

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state. Accordingly, these securities may not be offered or sold within the United States of America, its possessions and other areas subject to its jurisdictions or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S under the 1933 Act), except in limited circumstances. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT at 455 rue du Marais, Québec, Québec G1M 3A2, telephone (418) 681-8151, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

September 15, 2009



COMINAR REAL ESTATE INVESTMENT TRUST \$100,000,000

Series D 6.50% Convertible Unsecured Subordinated Debentures

This short form prospectus relates to the distribution of \$100,000,000 aggregate principal amount of Series D 6.50% convertible unsecured subordinated debentures (the "Debentures") of Cominar Real Estate Investment Trust (the "REIT") due September 30, 2016 at a price of \$1,000 per \$1,000 principal amount of Debentures. The Debentures bear interest at an annual rate of 6.50% payable semi-annually in arrears on March 31 and September 30 in each year commencing on March 31, 2010. See "Description of the Debentures".

Each Debenture will be convertible into units of the REIT (the "Units") at the option of the holder at any time prior to 4:00 p.m. (Montréal time) on the earlier of September 30, 2016 and the last business day immediately preceding the date specified by the REIT for redemption of the Debentures, at a conversion price of \$20.50 per Unit (the "Conversion Price"), being a conversion rate of approximately 48.7805 Units per \$1,000 principal amount of Debentures, subject to adjustment in certain events in accordance with the provisions of the Indenture (as defined herein). Holders converting their Debentures will receive accrued and unpaid interest on such Debentures for the period from the last interest payment date thereon (or the date of issue of their Debentures if no interest has yet been paid by the REIT) to and including the last record date prior to such conversion declared by the REIT for determining Unitholders entitled to receive distributions on the Units. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price in certain events, are set out under "Description of the Debentures — Conversion Rights". A holder of Debentures (a "Debentureholder") will not be entitled to deferred tax treatment on the conversion, redemption or repayment at maturity of such Debentures. See "Canadian Federal Income Tax Considerations".

The Debentures will not be redeemable prior to September 30, 2012, except in the event of a Change of Control (as defined herein) (see "Description of the Debentures — Put Right upon a Change of Control"). On or after September 30, 2012 and prior to September 30, 2014, the Debentures may be redeemed by the REIT, in whole or in part, on not more than 60 days' and on not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after September 30, 2014 and prior to September 30, 2016, the Debentures may be redeemed by the REIT at any time at a redemption price equal to the principal amount thereof plus accrued and unpaid interest.

The REIT may, at its option, and subject to applicable regulatory approval, elect to satisfy its obligation to pay the principal amount of the Debentures that are to be redeemed or that have matured by issuing Units to Debentureholders. In addition, subject to applicable regulatory approval, Units may be issued to the Debenture Trustee (as defined herein) and sold, with the proceeds used to satisfy the obligations to pay interest on the Debentures. See "Description of the Debentures — Method of Payment".

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and the extent of issuer regulation. See "Risk Factors and Investment Considerations". The TSX has conditionally approved the listing of the Debentures and the Units issuable upon conversion of the Debentures, subject to compliance with all the requirements of the TSX on or before December 2, 2009. The outstanding Units are listed on the TSX under the symbol CUF.UN. On August 31, 2009, the last trading day prior to the announcement of this offering, the closing price per Unit on the TSX was \$18.09 and on September 14, 2009, the closing price per Unit on the TSX was \$18.25.

The REIT is an unincorporated closed-end investment trust governed by the laws of the Province of Québec. The head office of the REIT is located at 455 rue du Marais, Québec, Québec, G1M 3A2. **The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. Neither the Debentures nor the Units issuable upon conversion of the Debentures are "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that Act or any other legislation.**

Although the REIT intends to make distributions of its available cash to Unitholders, these cash distributions are not assured. A return on an investment in the REIT is not comparable to the return on an investment in a fixed-income security. The ability of the REIT to make cash distributions and the actual amount distributed will be dependent upon, among other things, the financial performance of the REIT, its debt covenants and obligations, its working capital requirements and its future capital requirements. The market value of the Debentures may deteriorate if the REIT is unable to maintain current levels of cash distributions in the future, and that deterioration may be material. An investment in the Debentures is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See “Risk Factors and Investment Considerations”.

The after-tax return for any Units acquired under the terms of a Debenture by holders which are subject to Canadian income tax and are Canadian residents 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 adjusted cost base of Units held by a Unitholder generally will be reduced by the non-taxable portion of distributions made to the Unitholder other than the portion thereof attributable to the non-taxable portion of certain capital gains. The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders.

In the opinion of counsel, the Debentures will qualify as eligible investments as set forth under “Eligibility for Investment”.

**Price: \$1,000 per \$1,000 principal
amount of Debentures**

	<u>Price to the public⁽¹⁾</u>	<u>Underwriters’ fee</u>	<u>Net proceeds to the REIT⁽²⁾</u>
Per \$1,000 principal amount of Debentures	\$1,000	\$37.50	\$962.50
Total ⁽³⁾	\$100,000,000	\$3,750,000	\$96,250,000

Notes:

- (1) The terms of this offering and the price of the Debentures have been determined by negotiation between the REIT and the Underwriters.
- (2) Before deducting the expenses of this offering, which are estimated to be approximately \$300,000.
- (3) The REIT has granted to the Underwriters an option (the “Over-Allotment Option”) to purchase up to an additional \$15,000,000 aggregate principal amount of Debentures on the same terms and conditions as this offering of Debentures, exercisable in whole or in part from time to time, not later than the 30th day following the closing of this offering for market stabilization purposes and to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters’ fee and net proceeds to the REIT (before deducting the estimated expenses of this offering) will be \$115,000,000, \$4,312,500 and \$110,687,500 respectively. This short form prospectus qualifies the distribution of the Debentures issuable on the exercise of the Over-Allotment Option and their subsequent transfer. See “Plan of Distribution”. Unless otherwise indicated, the disclosure in this short form prospectus assumes that the Over-Allotment Option has not been exercised.

<u>Underwriters’ Position</u>	<u>Maximum size or number of securities available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	Option to purchase up to \$15,000,000 aggregate principal amount of Debentures (being up to 15% of the principal amount of the Debentures sold)	The exercise period of the Over-Allotment Option is set forth above	\$1,000 per \$1,000 principal amount of Debentures

A purchaser who acquires Debentures forming part of the Underwriters’ over-allocation position acquires those Debentures under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Underwriters of this offering are National Bank Financial Inc. (“NBF”), BMO Nesbitt Burns Inc. (“BMO”), RBC Dominion Securities Inc., Desjardins Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., Canaccord Capital Corporation, Blackmont Capital Inc. and Genuity Capital Markets G.P. (collectively, the “Underwriters”). The Underwriters, as principals, conditionally offer the Debentures for sale, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters on behalf of the REIT by Davies Ward Phillips & Vineberg LLP, and on behalf of the Underwriters by Lavery, de Billy, L.L.P. In accordance with and subject to applicable laws, the Underwriters may effect transactions that stabilize or maintain the market price of the Debentures. See “Plan of Distribution”.

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Debentures will be issued in registered form to the CDS Clearing and Depository Services Inc. (“CDS”) or its nominee as registered global securities and will be deposited with CDS on the closing date, which is expected to occur on or about September 22, 2009 or such later date as the REIT and the Underwriters may agree, but in any event not later than October 27, 2009. Securityholders will not be entitled to receive physical certificates representing their ownership. See “Description of the Debentures — Book-Entry, Delivery and Form”.

Each of NBF, BMO, RBC Dominion Securities Inc., Desjardins Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc. is a subsidiary of a financial institution which is among the REIT’s principal lenders. Consequently, the REIT may be considered a “connected issuer” of such Underwriters within the meaning of applicable securities legislation. As at September 14, 2009, the actual indebtedness of the REIT to such financial institutions amounted to approximately \$254.3 million in the aggregate. See “Relationship Between the Issuer and the Underwriters”.

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ABOUT THIS PROSPECTUS

Unless otherwise indicated, the disclosure in this short form prospectus assumes that the Over-Allotment Option has not been exercised.

In this short form prospectus, unless otherwise specified, all references to “dollars” or “\$” are to Canadian dollars.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus, and in certain documents incorporated by reference therein, constitute forward-looking statements. These statements relate to future events or the REIT's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although this is not an exhaustive list, the REIT cautions investors that statements concerning the following subjects are, or are likely to be, forward-looking statements: the ability of the REIT to continue to identify, pursue and consummate acquisition opportunities, the return on investment of the REIT's development and existing property enhancement projects, the status of the REIT for tax purposes and the access of the REIT to capital and debt markets. The REIT's actual results could differ materially from those anticipated in forward-looking statements, as applicable, including as a result of the risks associated with the ownership of immovable property, access to capital, current global financial conditions, competition in the real estate sector, acquisitions, the REIT's development program, dependence on key personnel, potential conflicts of interest, general uninsured losses, governmental regulation, limits on activities and debt financing. See “Risk Factors and Investment Considerations”. While the REIT believes that the expectations reflected in the forward-looking statements contained in this short form prospectus, and in its documents incorporated by reference therein, are reasonable, no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included in, or incorporated by reference in such documents should not be unduly relied upon. These statements speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference herein, as the case may be. The REIT does not assume any obligation to update the aforementioned forward-looking statements except as required by applicable laws.

NON-GAAP FINANCIAL MEASURES

The REIT issues guidance and reports on certain non-GAAP measures, including “net operating income”, “distributable income”, “funds from operations” and “adjusted funds from operations”, that it uses to evaluate its performance. Because non-GAAP measures do not have a standardized meaning and may differ from other issuers’, securities regulations require that non-GAAP measures be clearly defined and qualified, reconciled with their nearest GAAP measure and given no more prominence than the closest GAAP measure. Such information is presented in the sections dealing with these financial measures herein and in the documents incorporated by reference herein.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT, 455 rue du Marais, Québec, Québec G1M 3A2, Telephone: (418) 681-8151, and are also available electronically at www.sedar.com.

The following documents, filed with the various securities commissions or similar regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference in and form an integral part of this short form prospectus:

- (i) the annual information form of the REIT dated March 17, 2009 (the “AIF”);
- (ii) the comparative audited consolidated financial statements of the REIT for the year ended December 31, 2008, together with the notes thereto and the auditors’ report thereon (the “2008 Financial Statements”);
- (iii) management’s discussion and analysis of operating results and financial position of the REIT for the year ended December 31, 2008 (the “2008 MD&A”);
- (iv) the comparative unaudited consolidated interim financial statements of the REIT for the six-month period ended June 30, 2009, together with the notes thereto (the “June 2009 Financial Statements”);
- (v) management’s discussion and analysis of operating results and financial position of the REIT for the six-month period ended June 30, 2009 (the “June 2009 MD&A”);
- (vi) the management information circular of the REIT dated March 31, 2009 in connection with the annual meeting of Unitholders of the REIT held on May 20, 2009 (the “Circular”);
- (vii) the material change report of the REIT dated March 31, 2009 with respect to the naming of the Complexe Jules-Dallaire (as defined herein) and the acquisition of a 5% undivided ownership interest therein by an affiliate of the Dallaire Group (as defined herein);
- (viii) the material change report of the REIT dated April 2, 2009, with respect to an offering of 4,167,000 Units (4,792,050 with the exercise of the over-allotment option in respect thereof);
- (ix) the material change report of the REIT dated June 17, 2009, with respect to an offering of 3,290,000 Units (3,783,500 with the exercise of the over-allotment option in respect thereof); and
- (x) the material change report of the REIT dated September 2, 2009, with respect to this offering.

Any documents of the type referred to above and any material change reports (excluding confidential material change reports) filed by the REIT with the securities commissions or similar regulatory authorities in each of the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus. **Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is**

required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.

GLOSSARY

The following terms used in this short form prospectus have the meanings set out below:

“**1933 Act**” means the United States *Securities Act of 1933*;

“**Acquisition Facility**” means the REIT’s current operating and acquisition credit facility in the stated amount of \$255 million in connection with which some of the lenders are the financial institutions of which six of the Underwriters, NBF, BMO, RBC Dominion Securities Inc., Desjardins Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc. are subsidiaries;

“**affiliate**” has the meaning ascribed thereto in the *Securities Act* (Québec), as amended;

“**AM Total Investments**” means AM Total Investments (GP), a general partnership established under the laws of the Province of Québec, all the partnership interests of which are owned directly or indirectly by CFA, and which general partnership holds most of the Units owned by the Dallaire Group;

“**associate**” has the meaning ascribed thereto in the CBCA;

“**BMO**” means BMO Nesbitt Burns Inc.;

“**Bonus Units**” means the additional Units a Unitholder is entitled to receive in payment of a distribution equal to 5% of each distribution that was reinvested by the Unitholder under the terms of the DRIP;

“**CBCA**” means the *Canada Business Corporations Act*, as amended;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**CFA**” means Corporation Financière Alpha (CFA) Inc., a legal person incorporated under the laws of the Province of Québec, the shares of which are indirectly owned by the Dallaire Family, and which directly and indirectly controls AM Total Investments;

“**Change of Control**” has the meaning ascribed thereto under “Description of the Debentures — Put Right upon a Change of Control”;

“**Complexe Jules-Dallaire**” means that certain large scale real estate project located on Laurier Boulevard in Québec, Québec to be comprised of 17 stories and a leasable area of approximately 396,000 square feet, of which approximately 100,000 square feet is destined for retail space, leaving approximately 296,000 square feet for office space, and named as the “*Complexe Jules-Dallaire*”;

“**Contract of Trust**” means the contract of trust made as of March 31, 1998, as amended as of May 8, 1998, as of May 13, 2003, as of May 11, 2004, as of May 15, 2007 and as of May 14, 2008 governed by the laws of the Province of Québec, pursuant to which the REIT was established, as further amended, supplemented or restated from time to time;

“**Conversion Price**” has the meaning ascribed thereto under “Description of the Debentures — Conversion Rights”;

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

“**Dallaire Family**” means the estate and wife of the late Jules Dallaire, the children of the late Jules Dallaire, namely Michel Dallaire, Linda Dallaire, Sylvie Dallaire and Alain Dallaire, and related trusts;

“**Dallaire Group**” means, collectively, AM Total Investments, CFA and the Dallaire Family;

“Dallaire Group Trustee” means a nominee of the Dallaire Group appointed as Trustee as described under “Contract of Trust and Description of Units — Dallaire Group Trustees”;

“Debenture” means \$1,000 principal amount of Series D 6.50% convertible unsecured subordinated debenture of the REIT and **“Debentures”** has the corresponding meaning;

“Debentureholders” means the holders of Debentures, and **“Debentureholder”** means one of them;

“Debenture Trustee” has the meaning ascribed thereto under “Description of the Debentures — General”;

“Deferred Income Plans” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and registered disability savings plans, as well as tax-free savings accounts, each as defined in the Tax Act;

“Distribution Date” means the fifteenth day of each calendar month (other than January) and December 31 in each calendar year;

“Distributable Income” means the amount of cash available to be distributed by the REIT, calculated in the manner set forth under the heading “Computation of Distributable Income for Distribution Purposes” in the AIF;

“DRIP” means the distribution reinvestment plan of the REIT, as amended and restated, as described under “Distribution Reinvestment Plan” in the AIF;

“Event of Default” has the meaning ascribed thereto under “Description of the Debentures — Events of Default and Waiver”;

“GAAP” means Canadian generally accepted accounting principles;

“Gross Book Value” means, at any time, the book value of the assets of the REIT, as shown on its then most recent balance sheet, plus the amount of accumulated depreciation shown thereon;

“Indenture” has the meaning ascribed thereto under “Description of the Debentures — General”;

“Independent Trustee” means a Trustee: (i) who is not a member of the Dallaire Family, an associate, director, officer or employee of a corporation or partnership comprising the Dallaire Group or an affiliate thereof; (ii) who is independent (as defined in the corporate governance guidelines of the Canadian Securities Administrators) of the Dallaire Group; (iii) who is not a person who is a “related person” (within the meaning of the Tax Act) in relation to the Dallaire Group or to any member of the Dallaire Family; (iv) who has no material business relationships with the REIT (other than his election or appointment as Trustee or, subject to the provisions of the Contract of Trust, his being a Unitholder), the Dallaire Group or any member of the Dallaire Family; and (v) who represents to the REIT, upon his election or appointment as Trustee, that he meets the foregoing criteria. A Dallaire Group Trustee shall be deemed not to be an Independent Trustee;

“Independent Trustee Matters” means those decisions which require the approval of the majority of the Independent Trustees only, as set out in “Contract of Trust and Description of Units — Independent Trustee Matters”;

“NBF” means National Bank Financial Inc.;

“Original Trust Indenture” has the meaning ascribed thereto under “Description of the Debentures — General”;

“Over-Allotment Option” has the meaning ascribed thereto under “Plan of Distribution”;

“Participant” means a participant in the depository services of CDS;

“**Put Date**” has the meaning ascribed thereto under “Description of the Debentures — Put Right upon a Change of Control”;

“**Put Price**” has the meaning ascribed thereto under “Description of the Debentures — Put Right upon a Change of Control”;

“**Real Estate Investment Trust Exception**” has the meaning ascribed thereto under “Canadian Federal Income Tax Considerations — Status of the REIT — Real Estate Investment Trust Exception”;

“**REIT**” means Cominar Real Estate Investment Trust, except as otherwise set forth herein;

“**Senior Indebtedness**” has the meaning ascribed thereto under “Description of the Debentures — Subordination”;

“**Series A Convertible Debentures**” means the Series A 6.30% convertible unsecured subordinated debentures of the REIT;

“**Series B Convertible Debentures**” means the Series B 5.70% convertible unsecured subordinated debentures of the REIT;

“**Series C Convertible Debentures**” means the Series C 5.80% convertible unsecured subordinated debentures of the REIT;

“**SIFT Amendments**” has the meaning ascribed thereto under “Canadian Federal Income Tax Considerations — Status of the REIT — New Tax Rules for Income Trusts”;

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

“**Tax Proposals**” means all specific proposals to amend the Tax Act announced by or on behalf of the Minister of Finance (Canada) prior to the date of this short form prospectus;

“**Technical Amendments**” has the meaning ascribed thereto under “Canadian Federal Income Tax Considerations — Status of the REIT — New Tax Rules for Income Trusts”;

“**Third Supplemental Indenture**” has the meaning ascribed thereto under “Description of the Debentures — General”;

“**Transfer Agent**” means Computershare Investor Services Inc.;

“**Trustee**” means a trustee of the REIT;

“**TSX**” means the Toronto Stock Exchange;

“**Underwriters**” means NBF, BMO, RBC Dominion Securities Inc., Desjardins Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., Canaccord Capital Corporation, Blackmont Capital Inc. and Genuity Capital Markets G.P.;

“**Underwriting Agreement**” means the agreement dated September 8, 2009 among the REIT and the Underwriters;

“**Unit**” means a unit of interest in the REIT;

“**Unit Option Plan**” means the unit option plan of the REIT, as amended and restated, as described under “Management of the REIT — Unit Option Plan” in the AIF; and

“**Unitholder**” means a holder of Units.

THE REIT

The REIT is an unincorporated closed-end investment trust created by the Contract of Trust on March 31, 1998 and is governed by the laws of the Province of Québec.

The objectives of the REIT are: (i) to provide Unitholders with stable and growing monthly cash distributions which are, to the extent practicable, tax deferred, from investments in a diversified portfolio of income producing office, retail, industrial and mixed-use properties located in the greater Québec, Montréal and Ottawa areas; and (ii) to improve and maximize Unit value through the ongoing active management of the REIT's properties and the acquisition of additional income producing properties.

As one of the largest property owners and managers in the Province of Québec, the REIT has a leading presence and enjoys significant economies of scale in this market. It currently owns a diversified portfolio of 215 office, retail, industrial and mixed-use properties of which 94 are located in the greater Québec area, 117 are located in the greater Montréal area and four are located in the Ottawa area. The portfolio comprises approximately 5.5 million square feet of office space, 2.7 million square feet of retail space and 10.3 million square feet of industrial and mixed-use space, representing, in the aggregate, over 18.5 million square feet of leasable area. As at June 30, 2009, the REIT's portfolio was approximately 94.0% leased. The REIT's properties are mostly situated in prime locations along major traffic-arteries and benefit from high visibility and easy access by both tenants and tenants' customers.

The REIT intends to continue to pursue acquisition and development opportunities that allow for economies of scale benefiting both tenants and the REIT in terms of significant operating cost savings and efficient property management operations.

The Dallaire Group directly and indirectly owns an aggregate of 8,963,897 Units (representing approximately 16.4% of the Units issued and outstanding as at September 14, 2009), and all important decisions made by CFA in respect of the REIT are controlled by Michel Dallaire, the President and Chief Executive Officer of the REIT.

The REIT's asset and property management is fully internalized and the REIT is a fully integrated, self-managed real estate investment operation. The REIT currently employs approximately 195 full-time employees. The head office of the REIT is located at 455 rue du Marais, Québec, Québec, G1M 3A2.

As of the date of this short form prospectus, based on its assessment of the SIFT Amendments, management of the REIT believes that the REIT meets, and has met at all times during the current taxation year, all the necessary conditions and qualifies for the Real Estate Investment Trust Exception. Management intends to take all the necessary steps to continue to meet these conditions on a regular basis in the future. See "Canadian Federal Income Tax Considerations — Status of the REIT — New Tax Rules for Income Trusts" and "Risk Factors and Investment Considerations".

Additional Disclosure

Mr. Robert Després, a Trustee, was, but no longer is, a director and officer of McWatters Mining Inc. ("McWatters") which filed, in January 2004, a notice of intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act*. The proposal presented by McWatters was accepted by its creditors in June 2004 and, thereafter, ratified by the Superior Court of Québec in July 2004. Cease trade orders were also issued in 2004 by the securities regulatory authorities of each of British Columbia, Alberta, Manitoba, Ontario and Québec, as a result of the failure of McWatters to file its annual financial statements for the year ended December 31, 2003, as well as its interim financial statements for the quarter ended March 31, 2004 and for the quarter ended June 30, 2004. McWatters announced in November 2008 the full revocation of such cease trade orders by the securities regulatory authorities of each of British Columbia, Alberta, Manitoba, Ontario and Québec. See "Trustees and Officers" in the AIF and "Nominees for Election as Independent Trustees and Other Trustees" in the Circular.

RECENT DEVELOPMENTS

The following is a summary of significant developments in the operations and affairs of the REIT which have occurred since June 30, 2009, being the last day of the period in respect of which the REIT has filed the June 2009 Financial Statements and the June 2009 MD&A.

1. On August 14, 2009, the REIT entered into an agreement with respect to the acquisition of land representing 660,000 square feet for future developments, located in close proximity to Highway 40, one of Québec's main thoroughfares, for a purchase price of \$9.18 million, to be paid in cash. This acquisition remains subject to due diligence and other customary closing conditions and there can be no assurances that it will be completed by the REIT.

USE OF PROCEEDS

The estimated total net proceeds to be received by the REIT from this offering will amount to approximately \$96 million (approximately \$110.4 million if the Over-Allotment Option is exercised in full), after deducting the Underwriters' fee in respect of the Debentures issued and sold by the REIT and the estimated expenses of this offering. The net proceeds from the sale of the Debentures will be used to repay amounts outstanding under the Acquisition Facility. Indebtedness incurred under the Acquisition Facility was used by the REIT to acquire real estate properties and to finance real estate developments of the REIT, and will be used to finance future acquisitions and developments.

After giving effect to this offering and the proposed use of net proceeds therefrom, the indebtedness of the REIT, expressed as a percentage of the *pro forma* Gross Book Value as at September 14, 2009, remains unchanged at 57.6%, including the Debentures, the Series A Convertible Debentures, the Series B Convertible Debentures and the Series C Convertible Debentures. See "Changes in Units Outstanding and Loan Capital".

CONTRACT OF TRUST AND DESCRIPTION OF UNITS

General

The REIT is an unincorporated closed-end investment trust created pursuant to the Contract of Trust and governed by the laws of the Province of Québec. The Contract of Trust is available for inspection during regular business hours at the head office of the REIT, 455 rue du Marais, Québec, Québec, G1M 3A2, without charge, during the distribution of the Debentures being offered under this short form prospectus, and is also available electronically at www.sedar.com.

Units

The ownership interests in the REIT constitute a single class of Units. Units represent a Unitholder's proportionate undivided ownership interest in the REIT. The aggregate number of Units which the REIT may issue is unlimited. As at September 14, 2009, there were 54,521,948 Units outstanding. No Unit has any preference or priority over another. 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. Units are issued in registered form, are non-assessable when issued and are transferable. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without Unitholder approval. No certificates for fractional Units are issued and fractional Units do not entitle the holders thereof to vote.

The Units are issued upon the terms and subject to the conditions of the Contract of Trust, which Contract of Trust is binding upon all Unitholders. By acceptance of a certificate representing Units, the Unitholder thereof agrees to be bound by the Contract of Trust.

Purchase of Units

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchases will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof. A Unitholder does not have the right at any time to require the REIT to purchase such Unitholder’s Units.

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 without cause of Trustees (other than Dallaire Group Trustees for so long as the Dallaire Group holds at least 10% of the Units then outstanding), 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. Meetings of Unitholders will be called and held annually for the election of the Trustees (other than Dallaire Group Trustees for so long as the Dallaire Group holds at least 10% of the Units then outstanding) 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 5% of the Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed 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 CBCA.

Unitholders may attend and vote at all meetings of the Unitholders whether in person or by proxy and a proxy need not be a Unitholder.

Issuance of Units

The REIT may issue new Units from time to time and in such manner and for such consideration and to such persons as the Trustees in their sole discretion may determine, including Units issuable upon conversion of the Debentures and Units issuable to the Debenture Trustee in payment of interest on the Debentures. Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued are first offered to existing Unitholders. In addition to Units which may be issued pursuant to the Unit Option Plan, the DRIP or other distribution or placement plans, new Units may be issued for cash through public offerings, through rights offerings to existing Unitholders (i.e., in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of the Units, which rights may be exercised or sold to other investors) or through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Unitholders). In certain instances, the REIT may also issue new Units as consideration for the acquisition of new properties or assets. In connection with the offering of Units, 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 such offerings of Units.

Limitation on Non-Resident Ownership

At no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units and the Trustees have informed the transfer agent and registrar of this restriction. The transfer agent and registrar may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the transfer agent and registrar becomes aware, as a result of requiring such declarations as to beneficial ownership, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar will advise the Trustees and, upon receiving direction from the Trustees, may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident of Canada. If, notwithstanding the foregoing, the transfer agent and registrar determines that more than 49% of the Units are held by non-residents, the transfer agent and registrar may, upon receiving direction and suitable indemnity from the Trustees, send a notice to non-resident Unitholders, chosen in inverse order to the order of acquisition or registration or in such manner as the transfer agent and registrar may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the transfer agent and registrar with satisfactory evidence that they are not non-residents of Canada within such period, the transfer agent and registrar may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders shall cease to be Unitholders and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificate representing such Units.

Information and Reports

The REIT furnishes to Unitholders such financial statements (including quarterly 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 to 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 CBCA.

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 the Unitholders called for such purpose. These include:

- (i) any amendment to change a right with respect to any 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 11 Trustees) or to decrease the minimum number of Trustees (to less than nine Trustees), any change by the Unitholders in the number of Trustees within the minimum and maximum number of Trustees provided in the Contract of Trust, or any authorization by the Unitholders to the Independent Trustees to effect such change and, if applicable, to appoint additional Independent Trustees within such minimum and maximum number of Trustees;
- (iv) any amendment to the provisions relating to staggered terms of the Trustees; and
- (v) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees.

Other amendments to the Contract of Trust must be approved by a majority of the votes cast at a meeting of the Unitholders called for such purpose.

The Trustees may, without the approval of, or any 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 as a result of changes in taxation laws;
- (v) 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; and
- (vi) 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.

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 the 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.

Independent Trustee Matters

At least a majority of the Trustees must be Independent Trustees. Pursuant to the Contract of Trust, all Independent Trustee Matters will require the approval of a majority of the Independent Trustees only. “Independent Trustee Matters” as used herein means any decision:

- (i) to enter into arrangements in which the Dallaire Group has a material interest;
- (ii) to appoint, where permitted under the Contract of Trust, an Independent Trustee to fill a vacancy among the Independent Trustees, and to recommend to the Unitholders that the number of Trustees be increased or decreased and, if applicable, to nominate for election by the Unitholders individuals as Independent Trustees to fill any office of Trustee so created;
- (iii) to increase the compensation of management;
- (iv) to grant options under any Unit option plan approved by the Trustees, including the Unit Option Plan;
- (v) to enforce any agreement entered into by the REIT with a Trustee who is not an Independent Trustee, or with an associate of a non-Independent Trustee; or

- (vi) in relation to a claim by or against the Dallaire Group, any member of the Dallaire Family or any affiliate or associate of any of the foregoing or in which the interests of one of the foregoing differs from the interests of the REIT.

Dallaire Group Trustees

Pursuant to the Contract of Trust, CFA is entitled to appoint four Trustees on behalf of AM Total Investments, provided that AM Total Investments holds at least 10% of the Units then outstanding. These Trustees currently are Michel Dallaire, Alain Dallaire, Michel Paquet and Pierre Gingras.

Determination of 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 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 plan, registered retirement income fund, deferred profit sharing plan 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.

CHANGES IN UNITS OUTSTANDING AND LOAN CAPITAL

As at June 30, 2009, there were 50,695,936 Units outstanding. As at September 14, 2009, there were 54,521,948 Units outstanding. The only changes in the number of outstanding Units since June 30, 2009 resulted from the issuance of 14,212 Units pursuant to the DRIP, the issuance of 28,300 Units pursuant to the exercise of options under the Unit Option Plan, and the issuance of 3,783,500 Units pursuant to the offering completed on July 8, 2009 (including the exercise of the over-allotment option in respect thereof).

As at June 30, 2009, the indebtedness of the REIT was approximately \$1,176.1 million (excluding accounts payable and accrued liabilities and distributions payable to Unitholders). As at September 14, 2009, the indebtedness of the REIT was approximately \$1,116.0 million (excluding accounts payable and accrued liabilities and distributions payable to Unitholders). Since June 30, 2009, the changes to the loan capital of the REIT resulted principally from amounts drawn down under the Acquisition Facility to finance real estate developments and acquisitions, and the completion of an equity offering on July 8, 2009. Additional information regarding material indebtedness of the REIT is provided in the 2008 Financial Statements and the 2008 MD&A, and the June 2009 Financial Statements and the June 2009 MD&A.

After giving effect to the issuance of the Debentures and events subsequent to June 30, 2009, the outstanding indebtedness of the REIT (excluding accounts payable and accrued liabilities, and distributions payable to Unitholders) will remain unchanged at approximately \$1,116.0 million. See "Use of Proceeds" and "Plan of Distribution".

DISTRIBUTION POLICY

The REIT distributes to Unitholders monthly, on or about the fifteenth day in each calendar month (other than January) and on December 31 in each calendar year, not less than 85% of the Distributable Income of the REIT for the preceding calendar month and, in the case of distributions made on December 31, for the calendar month then ended. Unitholders also receive a distribution on December 31 of each year of: (i) the net realized capital gains of the REIT and the net recapture income of the REIT for the year then ended; and (ii) any excess of the income of the REIT for the purposes of the Tax Act over distributions otherwise made for that year. Distributions are made in cash. Distributions are 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. If the Trustees anticipate a cash shortfall and determine that it would be in the best interests of the REIT, they may reduce, for any period, the percentage of Distributable Income to be distributed to Unitholders.

The REIT's objective is to distribute approximately 87% of Distributable Income to Unitholders. Monthly distributions will be based on the Trustees' estimate of yearly Distributable Income, subject to adjustment from time to time throughout the year. See the section entitled "Distribution Policy" in the AIF.

For the 2008 year, the REIT made monthly distributions of \$0.113 per Unit for each of January, February, March and April, distributions of \$0.12 per Unit for each month from May to November and a distribution of \$0.125 per Unit for December. For the 2009 year, the REIT made monthly distributions of \$0.12 per Unit for each month from January to July, and announced a distribution of \$0.12 per Unit for the month of August payable on September 15, 2009.

Tax Deferral on 2009 Distributions

Management estimates that approximately 62% of the distributions to be made by the REIT to Unitholders in 2009 will be tax deferred by reason of the REIT's ability to claim capital cost allowance and certain other deductions.

DESCRIPTION OF THE DEBENTURES

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the actual terms of the Indenture (as defined below).

General

The Debentures will be issued under a supplemental indenture to be dated the date of the closing of this offering (anticipated to be September 22, 2009) (the "Third Supplemental Indenture") to the trust indenture dated as of September 17, 2004 (the "Original Trust Indenture" and together with the Third Supplemental Indenture, collectively, the "Indenture") to be entered into between the REIT and Computershare Trust Company of Canada (the "Debenture Trustee"), as trustee. The Indenture does not limit the aggregate principal amount of debentures that may be outstanding from time to time.

The Debentures to be issued will be in the aggregate principal amount of \$100,000,000 (\$115,000,000 if the Debenture Over-Allotment Option is exercised in full). The REIT may, from time to time, without the consent of the Debentureholders, issue additional debentures of the same series or of a different series under the Indenture, in addition to the Debentures offered hereby.

The Debentures will be dated as of the closing of this offering and will mature on September 30, 2016. The Debentures will be issuable only in denominations of \$1,000 and integral \$1,000 multiples thereof and will bear interest from and including the date of issue at 6.50% per annum, which will be payable semi-annually in arrears on March 31 and September 30 in each year, commencing on March 31, 2010. The first interest payment will include interest accrued from the date of the closing of this offering to March 31, 2010.

The principal amount of the Debentures is payable in lawful money of Canada or, at the option of the REIT and subject to applicable regulatory approval, by delivery of fully paid, non-assessable and freely tradeable Units as further described under "Method of Payment — Payment of Principal on Redemption or at Maturity". The interest on the Debentures is payable in lawful money of Canada including, at the option of the REIT and subject to applicable regulatory approval, in accordance with the Interest Payment Election as described under "Method of Payment — Interest Payment Election".

The Debentures are direct obligations of the REIT and are not to be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to other liabilities of the REIT as described under "Description of the Debentures — Subordination".

Subordination

The Indenture provides that the Debentures are subordinated in right of payment to all present and future Senior Indebtedness (as defined herein) of the REIT. No payment of principal (including redemption payments) or interest on the Debentures may be made; (i) if any Senior Indebtedness is not paid when due and any applicable grace period with respect to such payment default on Senior Indebtedness has ended and such default has not been cured or waived or ceased to exist; or (ii) if the maturity of any Senior Indebtedness has been accelerated because of a default and either such acceleration has not been rescinded or such Senior Indebtedness has not been repaid. Upon any distribution of assets of the REIT to creditors upon any dissolution, winding-up, total liquidation or reorganization of the REIT, whether in bankruptcy, insolvency or receivership proceedings, upon an “assignment for the benefit of creditors”, or otherwise, all principal, premium, if any, and interest due on all Senior Indebtedness of the REIT must be paid in full before the Debentureholders are entitled to receive or retain any payment.

Neither the Indenture nor the Debentures will limit the ability of the REIT to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging its properties to secure any indebtedness.

The term “Senior Indebtedness” means the principal of, and the interest and premium (or any other amounts payable thereunder), if any, on:

- (i) all indebtedness, liabilities and obligations of the REIT (other than the Debentures, the Series A Convertible Debentures, the Series B Convertible Debentures and the Series C Convertible Debentures), whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed in connection with the acquisition by the REIT of any businesses, properties or other assets or for monies borrowed or raised by whatever means (including, by means of commercial paper, bankers’ acceptances, letters of credit, debt instruments, bank debt and financial leases, and any liability evidenced by bonds, debentures, notes or similar instruments) or in connection with the acquisition of any businesses, properties or other assets or for monies borrowed or raised by whatever means (including, without limitation, by means of commercial paper, bankers’ acceptances, letters of credit, debt instruments, bank debt and financial leases, and any liability evidenced by bonds, debentures, notes or similar instruments) by others including, without limitation, any subsidiary of the REIT for payment of which the REIT is responsible or liable, whether absolutely or contingently; and
- (ii) renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations;

unless in each case it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are not superior in right of payment to Debentures which by their terms are subordinated.

The Debentures are direct unsecured obligations of the REIT. Each Debenture will rank *pari passu* with each other debenture of the same series or with other series of debentures that have been or that may be issued under the Indenture (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the REIT except for sinking fund provisions (if any) applicable to different series of debentures or other similar types of obligations of the REIT.

Conversion Rights

Each Debenture is convertible into Units of the REIT, at the option of the Debentureholder, at any time prior to 4:00 p.m. (Montréal time) on the earlier of September 30, 2016 and the last business day immediately preceding the date specified by the REIT for redemption of the Debentures, at a conversion price of \$20.50 per Unit (the “Conversion Price”), being a conversion rate of approximately 48.7805 Units per \$1,000 principal amount of Debentures, subject to adjustment upon the occurrence of certain events in accordance with the Indenture. If all conversion rights attaching to the Debentures are exercised, the REIT will be required to issue 4,878,048 additional fully paid, non-assessable and freely tradeable Units (5,609,756 Units, if the Over-Allotment Option is exercised in full), subject to anti-dilution adjustments. No adjustment will be made for distributions on Units issuable upon

conversion or for interest accrued on Debentures surrendered for conversion; however, Debentureholders converting their Debentures will receive accrued and unpaid interest on such Debentures for the period from the last interest payment date on their Debentures (or the date of issue of their Debentures if no interest has yet been paid by the REIT) to and including the last record date prior to such conversion declared by the REIT for determining the Unitholders entitled to receive distributions on the Units. In the event that the REIT has suspended regular distributions at the time of conversion, then a holder of Debentures, in addition to the applicable number of Units to be received on conversion, will be entitled to receive accrued and unpaid interest for the period from the last interest payment date (or the date of issue of their Debentures if no interest has yet been paid by the REIT) prior to the date of conversion to the date of conversion.

Subject to the provisions thereof, the Indenture provides for the adjustment of the Conversion Price in certain events including: (i) the subdivision or consolidation of the outstanding Units; (ii) the distribution of Units to Unitholders by way of distribution or otherwise other than an issue of securities to Unitholders who have elected to receive distributions in securities of the REIT in lieu of receiving cash distributions paid in the ordinary course; (iii) the issuance of options, rights or warrants to all or substantially all Unitholders entitling them to acquire Units or other securities convertible into Units at less than 95% of the then current market price (as defined in the Indenture to mean the weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event) of the Units; and (iv) the distribution to all or substantially all the Unitholders of (a) units of any class other than Units and other than units distributed to Unitholders who have elected to receive dividends or distributions in the form of such units in lieu of dividends or distributions paid in the ordinary course, (b) rights, options or warrants (excluding rights, options or warrants entitling the holders thereof for a period of not more than 45 days to subscribe for or purchase Units or securities convertible into Units), (c) evidences of the REIT's indebtedness or (d) assets (excluding dividends or distributions paid in the ordinary course). Subject to TSX approval, there will be no adjustment of the Conversion Price in respect of any event described above if the Debentureholders are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date, as the case may be, of such event. The REIT will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Units or in the case of any consolidation, amalgamation, reorganization or merger of the REIT with or into any other entity, or in the case of any sale or conveyance of the property and assets of the REIT as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the REIT, the terms of the conversion privilege shall be adjusted so that each Debentureholder shall, after such reclassification, capital reorganization, consolidation, amalgamation, reorganization, merger, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive and shall accept the number of Units or other securities or other property that, on the exercise of the conversion right, such Debentureholder would be entitled to receive if, on the effective date thereof, it had been the holder of the number of Units into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, amalgamation, reorganization, combination, merger, sale, conveyance, liquidation, dissolution or winding-up.

No fractional Units will be issued on any conversion but in lieu thereof, the REIT shall satisfy fractional interests by a cash payment equal to the current market price of the fractional interest.

Redemption

The Debentures will not be redeemable prior to September 30, 2012, except in the event of the satisfaction of certain conditions after a Change of Control (as defined herein) has occurred. On or after September 30, 2012, and prior to September 30, 2014, the Debentures will be redeemable at the option of the REIT, in whole or in part and from time to time, on not more than 60 days' nor less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price. On or after September 30, 2014, and prior to September 30, 2016, the Debentures will be redeemable at the option of the REIT, in whole or in part and from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest. Any Debentures redeemed by the REIT will be cancelled and will not be reissued.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis to the nearest multiple of \$1,000 or by lot in such manner as the Debenture Trustee deems equitable.

Put Right upon a Change of Control

Upon the occurrence of a change of control involving the acquisition, by any person or persons acting jointly or in concert, of voting control or direction over an aggregate of 66 $\frac{2}{3}$ % or more of the outstanding Units (a “Change of Control”), each Debentureholder may require the REIT to purchase, on the date which is 30 days following the giving of notice of a Change of Control as set out below (the “Put Date”), all or any part of such Debentureholder’s Debentures at a price equal to 101% of the principal amount thereof (the “Put Price”) plus accrued and unpaid interest up to but excluding the Put Date.

If 90% or more in aggregate principal amount of the Debentures outstanding on the date the REIT provides notice of a Change of Control to the Debenture Trustee have been tendered for purchase on the Put Date, the REIT has the right to redeem all the remaining Debentures on such date at the Put Price. Notice of such redemption must be given to the Debenture Trustee by the REIT prior to the Put Date and, as soon as possible thereafter, by the Debenture Trustee to the Debentureholders whose Debentures have not been tendered for purchase.

Method of Payment

Payment of Principal on Redemption or at Maturity

On redemption or at maturity, the REIT will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount required to repay the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. The REIT may, at its option, on not more than 60 days’ and not less than 30 days’ prior notice, subject to applicable regulatory approval and provided no Event of Default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures that are to be redeemed or that are to mature, by issuing and delivering Units to the Debentureholders. The number of Units to be issued in respect of each Debenture will be determined by dividing the principal amount of the Debentures that are to be redeemed or that are to mature, as the case may be, by 95% of the volume-weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the maturity date, as the case may be. No fractional Units will be issued on redemption or at maturity but in lieu thereof, the REIT shall satisfy fractional interests by a cash payment equal to the market price, as determined above, of the fractional interest.

Interest Payment Election

Subject to receiving any required regulatory approvals, provided it is not in default under the Indenture, the REIT may elect, from time to time, to satisfy its obligation to pay interest on the Debentures (the “Interest Obligation”) on the date it is payable under the Indenture (an “Interest Payment Date”), by delivering a sufficient number of Units to the Debenture Trustee required to satisfy all or any part of the Interest Obligation in accordance with the Indenture (the “Interest Payment Election”). The Indenture provides that, upon such election, the Debenture Trustee shall: (i) accept delivery from the REIT of the Units; (ii) accept bids with respect to, and consummate sales of such Units, each as the REIT shall direct in its absolute discretion; (iii) invest the proceeds of such sales in Canadian government obligations (as defined in the Indenture) that mature prior to the applicable Interest Payment Date, and use the proceeds received from such government securities, together with any proceeds from the sale of Units not invested as aforesaid, to satisfy the Interest Obligation; and (iv) perform any other action necessarily incident thereto.

The Indenture sets forth the procedures to be followed by the REIT and the Debenture Trustee in order to effect the Interest Payment Election. If an Interest Payment Election is made, the sole right of a Debentureholder in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Units (plus any amount received by the Debenture Trustee from the REIT attributable to fractional Units) in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the REIT in respect of the Interest Obligation.

Neither the REIT's making of the Interest Payment Election nor the consummation of sales of Units will (a) result in the Debentureholders not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation payable on such date or (b) entitle such Debentureholders to receive any Units in satisfaction of the Interest Obligation.

Events of Default and Waiver

The Indenture provides that an event of default ("Event of Default") in respect of the Debentures will result upon the occurrence of certain events described in the Indenture, including if any one or more of the following events has occurred and is continuing with respect to the Debentures: (i) failure for 15 days to pay the interest on the Debentures when due; (ii) failure to pay principal or premium, if any, on the Debentures when due whether at maturity, upon redemption, by declaration or otherwise; (iii) failure for 60 days after written notice to the REIT by the Debenture Trustee to comply with any of its agreements in the Debentures or the Indenture or any indenture supplemental thereto (other than those referred to in (i) and (ii) above); (iv) failure for 10 days to deliver Units (or cash in lieu of fractional Units) in accordance with the terms of the Indenture when such Units (or cash in lieu of fractional Units) are required to be delivered, upon conversion of a Debenture; (v) default under any agreement evidencing indebtedness for money borrowed by the REIT where such indebtedness shall be accelerated so that it shall be or become due or payable prior to the date on which the same would otherwise become due and payable and the aggregate amount thereof so accelerated exceeds \$35 million and such acceleration is not rescinded or annulled within five business days after written notice to the REIT by the Debenture Trustee; (vi) certain events of bankruptcy or insolvency affecting the REIT under bankruptcy, insolvency or analogous laws; (vii) a decree or court order issuing sequestration or process of execution against all or a substantial portion of the property of the REIT, appointing a receiver of all or a substantial part of the property of the REIT, or ordering the winding-up or liquidation of the affairs of the REIT and any such decree or order continues unstayed and in effect for 60 days; (viii) if a resolution is passed for the winding-up or liquidation of the REIT; or (ix) if, after the date of the Indenture, any proceedings with respect to the REIT are taken with respect to a compromise or arrangement, with respect to creditors of the REIT generally, under applicable insolvency or bankruptcy legislation.

The Indenture provides that if an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon the request of holders of not less than 25% of the aggregate principal amount of the debentures then outstanding under the Indenture, declare the principal, interest on all debentures then outstanding under the Indenture and all other monies outstanding to be due and payable.

In addition to the powers exercisable by Extraordinary Resolution (as defined herein), the holders of 66 $\frac{2}{3}$ % in aggregate principal amount of the debentures at the time outstanding under the Indenture may waive any existing default and its consequences, provided that if the Event of Default has occurred by reason of the non-observance or non-performance by the REIT of any covenant applicable only to one or more series of debentures, then the holders of at least 66 $\frac{2}{3}$ % of the principal amount of the outstanding debentures of that series shall be entitled to exercise this power.

The Debenture Trustee, so long as it has not become bound to declare the principal and interest on the debentures then outstanding under the Indenture to be due and payable, or to obtain or enforce payment of the same, shall have the power to waive any Event of Default if, in the Debenture Trustee's opinion, the default shall have been cured or adequate satisfaction made therefore.

When a default is waived by the Debenture Trustee or holders of debentures under the Indenture, it is deemed cured and will cease to exist, but that waiver does not extend to any subsequent or other default or impair any consequent right.

Modification

With certain exceptions, the Indenture and the rights of the holders of debentures under the Indenture may be modified by the REIT with the consent of a majority of the holders of debentures under the Indenture present and voting at a meeting at which not less than 25% of the principal amount of the debentures then outstanding under the Indenture are present in person or by proxy, unless a poll is to be taken, in which case questions submitted shall be decided by the votes of the holders of a majority in principal amount of the debentures represented at the meeting and voting (an "Ordinary Resolution").

The Indenture also provides that certain changes, including: (i) changes relating to the modification of the terms of the Debentures, or any reduction of the rate of interest or extension of the time of payment of any principal or interest due thereon; (ii) the modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Debenture Trustee against the REIT; (iii) defeasance; or (iv) the waiver of any default under the Indenture, may be made if authorized by Extraordinary Resolution. The term “Extraordinary Resolution” is defined in the Indenture to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than 66⅔% of the aggregate principal amount of the debentures under the Indenture represented and voting at a duly constituted meeting of holders of debentures under the Indenture.

If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, especially affects the rights of holders of debentures under the Indenture of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of holders of debentures under the Indenture of any other series are affected, then the holders of that specially affected series shall be entitled to vote separately at a meeting at which not less than 25% of the principal amount of the debentures of that series then outstanding are present in person or by proxy and such matter must be passed by a resolution adopted by the affirmative vote of the holders of not less than 66⅔% of the aggregate principal amount of the debentures of that series represented and voting at such meeting.

All actions which may be taken by holders of debentures under the Indenture by Ordinary Resolution and Extraordinary Resolution and all actions requiring the approval of at least 66⅔% of a series of debentures may also be taken and exercised by an instrument or instruments in writing signed by the holders of not less than 66⅔% in aggregate principal amount of the debentures or series of debentures then outstanding under the Indenture, as the case may be.

The REIT and the Debenture Trustee may, without the consent or concurrence of the holders of debentures under the Indenture, by supplemental indenture or otherwise, make any changes or corrections in the Indenture which it shall have been advised by counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained therein or in any indenture supplemental thereto.

Limitation on Non-Resident Ownership

No Units may be issued pursuant to the conversion of all or part of the Debentures, no Debentures will be issued, no payment of interest or principal (whether upon maturity, redemption, or otherwise) will be made by the issuance of Units, and no Units will be issued in connection with the retraction of all or part of the Debentures upon a change of control, if any such issuance of Units or Debentures would result in persons who are non-residents of Canada for the purpose of the Tax Act holding or beneficially owning more than 49% of the Units (on either a basic or fully-diluted basis).

In addition, the Debenture Trustee may require declarations as to the jurisdictions in which holders or beneficial owners of Debentures are resident. If the REIT becomes aware that 49% of the Units (on either a basic or fully-diluted basis) then outstanding are held, or may be held, for the benefit of non-residents or that such a situation is imminent, the REIT may make a public announcement thereof and will notify the Debenture Trustee in writing and the Debenture Trustee shall not accept a subscription for Debentures from or issue or register a transfer of Debentures to a person unless the person provides a declaration that the person is not a non-resident of Canada. If, notwithstanding the foregoing, the REIT determines that more than 49% of the Units (on either a basic or fully-diluted basis) are held for the benefit of non-residents, the REIT may send a notice to non-resident Debentureholders, chosen in inverse order to the order of acquisition or registration or in such manner as the REIT may consider equitable and practicable, requiring them to sell their Debentures or a portion thereof within a specified period of not more than 60 days. If the Debentureholders receiving such notice have not sold the specified number of Debentures or provided the REIT with satisfactory evidence that they are not non-residents of Canada and do not hold their Debentures for the benefit of non-residents of Canada within such period, the REIT may sell such Debentures on behalf of such Debentureholders to a person or persons that are not non-residents of Canada and, in the interim, all rights attaching to such Debentures (including any right to receive payments of interest) will be immediately suspended and the rights of any such Debentureholders in respect of such Debentures will be limited to receiving the net proceeds of sale (net of any withholding tax).

Book-Entry, Delivery and Form

Debentures will be issued in the form of one or more global Debentures (the “Global Debentures”) held by, or on behalf of, CDS or its successor (the “Depository”) as custodian for its participants.

All Debentures will be represented in the form of Global Debentures registered in the name of the Depository or its nominee. Purchasers of Debentures represented by Global Debentures will not receive Debentures in definitive form. Rather, the Debentures will be represented only in “book-entry only” form (unless the REIT, in its sole discretion, elects to prepare and deliver definitive Debentures in fully-registered form). Interests in the Global Debentures will be represented through book-entry accounts of institutions (including the Underwriters) acting on behalf of holders of interests, as direct and indirect participants of the Depository (the “participants”). Each purchaser of a Debenture represented by a Global Debenture will receive a customer confirmation of purchase from the Underwriter or Underwriters from whom the Debenture is purchased in accordance with the practices and procedures of the selling Underwriter or Underwriters. The practices of the Underwriters may vary but generally, customer confirmations are issued promptly after execution of a customer order. The Depository will be responsible for establishing and maintaining book-entry accounts for its participants having interest in Global Debentures.

If the Depository notifies the REIT that it is unwilling or unable to continue as depository in connection with the Global Debentures, or if at any time the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the REIT and the Debenture Trustee are unable to locate a qualified successor, or if the REIT elects, in its sole discretion, to terminate the book-entry system, with the consent of the Debenture Trustee, beneficial owners of Debentures represented by Global Debentures at such time will receive Debentures in registered and definitive form (the “Definitive Debentures”).

Transfer and Exchange of Debentures

Transfers of interests in Debentures represented by Global Debentures will be effected through records maintained by the Depository for such Global Debentures or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver Definitive Debentures, beneficial owners who are not participants in the Depository’s book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Debentures, may do so only through participants in the Depository’s book-entry system.

The ability of a holder of an interest in a Debenture represented by a Global Debenture to pledge the Debenture or otherwise take action with respect to such owner’s interest in a Debenture represented by a Global Debenture (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of Definitive Debentures may transfer such Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Debentures to the registrar for the Debentures at its principal offices in Montréal, Québec, or such other city or cities as may from time to time be designated by the REIT whereupon new Debentures will be issued in authorized denominations in the same aggregate principal amount as the Debentures so transferred, registered in the names of the transferees. No transfer or exchange of a Debenture will be registered during the period from the date of any selection by the Debenture Trustee of any Debentures to be redeemed or during the 15 preceding days or thereafter until the close of business on the date upon which notice of redemption of such Debentures is given. In addition, no transfer or exchange of any Debentures which have been selected or called for redemption will be registered.

Reports to Debentureholders

The REIT will file with the Debenture Trustee, within 15 days after the filing thereof with the applicable Canadian securities regulatory authorities, copies of the REIT’s annual report and the information, documents and other reports that the REIT is required to file with the applicable Canadian securities regulatory authorities and deliver to its Unitholders. Notwithstanding that the REIT may not be required to remain subject to the reporting requirements of the Canadian securities regulatory authorities, the REIT shall provide to the Debenture Trustee (i) within 90 days after the end of each fiscal year, annual financial statements, and (ii) within 45 days after the end of the first three fiscal quarters of each fiscal year, interim financial statements which shall, at a minimum, contain such information as is required to be provided in quarterly reports under the laws of Canada or any province thereof to

security holders of an entity with securities listed on the TSX, whether or not the REIT has any of its securities so listed. Each of such reports will be prepared in accordance with applicable Canadian disclosure requirements and generally accepted accounting principles. The REIT will provide copies of such information, documents and reports to Debentureholders upon request.

Governing Law

The Indenture is governed by the laws of the Province of Québec and the laws of Canada applicable therein.

EARNINGS COVERAGE RATIOS

The following *pro forma* consolidated earnings coverage ratios have been calculated for the year ended December 31, 2008 and the 12 month period ended June 30, 2009, and after giving effect to the issuance of the Debentures and the proposed use of net proceeds therefrom.

	Year ended December 31, 2008 (in thousands, except for ratio)	12 month period ended June 30, 2009 (in thousands, except for ratio)
<i>Pro forma</i> Interest expense	\$57,116	\$63,117
<i>Pro forma</i> Earnings before interest expense ⁽¹⁾	\$75,832	\$82,015
<i>Pro forma</i> Earnings coverage ratio ⁽²⁾⁽³⁾	1.33 times	1.30 times

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- (1) Earnings before interest expense are equal to net income before interest expense on all debt.
(2) Earnings coverage ratio is equal to earnings before interest expense divided by interest expense on all debt.
(3) Convertible debentures have been considered as debt in whole for the purpose of calculating the earnings coverage ratios.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have agreed to purchase on or about September 22, 2009, or on such later date as the REIT and the Underwriters may agree, but in any event not later than October 27, 2009, an aggregate of \$100,000,000 principal amount of Debentures, for total net proceeds to the REIT of \$96,250,000, excluding the expenses of this offering, payable in cash to the REIT against delivery of such Debentures. The obligations of the Underwriters under the Underwriting Agreement may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Debentures if any of the Debentures are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Debentures are joint (and not solidary or joint and several). The terms of this offering and the prices of the Debentures have been determined by negotiation between the REIT and the Underwriters.

Under the Underwriting Agreement, the REIT has agreed to pay the Underwriters a fee of \$37.50 per \$1,000 principal amount of Debentures, for an aggregate fee payable by the REIT of \$3,750,000, in consideration for their services in connection with this offering. The Underwriters' fee in respect of the Debentures is payable on closing of this offering.

The REIT has granted to the Underwriters an option (the "Over-Allotment Option") to purchase up to an additional \$15,000,000 aggregate principal amount of Debentures on the same terms and conditions as this offering of Debentures, exercisable in whole or in part from time to time, no later than the 30th day following the closing of this offering for market stabilization purposes and to cover over-allotments, if any. This short form prospectus qualifies the distribution of the Debentures issuable on the exercise of the Over-Allotment Option and their subsequent transfer.

A purchaser who acquires Debentures forming part of the Underwriters' over-allocation position acquires those Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The TSX has conditionally approved the listing of the Debentures and the Units issuable upon conversion of the Debentures, subject to compliance with all the requirements of the TSX on or before December 2, 2009.

Pursuant to policy statements of the *Autorité des marchés financiers* and the Ontario Securities Commission, the Underwriters may not, throughout the period of distribution, bid for or purchase Debentures. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Debentures. These exceptions include: (i) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution. Such transactions, if commenced, may be discontinued at any time.

The securities offered by this short form prospectus have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "1933 Act"), or the securities laws of any state, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in limited circumstances. The Underwriters have agreed that they will not offer or sell the securities within the United States, its territories or possessions or other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. Person (as such term is defined under the 1933 Act) except, in accordance with the Underwriting Agreement, to "Qualified Institutional Buyers" (as defined in Rule 144A under the 1933 Act) pursuant to the exemption from the registration requirements of the 1933 Act provided by Rule 144A thereunder and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of this offering, an offer or sale of securities within the United States by any dealer (whether or not participating in this offering) may violate the registration requirements of the 1933 Act if such offer is made otherwise than in compliance with Rule 144A.

Under the Underwriting Agreement, the REIT has agreed to indemnify and hold harmless the Underwriters and their respective officers, directors, employees and agents against certain liabilities on a joint (and not solidary or joint and several) basis.

RELATIONSHIP BETWEEN THE ISSUER AND THE UNDERWRITERS

Each of NBF, BMO, RBC Dominion Securities Inc., Desjardins Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc. is a subsidiary of a financial institution which is a lender to the REIT. Consequently, the REIT may be considered to be a "connected issuer" of those Underwriters under applicable securities legislation. As at September 14, 2009, the actual indebtedness of the REIT to such financial institutions amounted to approximately \$254.3 million in the aggregate; namely approximately \$1.2 million of hypothecary loans owed to the financial institution of which RBC Dominion Securities Inc. is a subsidiary, approximately \$5.4 million of hypothecary loans owed to the financial institution of which CIBC World Markets Inc. is a subsidiary, approximately \$113.5 million of hypothecary loans owed to the financial institution of which Desjardins Securities Inc. is the subsidiary and approximately \$134.2 million outstanding under the Acquisition Facility, in respect of which the lenders to the REIT are the financial institutions of which NBF (as to approximately \$32.3 million), BMO (as to approximately \$20.9 million), RBC Dominion Securities Inc. (as to approximately \$17.0 million), CIBC World Markets Inc. (as to approximately \$15.7 million), Scotia Capital Inc. (as to approximately \$17.0 million) and Desjardins Securities Inc. (as to approximately \$31.3 million) are subsidiaries. Approximately \$96.0 million under the Acquisition Facility will be repaid with the proceeds of the offering of the Debentures. After giving effect to this offering and the use of net proceeds therefrom, the indebtedness of the REIT, on a *pro forma* basis, to such financial institutions will amount to approximately \$158.3 million in the aggregate; namely approximately \$1.2 million of hypothecary loans owed to the financial institution of which RBC Dominion Securities Inc. is a subsidiary, approximately \$5.4 million of hypothecary loans owed to the financial institution of which CIBC World Markets Inc. is a subsidiary, approximately \$113.5 million of hypothecary loans owed to the financial institution of which Desjardins Securities Inc. is the subsidiary and approximately \$38.2 million outstanding under the Acquisition Facility, in respect of which the lenders to the REIT are the financial institutions of which NBF (as to approximately \$9.3 million), BMO (as to approximately \$5.9 million), RBC Dominion Securities Inc. (as to approximately

\$4.8 million), CIBC World Markets Inc. (as to approximately \$4.4 million), Scotia Capital Inc. (as to approximately \$4.8 million) and Desjardins Securities Inc. (as to approximately \$9.0 million) are subsidiaries. The REIT is in compliance with the terms of the agreements governing such indebtedness, in all material respects. The decision of each Underwriter which is a subsidiary of an aforesaid financial institution to underwrite this offering was made independently of such financial institution. In addition, the Underwriters having no “connected issuer” relationship with the REIT, being Canaccord Capital Corporation, Blackmont Capital Inc. and Genuity Capital Markets G.P., took part in the due diligence process and the decision to proceed with this offering. None of the Underwriters will receive any benefit from this offering other than its respective portion of the fee payable by the REIT. See “Use of Proceeds”.

PRIOR SALES

Units

The following table sets forth the date, number and prices at which the REIT has issued Units in the 12 months preceding this offering:

<u>Date</u>	<u>Issuance Type</u>	<u>Total Units Issued</u>	<u>Price per Unit</u>
September 2008.....	DRIP	26,311	\$22.16
	Conversion of Debentures	22,527	\$17.40
October 2008.....	DRIP	6,478	\$19.55
November 2008.....	DRIP	34,080	\$17.54
December 2008.....	Exercise of Options	26,000	\$14.00
	DRIP	19,063	\$14.50
February 2009.....	DRIP	8,895	\$15.41
March 2009.....	DRIP	9,992	\$13.08
April 2009.....	Offering	4,792,050	\$12.00
	DRIP	8,202	\$12.66
May 2009.....	DRIP	8,010	\$13.52
June 2009.....	DRIP	7,612	\$15.13
	Exercise of Options	9,000	\$14.00
July 2009.....	Offering	3,783,500	\$15.20
	DRIP	6,872	\$15.52
	Exercise of Options	1,400	\$14.00
August 2009.....	DRIP	7,340	\$16.51
	Exercise of Options	12,800	\$14.00
September 2009 (through September 14, 2009) ...	Exercise of Options	14,100	\$14.00

Options

On December 19, 2008, the REIT granted 1,161,600 options to purchase Units pursuant to the Unit Option Plan at an exercise price of \$15.14. No other options to purchase Units were granted by the REIT in the 12 months preceding this offering.

TRADING PRICE AND VOLUMES

The Units are listed and posted for trading on the TSX under the symbol “CUF.UN”. The following table sets forth the market price range and trading volumes of the Units on the TSX for each month of the last 12-month period prior to the date of this short form prospectus.

CUF.UN:

Period	TSX		
	High (\$)	Low (\$)	Volume
Calendar 2008			
September	22.90	19.52	1,180,287
October	21.46	15.50	1,994,134
November	19.69	12.97	1,360,393
December	17.00	13.27	1,631,687
Calendar 2009			
January	17.30	15.25	1,152,101
February	16.10	12.65	1,736,382
March	14.06	10.59	1,679,466
April	13.99	12.09	3,211,982
May	15.50	13.30	1,865,600
June	16.83	15.02	3,344,872
July	17.06	15.11	2,380,639
August	18.40	15.71	1,919,600
September (through September 14, 2009)	18.49	17.11	700,068

The Debentures are listed and posted for trading on the TSX under the symbols “CUF.DB”, “CUF.DB.B” and “CUF.DB.C”. The following tables set forth the market price range and trading volumes of the Debentures on the TSX for each month of last 12-month period prior to the date of this short form prospectus.

CUF.DB:

Period	TSX		
	High (\$)	Low (\$)	Volume (00)
Calendar 2008			
September	130.00	118.28	6,200
October	120.87	98.00	2,290
November	110.00	76.00	1,930
December	98.00	77.29	1,120
Calendar 2009			
January	99.99	87.68	4,120
February	98.00	95.00	1,780
March	95.00	82.00	670
April	96.00	95.00	1,020
May	100.90	96.00	5,240
June	105.00	100.54	12,700
July	113.00	101.00	280
August	109.00	104.01	260
September (through September 14, 2009)	106.75	103.01	910

CUF.DB.B:

Period	TSX		
	High (\$)	Low (\$)	Volume (00)
Calendar 2008			
September	97.50	90.50	2,320
October	93.95	75.00	6,200
November	84.95	74.25	4,650
December	78.89	70.00	9,490
Calendar 2009			
January	84.90	75.50	13,600
February	83.60	78.00	8,250
March	82.49	75.00	16,665
April	83.50	80.00	96,470
May	96.00	83.99	17,150
June	96.50	92.50	12,380
July	99.00	93.21	8,510

August	100.00	98.00	5,960
September (through September 14, 2009)	99.00	97.00	6,185

CUF.DB.C:

Period	TSX		
	High (\$)	Low (\$)	Volume (00)
Calendar 2008			
September.....	98.50	91.55	51,220
October.....	93.44	75.00	24,265
November.....	86.00	73.01	20,980
December	80.50	72.55	22,180
Calendar 2009			
January	87.40	76.00	30,800
February	85.00	80.00	10,568
March	87.90	80.00	8,620
April	87.00	78.00	15,830
May	94.50	86.00	23,605
June	97.80	93.25	30,270
July	99.00	95.00	20,440
August	99.75	98.00	10,610
September (through September 14, 2009)	99.40	97.50	6,370

ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the REIT, and Lavery, de Billy, L.L.P., counsel to the Underwriters, provided that at the date of closing the REIT qualifies under the Tax Act as a “mutual fund trust” and the Units are listed on a designated stock exchange in Canada (which currently includes the TSX), then on that date the Debentures and any Units acquired under the terms of the Debentures will be qualified investments for Deferred Income Plans (other than for Debentures held by a Trust governed by a deferred profit sharing plan to which contributions are made by the REIT, or by a corporation with which the REIT does not deal at arm’s length for the purposes of the Tax Act). The holder of a tax-free savings account (“TFSA”) that governs a trust which holds Debentures and any Units acquired under the terms of the Debentures will be subject to a penalty tax if (i) the holder does not deal at arm’s length with the REIT for purposes of the Tax Act, or (ii) if the holder has a significant interest (within the meaning of the Tax Act) in the REIT or in a corporation, partnership or trust with which the REIT does not deal at arm’s length for purposes of the Tax Act.

The foregoing opinions assume that prior to the closing of this offering there will be no change in the applicable provisions of the Tax Act, or any administrative position of CRA which would have an impact on the foregoing opinions.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the REIT, and Lavery, de Billy, L.L.P., counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Debentures (and Units acquired under the terms of the Debentures) by a Debentureholder who acquires Debentures pursuant to this short form prospectus. This summary is applicable to a Debentureholder who, for purposes of the Tax Act, deals at arm’s length with the REIT and holds the Debentures and any Units acquired under the terms of the Debentures (collectively, the “Securities”) as capital property (a “Holder”). Generally, Securities will be considered to be capital property to a Holder provided that the Holder does not hold the Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Holder that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market rules, a “specified financial institution” or a Holder an interest in which is a “tax shelter investment” (all as defined in the Tax Act). Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Securities acquired pursuant to this short form prospectus. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire the Securities.

This summary is based upon the facts set out in this short form prospectus, including management of the REIT’s belief, based on its assessment of the SIFT Amendments, that the REIT meets all the necessary conditions and qualifies for the Real Estate Investment Trust Exception, and information provided by the REIT (including an officers’ certificate from the management of the REIT) and takes into account the Tax Proposals, the current provisions of the Tax Act and the regulations thereunder, and counsel’s understanding, based on publicly available published materials, of the current administrative and assessing practices of the CRA, all in effect as of the date of this short form prospectus. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative governmental or judicial decision or action, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be enacted as proposed, but no assurances can be given that this will be the case. There can be no assurances that the CRA will not change its administrative and assessing practices. With respect to opinions and views based on representations and statements as to matter of fact, counsel has assumed the accuracy of such representations and statements in giving such opinions and views. This summary is also based on the assumption that the REIT will at all times comply with the Contract of Trust and the Indenture.

This summary assumes that the REIT does and will continue to qualify as a “mutual fund trust” under the Tax Act while the Units remain outstanding. This assumption is based upon a certificate of the REIT as to certain factual matters. If the REIT does not qualify as a mutual fund trust, the income tax considerations described below would in some respects be materially different.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Securities. Moreover, the income and other tax consequences of acquiring, holding or disposing of Securities will vary depending on the Holder’s particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Securities. Consequently, a prospective Holder should consult the Holder’s own tax advisor for advice with respect to the tax consequences of an investment in Securities based on the prospective Holder’s particular circumstances.

Non-residents should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Securities. Distributions on Securities or amounts paid in respect thereof will be paid net of any applicable withholding tax.

Taxation of Holders of Debentures

Interest on Debentures

A Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues (or is deemed to accrue) to it to the end of the particular taxation year (or if the Holder of Debentures disposes of the Debentures in the year, that accrues or is deemed to accrue to it until the time of disposition) or that has become receivable by or is received by the Holder of Debentures before the end of that taxation year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder of Debentures’ income for a preceding taxation year.

Any other Holder of Debentures will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by such Holder in that taxation year (depending upon the method regularly followed by the Holder of Debentures in computing income), including on a conversion, redemption or repayment on maturity, except to the extent that the interest was included in the Holder of Debentures’ income for a preceding taxation year. Such a Holder of Debentures may also be required to include in computing the Holder of Debentures’ income for a taxation year all interest (not otherwise required to be included in

income) that accrues or is deemed to accrue on the Holder's Debentures to the end of any "anniversary day" (as defined in the Tax Act) in that year where payments under those Debentures are deferred as described under "Description of the Debentures — Subordination". For this purpose, an anniversary day means the day that is one year after the day immediately preceding the date of issue of a Debenture, the day that occurs at every successive one year interval from that day and the day on which the Debenture is disposed of.

The fair market value of the premium paid by the REIT to a Holder of Debentures on a Put Date will generally be deemed to be interest received at that time by such Holder if such premium is paid by the REIT because of the repayment by it to the Holder of Debentures before their maturity and to the extent that such premium can reasonably be considered to relate to, and does not exceed the value on the Put Date, of the interest that would have been paid or payable by the REIT on the Debentures for taxation years of the REIT ending after the Put Date.

A Holder of Debentures that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" for the year which will include an amount in respect of interest.

Exercise of Conversion Privilege

A Holder of Debentures who converts a Debenture into Units pursuant to the conversion privilege will be considered to have disposed of the Debenture for proceeds of disposition equal to the aggregate of the fair market value of the Units so acquired at the time of the exchange and the amount of any cash received in lieu of fractional units. The Holder of Debentures will realize a capital gain or capital loss computed as described below under "Dispositions of Debentures". The cost to the Holder of any Units must be averaged with the adjusted cost base of other Units held as capital property by the Holder for the purposes of calculating adjusted cost base.

Redemption or Repayment of Debentures

If the REIT redeems a Debenture prior to maturity or repays a Debenture upon maturity and the Holder of Debentures does not exercise the conversion privilege prior to such redemption or repayment, the Holder of Debentures will be considered to have disposed of the Debenture for proceeds of disposition equal to the amount received by the Holder of Debentures (other than the amount received on account of interest) on such redemption or repayment. If the Holder receives Units on redemption or repayment, the Holder will be considered to have proceeds of disposition equal to the aggregate of the fair market value of the Units so received and the amount of any cash received in lieu of fractional units. The Holder of Debentures may realize a capital gain or capital loss computed as described below under "Dispositions of Debentures". The cost to the Holder of the Units so received will also be equal to their fair market value at the time of acquisition, and must be averaged with the adjusted cost base of all other Units held as capital property by the Holder of Units for the purpose of calculating the adjusted cost base of such Units.

Dispositions of Debentures

A disposition or deemed disposition by a Holder of Debentures will generally result in the Holder of Debentures realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the Holder of Debentures' adjusted cost base thereof and any reasonable costs of disposition. Any such capital gain or capital loss will be treated, for tax purposes, in the same manner as capital gains and capital losses arising from a disposition of Units, which treatment is discussed below under "Taxation of Unitholders Dispositions of Units".

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Holder of Debentures' income, except to the extent such amount was otherwise included in the Holder of Debentures' income, and will be excluded in computing the Holder of Debentures' proceeds of disposition of the Debenture.

A capital gain realized by a Holder who is an individual (or certain trusts) may give rise to a liability for alternative minimum tax. A "Canadian-controlled private corporation" (as defined in the Tax Act) that disposes of Debentures may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" for the year which will include an amount in respect of taxable capital gains.

Taxation of Unitholders

Trust Distributions

Unitholders will generally be required to include in income for a particular taxation year the portion of the net income of the REIT for a taxation year, including net realized taxable capital gains (determined for purposes of the Tax Act), that is paid or payable, or deemed to be paid or payable, to the Unitholders in the particular taxation year, whether or not those amounts are reinvested in additional Units pursuant to the DRIP.

The non-taxable portion of any net realized capital gains of the REIT paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholders' income for the year.

The Contract of Trust generally requires the REIT to claim the maximum amount of capital cost allowance available to it in computing its income for tax purposes. Based on the distribution policy, the amount distributed to Unitholders in a year may exceed the net income of the REIT for tax purposes for that year. Distributions in excess of the REIT's net income for tax purposes in a year, including the five percent additional bonus distribution of Units acquired pursuant to the DRIP, will not generally be included in the Unitholder's income for the year. However, such amount (other than the non-taxable portion of the net realized capital gains of the REIT for the year, the taxable portion of which was designated by the REIT in respect of the Unitholder) will reduce the adjusted cost base of the Units held by the Unitholder, and the Unitholder will realize a capital gain in the year to the extent the adjusted cost base of the Units would otherwise be a negative amount.

The REIT will designate, to the extent permitted by the Tax Act, the portion of the taxable income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains of the REIT. Any such designated amount will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below. The REIT will also designate, to the extent permitted by the Tax Act, the portion of taxable dividends received by the REIT from any taxable Canadian corporation owned by the REIT as may reasonably be considered to be an amount included in the income of Unitholders. Any such designated amount will be deemed for purposes of the Tax Act to be received by the Unitholders as a taxable dividend and will be subject to the general rules regarding the taxation of taxable dividends paid by taxable Canadian corporations. Thus, to the extent that amounts are designated as taxable dividends from any taxable Canadian corporation owned by the REIT, they will be subject, *inter alia*, to the gross-up and dividend tax credit provisions in respect of Unitholders who are individuals, to the refundable tax under Part IV of the Tax Act in respect of Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals, and to the deduction in computing taxable income in respect of Unitholders that are corporations. A Unitholder which is a Canadian-controlled private corporation (as defined in the Tax Act) may also be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including taxable capital gains. Unitholders should consult their own tax advisors for advice with respect to the potential application of these provisions.

The cost of Units acquired by reinvestment of distributions pursuant to the DRIP will be the amount of such reinvestment. There will be no net increase or decrease in the adjusted cost base of all of a Unitholder as a result of the receipt of Bonus Units under the DRIP. However, the receipt of Bonus Units under the DRIP will result in a per Unit reduction of adjusted cost base to the Unitholder.

For the purposes of determining the adjusted cost base to a Unitholder, when a Unit is acquired, whether as a Unit acquired pursuant to the DRIP or otherwise, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that time.

Certain taxable dividends received by individuals from a corporation resident in Canada will be eligible for an enhanced dividend tax credit to the extent certain conditions are met and designations are made, such as the dividend being sourced out of income that is subject to tax at the general corporate income tax rate. This could apply to distributions made by the REIT that have as their sources eligible taxable dividends received from a corporation resident in Canada, to the extent the REIT makes the appropriate designation to have such eligible taxable dividend deemed received by the Unitholder and provided that the corporate dividend payer makes the required designation to treat such taxable dividend as an eligible dividend.

The above amounts (including eligible dividends) will also generally be taken into account in determining the liability, if any, of a Unitholder that is an individual (or certain trusts) for alternative minimum tax under the Tax Act.

The REIT withholds such taxes as required by the Tax Act and remits such payment to the tax authorities on behalf of the Non-Resident Unitholder. **Non-Resident Unitholders should consult with their own tax advisors with regard to the availability of any applicable foreign tax credit in respect of any Canadian withholding taxes.**

Dispositions of Units

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount that is otherwise required to be included in the Unitholder's income.

One-half of any capital gains realized by a Unitholder and the amount of any net taxable capital gains designated by the REIT in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Unitholder may generally be deducted only from taxable capital gains in accordance with the provisions of the Tax Act. Where a Unitholder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of any dividends received by the REIT previously designated by the REIT to the Unitholder, except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

A Unitholder that is a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" for the year, which will include an amount in respect of taxable capital gains.

In general terms, net income of the REIT paid or payable to a Unitholder who is an individual or a certain type of trust, that is designated as taxable dividends or as net realized capital gains and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

Status of the REIT

Qualification as a Mutual Fund Trust

The REIT elected to be a "mutual fund trust" from the date it was established, and all comments in "Canadian Federal Income Tax Considerations" assume that the REIT does and will continue to qualify as a "unit trust" and a "mutual fund trust" under the provisions of the Tax Act.

As a "mutual fund trust", the REIT must remain a "unit trust" and must, among other matters, restrict its undertaking to: (i) the investing of its funds in property (other than real property or an interest in real property); and (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of the REIT; or (iii) any combination of the activities described in (i) and (ii). The REIT must also meet certain prescribed conditions, which currently are that the REIT must have at least 150 Unitholders holding not less than one block of Units (100 Units, if the fair market value of a Unit is less than \$25) of the REIT which are qualified for distribution to the public and each of such Unitholders must hold Units which have an aggregate fair market value of not less than \$500.

All comments in "Canadian Federal Income Tax Considerations" also assume that the REIT is not established or maintained primarily for the benefit of non-residents. Counsel is of the view that the foregoing assumptions are reasonable in light of the terms of the Contract of Trust and the restrictions on the ownership of Units by non-resident persons which are contained in the Contract of Trust.

If the REIT were not to qualify as a “mutual fund trust”, the income tax considerations as described herein would, in some respects, be materially and adversely different. In particular, if the REIT ceases to qualify as a mutual fund trust, the REIT may be required to pay a tax under Part XII.2 of the Tax Act. The payment of Part XII.2 tax by the REIT may have adverse income tax consequences for certain Unitholders.

New Tax Rules for Income Trusts

On October 31, 2006, the Minister of Finance (Canada) (the “Minister”) announced proposals which dealt with the taxation regime applicable to specified investment flow-through trusts or partnerships (a “SIFT”). In addition, on December 15, 2006, the Minister released growth guidelines (the “Growth Guidelines”), which addressed the circumstances in which a SIFT which was publicly traded on October 31, 2006, could become taxable in a taxation year before 2011. Such circumstance is generally where the SIFT has exceeded “normal growth” as circumscribed by the Growth Guidelines. Bill C-52, which incorporates the SIFT rules (the “SIFT Amendments”) received Royal Assent on June 22, 2007. Proposed amendments to the SIFT rules were released by the Minister on December 20, 2007 (the “Technical Amendments”), with the draft legislation being released on July 14, 2008. These Technical Amendments were intended to clarify certain technical issues that have been raised in regard to the original SIFT Rules. The draft legislation released on July 14, 2008 also included proposed rules on the unwinding of SIFTs. The Technical Amendments received Royal Assent on March 12, 2009.

New Taxation Regime

The SIFT Amendments alter the taxation regime applicable to income trusts that are SIFTs and their investors. If the REIT were to become subject to this regime (the “SIFT Regime”), it would no longer be able to deduct any part of the amounts payable to Unitholders in respect of its “non-portfolio earnings”, which include (i) income from its “non-portfolio properties” (in excess of any losses for the taxation year from non-portfolio properties); and (ii) taxable capital gains from dispositions of non-portfolio properties (exceeding allowable capital losses from the disposition of such properties). For this purpose, “non-portfolio properties” include: (i) the Canadian real and immovable properties (or resource properties) of the REIT if their total fair market value is greater than 50% of the equity value of the REIT; (ii) a property that the REIT (or a person or partnership with which it does not deal at arm’s length) uses in the course of carrying on a business in Canada; and (iii) securities of a “subject entity” (other than one which meets certain asset tests) if the REIT hold securities of the subject entity that have a total fair market value that is a greater than 10% of the subject entity’s equity value or if the REIT holds securities of the subject entity which, together with all securities held by it in entities affiliated with the subject entity, have a total fair market value that is greater than 50% of the REIT’s equity value. A “subject entity” includes corporations resident in Canada, trusts resident in Canada, and “Canadian resident partnerships”. “Securities” are broadly defined.

Income which the REIT is unable to deduct by virtue of the SIFT Regime would be taxed under the SIFT Regime at the federal general corporate tax rate, plus a rate based on the general provincial corporate income tax rate in each province in which a SIFT has a permanent establishment, other than Québec. A SIFT with an establishment in Québec at any time in a taxation year will be subject to a Québec tax at a rate generally equal to the Québec tax rate relating to corporations and a business allocation formula based on the gross income of a SIFT and the wages and salaries it pays, similar to the one used for the purposes of determining the tax payable by a corporation that has activities in Québec and outside Québec, will apply to determine the tax payable to Québec by a SIFT that has, in a taxation year, an establishment both in Québec and outside Québec. The application of the SIFT Regime to the REIT would not change the treatment under the Tax Act of distributions in a year that are in excess of the REIT’s net income for the year.

Distributions of income of SIFTs received by Unitholders that are not deductible to the SIFT will be treated as dividends payable to Unitholders. Under the SIFT Amendments, such deemed dividends from a SIFT will be taxed as a taxable dividend from a taxable Canadian corporation. Under the Tax Act such dividends deemed to be received by an individual (other than certain trusts) will be included in computing the individual’s income for tax purposes and will be subject to the enhanced gross-up and dividend tax credit rules normally applicable to eligible dividends received from taxable Canadian corporations. Such dividends deemed to be received by a holder that is a corporation will generally be deductible in computing the corporation’s taxable income. Certain corporations, including private corporations or subject corporations (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act of 33½% on dividends received or deemed to be received to the

extent that such dividends are deductible in computing taxable income. Generally, distributions that are paid as returns of capital will not attract this tax.

Effective Dates for New Taxation Regime

The SIFT Amendments apply beginning with the 2007 taxation year of a trust unless the trust would have been a SIFT trust on October 31, 2006, if the definition “SIFT trust” had been in force on that date and applied to the trust on that date (the “Existing Trust Exception”). For trusts that meet the Existing Trust Exemption, the SIFT Amendments will apply commencing with the earlier of the trust’s 2011 taxation year and the first taxation year of the trust in which it exceeds “normal growth” as determined under the Growth Guidelines.

In the Growth Guidelines, the Minister stated that a SIFT will not be considered to have exceeded “normal growth” if its equity capital were to grow as a result of issuances of new equity, in any of the intervening periods described below, by an amount that does not exceed the greater of \$50 million and an objective “safe harbour”. The Minister indicated that the safe harbour amount will be measured by reference to a SIFT’s market capitalization as at the end of trading on October 31, 2006 measured in terms of a SIFT’s issued and outstanding publicly-traded units (the “Market Capitalization”). For the period from November 1, 2006 to the end of 2007 (the “Initial Safe Harbour Period”), a SIFT’s safe harbour will be 40% of the Market Capitalization. A SIFT’s safe harbour for each of the 2008 through 2010 calendar years will be 20% of the Market Capitalization. The annual safe harbour amounts are cumulative; whereas the \$50 million amounts are not cumulative. New equity for these purposes includes units and debt that is convertible into units. On December 4, 2008, the Minister announced changes to the Guidelines to allow a SIFT to accelerate the utilization of the SIFT annual permitted expansion amount for each of 2009 and 2010 so that the amount is available on and after December 4, 2008. This change does not alter the maximum permitted expansion threshold for a SIFT, but it allows a SIFT to use its normal growth room remaining as of December 4, 2008 in a single year, rather than staging a portion of the normal growth room over the 2009 and 2010 years.

Counsel has been advised that the REIT has exceeded “normal growth” as determined under the Growth Guidelines and the SIFT Regime is therefore applicable to it unless the REIT qualifies for the Real Estate Investment Trust Exception.

Real Estate Investment Trust Exception

The SIFT Regime is not applicable to Real Estate Investment Trusts that meet certain specified criteria relating to the nature of their income and investments. In particular, to qualify for the exception under the SIFT Amendments applicable to REITs (the “Real Estate Investment Trust Exception”) in a particular taxation year (i) the REIT must, at no time in the taxation year, hold “non-portfolio property” other than “qualified REIT properties”, (ii) not less than 95% of the REIT’s revenues for the taxation year must be derived from one or more of the following: rent from “real or immovable properties”; interest; capital gains from dispositions of real or immovable properties; dividends; and royalties, (iii) not less than 75% of the REIT’s revenues for the taxation year must be derived from one or more of the following: rent from “real or immovable properties, interest from mortgages, or hypothecs, on real or immovable property; and capital gains from dispositions of real or immovable properties, and (iv) at no time in the taxation year may the total fair market value of all properties held by the REIT, each of which is a real or immovable property, money, deposits, debt of a Canadian corporation represented by a bankers’ acceptance, a deposit with a credit union, or, generally, a debt obligation of a government in Canada or certain other public bodies, be less than 75% of the equity value of the REIT at that time.

The definition of “qualified REIT property” includes property held by the REIT that is: “real or immovable property; a security of a “subject entity” that derives all or substantially all of its revenues from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the trust or of an entity of which the trust holds a share or an interest, including real or immovable properties that the trust, or an entity of which the trust holds a share or an interest, holds together with one or more other persons or partnerships; a security of a “subject entity” that holds no property other than legal title to real or immovable property of the trust or of another entity all of the securities of which are held by the REIT (including real or immovable property that the REIT or the other entity holds together with one or more other persons or partnerships) and property that is ancillary to the earning by the REIT of (i) rent from “real or immovable property” or (ii) capital gains from the disposition of such properties. In addition, “real or immovable property” includes a security of a trust that satisfies (or of any other corporation or partnership that would, if it were a trust, satisfy) the Real Estate Investment Trust Exception

tests. This look-through rule allows a Real Estate Investment Trust to qualify for the Real Estate Investment Trust Exception where it holds Canadian real properties indirectly through an intermediate entity.

Were the Real Estate Investment Trust Exception not applicable to the REIT at any time in a year (including the current taxation year), the SIFT Amendments and the SIFT Regime (under which amounts deductible will no longer be deductible in computing the income of the REIT and additional taxes will be payable by the REIT) will, commencing in such year, impact materially the level of cash distributions which would otherwise be made by the REIT.

Taxation of the REIT

The taxation year of the REIT is the calendar year. In each taxation year, the REIT is subject to tax under the Tax Act on its income for the year, including net realized taxable capital gains, computed in accordance with the detailed provisions of the Tax Act, less the portion thereof that it deducts in respect of the amounts paid or payable or deemed to be paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount.

The income for purposes of the Tax Act of the REIT may include income realized from the rental of its rental properties; income payable to it by other trusts in which the REIT is beneficially interested, dividends received from corporations in which it holds shares; and any taxable capital gains or recapture of capital cost allowance arising from dispositions by it of properties.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The REIT may also deduct from its income for the year a portion of any reasonable expenses incurred by the REIT to issue Units. The portion of such issue expenses deductible by the REIT in a taxation year is 20% of such issue expenses pro rated for a taxation year of the REIT that is less than 365 days.

The Contract of Trust provides that as of the last Distribution Date for a taxation year, all the income (other than net taxable capital gains and net recapture income) of the REIT less distributions of the REIT's income for that year made by the REIT shall be paid to Unitholders and its net taxable capital gains and net recapture income shall be paid on the last Distribution Date in the taxation year. The Contract of Trust further provides that the REIT will deduct for tax purposes the maximum amount available to it as deductions unless the Trustees determine otherwise prior to the end of the relevant taxation year. Given that the foregoing amounts paid to Unitholders for the year can be deducted in computing the REIT's income, the REIT generally should not be subject to income tax on its income and its net taxable capital gains under Part I of the Tax Act in any year.

Losses incurred by the REIT cannot be allocated to Unitholders but may be deducted by the REIT in future years in accordance with the Tax Act.

The Tax Act provides for a special tax, the Part XII.2 tax, on the designated income (including income from Canadian real property) of certain trusts which have designated beneficiaries (including non-resident persons and certain tax exempt persons). This special tax does not apply to a trust for a taxation year if the trust is a mutual fund trust throughout such year. Accordingly, provided the REIT qualifies as a mutual trust fund throughout a taxation year, it will not be subject to the special tax for such taxation year.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

An investment in Debentures involves certain risks and investment considerations. Investors should carefully consider, in light of their own financial circumstances, the factors set out below as well as other information contained or incorporated by reference in this short form prospectus.

Risk Factors Related to the Business of the REIT

Access to Capital and Debt, and Current Global Financial Conditions

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurances that the REIT will have access to sufficient capital (including debt financing) or access to capital (including debt financing) on terms favourable to the REIT for future property acquisitions and developments, financing or refinancing of properties, funding operating expenses or other purposes. In addition, the REIT may not be able to borrow funds under its credit facilities due to the limitations on the incurrence of debt by the REIT set forth in the Contract of Trust. Failure by the REIT to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distributions.

Recent market events and conditions, including disruptions in the international and regional credit markets and other financial systems and the deterioration of global economic conditions, could impede the REIT's access to capital (including debt financing) or increase the cost of capital (including debt financing). In 2007 and 2008, credit markets in the United States experienced serious disruptions due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage and hypothec market and a decline in the credit quality of mortgage-backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions worsened and spread through North America and the world in 2008 and are continuing in 2009, causing a loss of confidence in the global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. There is also significant uncertainty as to the duration of current events and as to the further deterioration of these conditions.

These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many entities. These disruptions could, among other things, make it more difficult for the REIT to obtain, or increase the cost of obtaining, capital and debt financing for the REIT's operations. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the REIT's financial condition and results of operations, including its acquisition and development program.

Debt Financing

The REIT has and will continue to have substantial outstanding consolidated indebtedness comprised primarily of hypothecs, property mortgages and indebtedness under its Acquisition Facility. The REIT intends to finance its growth strategy, including acquisitions and developments, through a combination of its working capital and liquidity resources, including its cash flow from operations, additional indebtedness and public or private sales of equity or debt securities. The REIT may not be able to renegotiate the terms of repayment of existing indebtedness at favourable rates, especially in light of current disruptions in the international and regional credit markets and other financial systems and the deterioration of global and regional economic conditions. In addition, the terms of the REIT's indebtedness in general contain customary provisions that, upon an event of default, result in the acceleration of repayment of amounts owed and that restrict the distributions that may be made by the REIT. Therefore, upon an event of default under such indebtedness or an inability to renew same at maturity, the REIT's ability to make distributions will be adversely affected.

A portion of the REIT's cash flow is devoted to servicing its debt, and there can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest or principal payments, such that it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing, or issue additional equity. The Acquisition Facility matures on June 19, 2010 and approximately \$98.3 million of secured debt of the REIT matures in 2010. As of the date of this short form prospectus, the REIT has renewed or refinanced all of its secured debt maturing in 2009.

The REIT is subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of any such refinancing may not be as favourable as the terms of its existing indebtedness.

Ownership of Immovable Property

All immovable property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, demand for leased premises, competition from other available premises, municipal valuations and assessments and various other factors. Canada is currently said to be in a recession. In the case of the REIT, such risk is heightened by the concentration of properties in three geographical areas.

The value of immovable property and any improvements thereto may also depend on the credit and financial stability of the tenants and the economic environment in which they operate. The REIT's income and Distributable Income would be adversely affected if one or more major tenants or a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties in which the REIT will have an interest is not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as a lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors, including the level of economic activity generally and the competition for tenants by other properties. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition.

Certain significant expenditures, including property taxes, maintenance costs, hypothecary payments, insurance costs and related charges must be made throughout the period of ownership of immovable property regardless of whether the property is producing any income. If the REIT is unable to meet hypothecary payments on any property, loss could be sustained as a result of the hypothecary creditor's exercise of its hypothecary recourses.

Immovable property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to be required to liquidate its immovable property investments, the proceeds to the REIT might be significantly less than the aggregate carrying value of its properties.

The REIT is subject to the risks associated with debt financing, including the risk that existing hypothecary indebtedness secured by the REIT's properties will not be able to be refinanced or that the terms of any such refinancing will not be as favourable as the terms of existing indebtedness. In order to minimize this risk, the REIT will attempt to appropriately structure the timing of the renewal of significant tenant leases on its respective properties in relation to the time at which hypothecary indebtedness on such properties becomes due for refinancing.

Certain of the leases of the REIT's properties have early termination provisions which, if exercised, would reduce the average lease term. However, such termination rights are generally exercisable only at a cost to the tenant and the amount of space in the REIT's portfolio which could be affected and operating revenues derived therefrom are not significant.

Expiries of leases for the REIT's properties, including those of significant tenants, will occur from time to time over the short and long-term. No assurances can be provided that the REIT will be able to renew any or all of the leases upon their expiration or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Competition

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 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.

Acquisitions

The REIT's business plan includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If the REIT is unable to manage its growth effectively, it could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to Unitholders will increase in the future.

Development Program

Information regarding the REIT's development projects, development costs, capitalization rates and expected returns are subject to change, which may be material, as assumptions regarding items such as, but not limited to, tenant rents, building sizes, leasable areas, project completion timelines and project costs, are updated periodically based on revised site plans, the REIT's cost tendering process, continuing tenant negotiations, demand for leasable space in the REIT's markets, the obtaining of required building permits, ongoing discussions with municipalities and successful property re-zonings. There can be no assurance that any assumptions in this regard will materialize as expected and changes could have a material adverse effect on the REIT's development program, asset values and financial results. Certain development projects are material to the REIT.

Dependence On Key Personnel

The management of the REIT depends on the services of certain key personnel, including Mr. Michel Dallaire, the President and Chief Executive Officer of the REIT. The loss of the services of any key personnel could have a material adverse effect on the REIT.

Potential Conflicts Of Interest

The REIT may be subject to various conflicts of interest because of the fact that the Dallaire Group and their respective directors, officers and associates, as well as the Trustees, are engaged in a wide range of real estate and other business activities. The REIT may become involved in transactions which conflict with the interests of the foregoing.

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.

Any decisions regarding the enforcement by the REIT of the terms of any agreement entered into by the REIT with a Trustee who is not an Independent Trustee, with the Dallaire Group or an affiliate thereof, or with an associate of a non-Independent Trustee may be made by a majority of the Independent Trustees only.

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. The REIT concluded a non-competition agreement with the corporation and partnerships comprising the Dallaire Group and Messrs. Michel Dallaire and Alain Dallaire, which permits to resolve certain potential conflicts of interest.

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 also carries 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.

Many insurance companies have eliminated coverage for acts of terrorism from their policies, and borrowers may not be able to obtain coverage for terrorist acts at commercially reasonable rates or at any price. Damage to a property sustained as a result of an uninsured terrorist or similar act would likely adversely impact the REIT's financial condition and results of operation and decrease the amount of cash available for distribution.

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 and ecological legislation and policies have become increasingly important in recent 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.

Limit On Activities

In order to maintain its status as a "mutual fund trust" under the Tax Act, the REIT cannot carry on most active business activities and is limited in the types of investments it may make. The Contract of Trust contains restrictions to this effect.

Risk Factors Related to the Ownership of Securities

Market Price

There is currently no trading market for the Debentures. The REIT has applied to have the Debentures and the Units issuable upon conversion of the Debentures listed on the TSX. Listing will be subject to the REIT fulfilling all the listing requirements of the TSX. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the prices at which the Debentures trade may be adversely affected.

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 its properties or the value of such properties from time to time.

Whether or not the Debentures will trade at lower prices depends on many factors, including liquidity of the Debentures, prevailing interest rates and the markets for similar securities, the market price of the Units, general economic conditions and the REIT's financial condition, historic financial performance and future prospects.

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 current global financial conditions and disruptions in the marketplace, 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 includes the number of issued and outstanding Units, the REIT's payout ratio and the annual yield on the Units. 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.

Structural Subordination Of Units and Debentures

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the REIT and those subsidiaries before any assets are made available for distribution to the Unitholders and Debentureholders. The Units and Debentures will be effectively subordinated to most of the other indebtedness and liabilities of the REIT and its subsidiaries. Neither the REIT, nor any of its subsidiaries will be limited in their ability to incur additional secured or unsecured indebtedness.

Credit Risk And Prior Ranking Indebtedness: Absence Of Covenant Protection

The likelihood that Debentureholders will receive payments owing to them under the terms of the Debentures will depend on the financial health of the REIT and its creditworthiness. In addition, the Debentures are unsecured obligations of the REIT and are subordinate in right of payment to all the REIT's existing and future senior indebtedness (as defined in the Indenture). Therefore, if the REIT becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the REIT's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Debentures are also effectively subordinate to claims of creditors of the REIT's subsidiaries except to the extent the REIT is a creditor of such subsidiaries ranking at least pari passu with such other creditors. The Indenture does not prohibit or limit the ability of the REIT or its subsidiaries to incur additional debt or liabilities (including senior indebtedness) or to make distributions, except, in respect of distributions, where an Event of Default (as defined in the Indenture) has occurred and such default has not been cured or waived. The Indenture does not contain any provision specifically intended to protect Debentureholders in the event of a future leveraged transaction involving the REIT.

Conversion Following Certain Transactions

In the case of certain transactions, each Debenture will become convertible into the securities, cash or property receivable by a Unitholder in the kind and amount of securities, cash or property into which the Debenture was convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future. For example, if the REIT were acquired in a cash merger, each Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on the REIT's future prospects and other factors.

Availability Of Cash Flow

Distributable Income may exceed actual cash available to the REIT from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items.

The REIT may need to refinance its debt obligations from time to time, including upon expiration of its debt. There could be a negative impact on Distributable Income if debt obligations of the REIT are replaced with debt that has less favourable terms or if the REIT is unable to refinance its debt. In addition, loan and credit agreements with respect to debt obligations of the REIT, include, and may include in the future, certain covenants with respect to the operations and financial condition of the REIT and Distributable Income may be restricted if the REIT is unable to maintain any such covenants.

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, 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.

However, 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 are such that most of its obligations 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.

Status For Tax Purposes

The REIT currently qualifies as a mutual fund trust for income tax purposes. The REIT is required by its Contract of Trust to annually distribute all of its taxable income to Unitholders and thus is generally not subject to tax on such amount. In order to maintain its current mutual fund status, the REIT is required to comply with specific restrictions regarding its activities and the investments held by it. If it were to cease to qualify as a mutual fund trust, the consequences could be material and adverse.

There can be no assurance that the laws and regulations and the administrative and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. If the REIT ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described in this short form prospectus would be materially and adversely different in certain aspects.

Although the REIT is of the view that all expenses to be claimed by the REIT and any of its Subsidiaries in the determination of their respective incomes under the Tax Act will be reasonable and deductible in accordance with the applicable provisions of the Tax Act, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed.

As per the current legislation, a mutual fund trust cannot be established or maintained primarily for the benefit of non-resident persons. Under draft legislation that was released on September 16, 2004 by the Department of Finance, an income fund will cease to qualify as a mutual fund trust if at any time after 2004 the fair market value of all units held by non-residents of Canada, or by partnerships which are not "Canadian partnerships" for the purposes of the Tax Act, is more than 50% of the fair market value of all issued and outstanding units issued by the trust where more than 10% (based on fair market value) of the trust's property is specified types of taxable Canadian property or certain other types of property. For this purpose, a partnership would only qualify as a "Canadian partnership" at a particular time if all its members at that time are resident of Canada. There is no provision in the draft legislation which would allow for rectification of the loss of mutual fund trust status. On December 6, 2004, a Notice of Ways and Means of Motion, including other changes affecting mutual fund trusts, was tabled which did not include the proposed changes referred to above. In a concurrent release, the Department of Finance announced that implementation of the proposed changes would be suspended so as to allow further consultation with interested parties. The December 6, 2004 Notice of Ways and Means Motion to implement the tax proposals contained in the 2004 Federal Budget did not contain this proposal and the Department of Finance indicated in a concurrent release that further discussions would be pursued with the private sector in this regard.

The REIT has exceeded "normal growth" as determined under the Growth Guidelines and the SIFT Regime is therefore applicable to it unless the REIT qualifies for the Real Estate Investment Trust Exception.

As of the date of this short form prospectus, based on its assessment of the SIFT Amendments, management of the REIT believes that the REIT meets, and has met at all times during the current taxation year, all the necessary conditions and qualifies for the Real Estate Investment Trust Exception. The SIFT Amendments have only recently been enacted and there is an absence of specific interpretation from the tax authorities or courts on how these rules should be interpreted. Should management's interpretation of these rules not coincide with the interpretation of the tax authorities or the courts, the REIT would not meet the Real Estate Investment Trust Exception and, as a result, the new SIFT Regime would be applicable to the REIT. Management intends to take all the necessary steps to continue to meet these conditions on a regular basis in the future.

Were the Real Estate Investment Trust Exception not applicable to the REIT at any time in a year (including the current taxation year), the SIFT Amendments and the SIFT Regime (under which amounts deductible will no longer be deductible in computing the income of the REIT and additional taxes will be payable by the REIT) will, commencing in such year, impact materially the level of cash distributions which would otherwise be made 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 from time to time. Unitholders do not have pre-emptive rights. Additional Units may also be issued pursuant to the DRIP or other distribution or placement plans, the Unit Option Plan and any other incentive plan of the REIT, and upon conversion of the Debentures and Units issuable to the Debenture Trustee (as defined in the Indenture) in payment of interest on Convertible Debentures. Any issuance of Units may have a dilutive effect on the Unitholders and an adverse impact on the market price of the Units.

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 Securities from certain Unitholders and thereby adversely affect the liquidity and market value of the Securities 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 Unitholder. 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/or Debentures and thereby affect their liquidity and market value.

Cash Distributions Are Not Guaranteed

Although the REIT intends to make distributions of its available cash to Unitholders, these cash distributions are not assured. 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 amount 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, 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.

Nature Of Investment

A Unitholder of the REIT does not hold a share of a body corporate. As Unitholders of the REIT, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of Unitholders are based primarily on the Contract of Trust. There is no statute governing the affairs of the REIT equivalent to the CBCA which sets out the rights and entitlements of shareholders of corporation in various circumstances.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Debentures offered hereby will be passed upon on behalf of the REIT by Davies Ward Phillips & Vineberg LLP, and on behalf of the Underwriters by Lavery, de Billy, L.L.P. As of the date of this short form prospectus, partners and associates of Davies Ward Phillips & Vineberg LLP, as a group, and partners and associates of Lavery, de Billy, L.L.P., as a group, each owned, beneficially or of record, less than 1% of the outstanding Units.

AUDITORS, TRANSFER AGENT AND REGISTRAR AND DEBENTURE TRUSTEE

The auditors of the REIT are Ernst & Young LLP.

The registrar and transfer agent for the Units is Computershare Investor Services Inc., at its principal offices in Montréal and Toronto.

The Debenture Trustee is Computershare Trust Company of Canada, at its principal offices in Montréal and Toronto.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. The right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of Cominar Real Estate Investment Trust (the "REIT") dated September 15, 2009 relating to the issue and sale of Debentures of the REIT. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the unitholders of the REIT on the consolidated balance sheets of the REIT as at December 31, 2008 and 2007 and the consolidated statements of income and comprehensive income, unitholders' equity and cash flows for each of the years in the two-year period ended December 31, 2008. Our report is dated February 11, 2009 (except as to note 24(d) which is as of February 12, 2009).

(signed) Ernst & Young LLP¹

Chartered Accountants
Québec, Canada
September 15, 2009

¹ CA auditor permit no. 10845

CERTIFICATE OF THE REIT

Dated: September 15, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

COMINAR REAL ESTATE INVESTMENT TRUST

(signed) Michel Dallaire
President and Chief Executive Officer

(signed) Michel Berthelot
Executive Vice-President and Chief Financial Officer

On behalf of the Trustees

(signed) Robert Després
Trustee

(signed) Pierre Gingras
Trustee

CERTIFICATE OF THE UNDERWRITERS

Dated: September 15, 2009

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

NATIONAL BANK FINANCIAL INC.

By: (signed) Craig J. Shannon

BMO NESBITT BURNS INC.

By: (signed) Derek Dermott

RBC DOMINION SECURITIES INC.

By: (signed) Jean-Charles Angers

DESJARDINS SECURITIES INC.

By: (signed) Mathieu Cardinal

CIBC WORLD MARKETS INC.

By: (signed) Mark G. Johnson

SCOTIA CAPITAL INC.

By: (signed) Stephen Sender

CANACCORD CAPITAL CORPORATION

By: (signed) Mark Edwards

BLACKMONT CAPITAL INC.

By: (signed) James E. Lorimer

GENUITY CAPITAL MARKETS G.P.

By: (signed) Marc Fredette