- (c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

The Committee may delegate to one or more independent members the authority to pre-approve non-audit services. However, the pre-approval thereby granted must be presented to the Committee at its first regular meeting following the approval.

The Committee satisfies the pre-approval requirement if it adopts specific policies and procedures for the engagement of the non-audit services if:

- (a) the pre-approval policies and procedures are detailed as to the particular service;
- (b) the audit committee is informed of each non-audit service; and
- (c) the procedures do not include delegation of the audit committee's responsibilities to management.

#### *Members*

The Committee must be composed of a minimum of three members of which the majority is independent, according to the independence requirements under applicable laws, as well as the standards of all exchanges on which the securities of the Trust are listed. All members of the Committee shall have financial skills. Financial skills means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the Trust's financial statements.

#### *Vacancy*

In case of vacancy, the Board may, during the year, appoint a replacement.

#### *Meeting*

Meetings of the Committee may be held at the head office of the Trust or at any other location determined by the members of the Trust. A meeting of the Committee may be call at any time on request of one of its members. Any meeting may be call by the chairman of the Board or by the Chief Executive Officer of the Trust in order to examine any matter that it considers relevant.

#### *Chairman of the Board*

The Chairman of the board is responsible for:

- (a) Scheduling Committee meetings;
- (b) In consultation with the CFO, preparing the agenda for Committee meetings and ensuring that relevant documentation is made available in a timely manner
- (c) Chairing Committee meetings
- (d) Ensuring that the Committee fulfils its responsibilities as per its Charter and complies with the terms thereof; and
- (e) Reporting to the Board of Trustees on all matters transacted by the Committee.

#### *Quorum*

A majority of the Committee members constitutes the quorum.

### *Operating method*

The operating method followed by the Committee is similar to the method followed by the Board. Minutes of meeting of the Committee shall be included in a minute book and made available to the trustees of the Trust for review. An annual working plan shall be prepared and integrated to the agenda of the Board. The Committee may communicate directly with internal and external auditors.

### *Mandate*

The mandate of the Committee shall be determined by the Board and its members may exercise all powers provided for in such mandate. The Committee shall report directly to the Board, without interference from the management or the unitholders. The committee may engage outside consultants from time to time, whether they are attorneys, accountants or any other expert required to complete a specific mandate or where there is a suspicion of wrongdoing and arrange the compensation to be paid to such consultant. Any member of the Committee will have the authority to convene a meeting of the trustees if he deems it necessary, notably or where there is a suspicion of wrongdoing, whether real or presumed.

### *Compensation*

The members of the Committee shall be compensated in accordance with the policies approved by the Board.