

*This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permit certain information about these securities to be determined after this short form base shelf prospectus has become final and that permit the omission from this short form base shelf prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

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 territories, 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), unless the securities are registered under the 1933 Act or an exemption from the registration requirements under the 1933 Act and applicable state securities laws is available. See “Plan of Distribution”.

Information has been incorporated by reference in this short form base shelf 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 Cominar Real Estate Investment Trust at 455 rue du Marais, Québec City, Québec, G1M 3A2, telephone (418) 681-8151, and are also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM BASE SHELF PROSPECTUS

New Issue

May 29, 2012



### COMINAR REAL ESTATE INVESTMENT TRUST

**\$750,000,000**  
**Debt Securities**

Cominar Real Estate Investment Trust (the “REIT”) may from time to time offer for sale and issue unsecured debt securities of the REIT, including without limitation, senior unsecured debentures of the REIT and convertible unsecured subordinated debentures of the REIT (collectively, “**Debt Securities**”) having an offer price of up to \$750,000,000 in the aggregate (or the equivalent thereof, at the date of issue, in any other currency or currencies, as the case may be) at any time during the 25-month period that this short form base shelf prospectus (including any amendments hereto, “**Prospectus**”) remains valid. The Debt Securities offered hereby may be offered in separate series, in amounts, at prices and on terms to be set forth in one or more prospectus supplements (collectively or individually, as the case may be, “**Prospectus Supplements**”).

The specific terms of any offering of Debt Securities will be set forth in the applicable Prospectus Supplement and may include, without limitation, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, covenants, events of default, any terms for redemption at the option of the REIT or the holder, any exchange or conversion terms and any other specific terms.

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement and only for the purposes of the offering of the Debt Securities covered by that Prospectus Supplement.

This Prospectus does not qualify for issuance Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities, (i) in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or banker’s acceptance rate, or to recognized market benchmark interest rates such as CDOR (the Canadian Dollar Offered Rate) or LIBOR (the London Interbank Offered Rate), and/or (ii) convertible into or exchangeable for units of the REIT (“**Units**”).

The REIT is an unincorporated closed-end investment trust governed by the laws of the Province of Québec. The head and registered office of the REIT is located at 455 rue du Marais, Québec City, 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. The Debt Securities are not “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.**

The REIT may sell the Debt Securities to or through underwriters or dealers purchasing as principals and may also sell the Debt Securities to one or more purchasers directly, through applicable statutory exemptions, or through agents designated by the REIT from time to time. The Debt Securities may be sold from time to time in one or more transactions at fixed prices or not at fixed prices, such as market prices prevailing at the time of sale, prices related to such prevailing market prices or prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Debt Securities. The Prospectus Supplement relating to a particular offering of Debt Securities will identify each underwriter, dealer or agent engaged in connection with the offering and sale of the Debt Securities, as well as the method of distribution and the terms of the offering of such Debt Securities, including the initial offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is not a fixed price distribution), the net proceeds to the REIT and, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms. See “Plan of Distribution”.

*(continued on next page)*

In connection with any offering of the Debt Securities (unless otherwise specified in the relevant Prospectus Supplement), the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Debt Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See “Plan of Distribution”.

The outstanding Units are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “CUF.UN”. On May 28, 2012, the last trading day prior to the date of this Prospectus, the closing price of the Units on the TSX was \$23.80. The REIT also has outstanding: (i) series A 6.30% convertible unsecured subordinated debentures due June 30, 2014 (“**Series A Convertible Debentures**”); (ii) series B 5.70% convertible unsecured subordinated debentures due June 30, 2014 (“**Series B Convertible Debentures**”); (iii) series C 5.80% convertible unsecured subordinated debentures due September 30, 2014 (“**Series C Convertible Debentures**”); (iv) series D 6.50% convertible unsecured subordinated debentures due September 30, 2016 (“**Series D Convertible Debentures**”); and (v) series E 5.75% convertible unsecured subordinated debentures due June 30, 2017 (“**Series E Convertible Debentures**”) that trade on the TSX under the symbols CUF.DB, CUF.DB.B, CUF.DB.C, CUF.DB.D and CUF.DB.E, respectively. On May 28, 2012, the last trading day prior to the date of this Prospectus, the closing prices of the Series A Convertible Debentures, Series B Convertible Debentures, Series C Convertible Debentures, Series D Convertible Debentures and Series E Convertible Debentures on the TSX were \$136.00, \$102.00, \$104.00, \$117.50 and \$105.00 per \$100 principal amount thereof, respectively.

**Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities will not be listed on any securities exchange. There is no market through which the Debt Securities may be sold and purchasers may not be able to resell such securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.** See “Risk Factors and Investment Considerations”.

The market value of the Debt Securities 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 Debt Securities is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See “Risk Factors and Investment Considerations”.

Unless otherwise indicated in a Prospectus Supplement, an offering of Debt Securities will be subject to approval of certain legal matters on behalf of the REIT by Davies Ward Phillips & Vineberg LLP.

**No underwriter, dealer or agent has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.**

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## ABOUT THIS PROSPECTUS

In this Prospectus (as defined below), unless otherwise specified, all references to “dollars” or “\$” are to Canadian dollars.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus, and in certain documents incorporated by reference therein, constitute forward-looking statements. These statements relate to future events or the REIT's (as defined below) 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, debt financing risks, the status of the REIT for tax purposes and the integration of Canmarc (as defined below). See “Risk Factors and Investment Considerations”. While the REIT believes that the expectations reflected in the forward-looking statements contained in this 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 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. The expression “GAAP” is defined below.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this 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 City, Québec, G1M 3A2, Telephone: (418) 681-8151, and are also available electronically at [www.sedar.com](http://www.sedar.com).

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

- (a) the annual information form (the “**AIF**”) of the REIT dated March 30, 2012 for the year ended December 31, 2011 (the “**2011 AIF**”);
- (b) the comparative audited consolidated financial statements of the REIT for the year ended December 31, 2011, together with the notes thereto and the auditors’ report thereon (the “**2011 Financial Statements**”);
- (c) management’s discussion and analysis of operating results and financial position (“**MD&A**”) of the REIT for the year ended December 31, 2011 (the “**2011 MD&A**”);
- (d) the comparative unaudited condensed interim consolidated financial statements of the REIT for the three-month period ended March 31, 2012, together with the notes thereto (the “**March 2012 Financial Statements**”);
- (e) management’s discussion and analysis of operating results and financial position of the REIT for the three-month period ended March 31, 2012 (the “**March 2012 MD&A**”);
- (f) the management information circular of the REIT dated March 29, 2012 in connection with the annual and special meeting of Unitholders (as defined below) held on May 16, 2012 (the “**Circular**”);
- (g) the business acquisition report of the REIT dated April 23, 2012 (the “**BAR**”);
- (h) the material change report of the REIT dated January 18, 2012 with respect to the entering into of a support agreement with Canmarc, and the increase of the consideration payable under, and the extension of, the REIT’s take-over bid for Canmarc;
- (i) the material change report of the REIT dated February 3, 2012 with respect to the initial take-up under, and the extension of, the REIT’s take-over bid for Canmarc;
- (j) the material change report of the REIT dated February 9, 2012 with respect to the successful completion of the REIT’s take-over bid for Canmarc;
- (k) the material change report of the REIT dated February 10, 2012 with respect to the REIT’s equity offering of 7,973,000 Units (as defined below) for gross proceeds of approximately \$175.0 million;
- (l) the material change report of the REIT dated March 7, 2012 with respect to the completion of the acquisition of trust units of Canmarc pursuant to the right of compulsory acquisition under the declaration of trust of Canmarc;

- (m) the material change report of the REIT dated May 16, 2012 with respect to the REIT's offering of 6,330,000 Units for gross proceeds of approximately \$150.0 million, with an expected closing date on or about May 30, 2012 (the "**May 2012 Equity Offering**"); and
- (n) the material change report of the REIT dated May 28, 2012 with respect to the REIT's redemption of the Series A Convertible Debentures (as defined below) and the filing of this Prospectus.

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 and territories of Canada subsequent to the date of this Prospectus and prior to the termination of the distribution under any prospectus supplement to this Prospectus ("**Prospectus Supplement**") shall be deemed to be incorporated by reference into this Prospectus.

All material change reports (excluding confidential material change reports), AIFs, annual financial statements and the auditor's report thereon and related MD&A, interim financial reports and related MD&A, information circulars, business acquisition reports and any other documents as may be required to be incorporated by reference herein under applicable securities laws which are filed by the REIT with a securities commission or any similar authority in Canada after the date of this Prospectus, during the 25-month period that this Prospectus remains valid, shall be deemed to be incorporated by reference into this Prospectus to the extent required under applicable law.

Upon new interim financial reports and related MD&A of the REIT being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the previous interim financial reports and related MD&A of the REIT most recently filed shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Debt Securities (as defined below) hereunder. Upon new annual financial statements and related MD&A of the REIT being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual financial statements and related MD&A and the previous interim financial reports and related MD&A of the REIT most recently filed shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Debt Securities hereunder. Upon a new AIF of the REIT being filed with the applicable securities regulatory authorities during the currency of this Prospectus, notwithstanding anything herein to the contrary, the following documents shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Debt Securities hereunder: (i) the previous AIF; (ii) material change reports filed by the REIT prior to the end of the financial year in respect of which the new AIF is filed; (iii) business acquisition reports filed by the REIT for acquisitions completed prior to the beginning of the financial year in respect of which the new AIF is filed; and (iv) any information circular of the REIT filed prior to the beginning of the REIT's financial year in respect of which the new AIF is filed. Upon a new management information circular prepared in connection with an annual general meeting of the REIT being filed with the applicable securities regulatory authorities during the currency of this Prospectus, the previous management information circular prepared in connection with an annual general meeting of the REIT shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Debt Securities hereunder.

A Prospectus Supplement containing the specific variable terms in respect of an offering of the Debt Securities will be delivered to purchasers of such Debt Securities together with this Prospectus and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement only for the purposes of the offering of the Debt Securities covered by such Prospectus Supplement.

**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 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 Prospectus.**

## GLOSSARY

The following terms used in this Prospectus have the meanings set out below:

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

“**Atlantic Provinces**” includes the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador;

“**Canmarc**” means Canmarc Real Estate Investment Trust;

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

“**Contract of Trust**” means the contract of trust made as of March 31, 1998 governed by the laws of the Province of Québec, pursuant to which the REIT was established, as amended, supplemented or restated from time to time;

“**Convertible Debentures**” means, collectively, the (i) series A 6.30% convertible unsecured subordinated debentures due June 30, 2014 (“**Series A Convertible Debentures**”), (ii) series B 5.70% convertible unsecured subordinated debentures due June 30, 2014 (“**Series B Convertible Debentures**”), (iii) series C 5.80% convertible unsecured subordinated debentures due September 30, 2014 (“**Series C Convertible Debentures**”), (iv) series D 6.50% convertible unsecured subordinated debentures due September 30, 2016 (“**Series D Convertible Debentures**”), and (v) series E 5.75% convertible unsecured subordinated debentures due June 30, 2017 (“**Series E Convertible Debentures**”), of the REIT, and includes where the context so requires under “Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Debt Securities”, convertible unsecured subordinated debentures of the REIT which may be issued by the REIT from time to time in the future under that certain trust indenture (the “**Convertible Debenture Trust Indenture**”) made as of September 17, 2004 between the REIT and Natcan Trust Company (subsequently replaced by Computershare Trust Company of Canada), as trustee (the “**Convertible Debenture Indenture Trustee**”), subject to their specific terms and conditions upon issuance thereof;

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

“**Credit Facility**” means the REIT’s current operating and acquisition credit facility, in the stated amount of \$550.0 million;

“**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;

“**Debt Security**” means an unsecured debt security of the REIT;

“**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 2011 AIF;

“**Distribution Date**” means a date on or about the 15<sup>th</sup> day in each calendar month (other than January) and December 31 in each calendar year;

“**DRIP**” means the distribution reinvestment plan of the REIT, as amended and restated, as described under “Distribution Reinvestment Plan” in the 2011 AIF;

“**Equity Incentive Plan**” means the equity incentive plan of the REIT, as amended and restated, as described under “Part 5- Other Business – Equity Incentive Plan” in the Circular;

“**GAAP**” means the generally accepted accounting principles described and promulgated by the Canadian Institute of Chartered Accountants which are applicable as at the date on which any determination or calculation using GAAP is made, and which for financial years beginning on or after January 1, 2011, is IFRS;

“**HII**” means Homburg Invest Inc.;

“**IFRS**” means the generally accepted accounting principles determined with reference to International Financial Reporting Standards, as defined by the International Accounting Standards Board, and which have been prescribed as being Canadian generally accepted accounting principles for publicly accountable enterprises by the Accounting Standards Board of the Canadian Institute of Chartered Accountants for financial years beginning on or after January 1, 2011, as amended from time to time;

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

“**Montréal Area**” means the area generally known as Greater Montréal, and includes the city of Laval, the North Shore of Montréal and the South Shore of Montréal;

“**Prospectus**” means this short form base shelf prospectus of the REIT dated May 29, 2012;

“**Québec City Area**” means the area generally known as the *Communauté métropolitaine de Québec*;

“**Real Estate Investment Trust Exception**” has the meaning ascribed thereto under “Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Debt Securities – Status for tax purposes”;

“**REIT**” means Cominar Real Estate Investment Trust and includes its subsidiaries where the context so requires;

“**Rule 144A**” means *Rule 144A* under the 1933 Act;

“**SIFT**” means a “specified investment flow-through” trust;

“**SIFT Amendments**” has the meaning ascribed thereto under “Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Debt Securities – Status for tax purposes”;

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

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

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

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

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

“**Unitholder**” means a holder of Units; and

“**Western Canada**” means the provinces of Alberta and British Columbia.

## 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.

As the largest commercial property owner and manager in the Province of Québec, the REIT has a leading presence and enjoys significant economies of scale in this market. It is also one of the largest diversified real estate investment trusts in Canada. As at March 31, 2012, the REIT owns a diversified portfolio of 413 office, retail, industrial and mixed-use properties, of which 313 are located in the Province of Québec, 17 in the Province of Ontario, 63 in the Atlantic Provinces and 20 in Western Canada. The portfolio comprises approximately 10.1 million square feet of office space, 7.7 million square feet of retail space, 12.8 million square feet of industrial and mixed-use space and 485 units located in multi-residential buildings, representing, in the aggregate, a total leasable area of approximately 30.6 million square feet. The REIT’s properties are mostly situated in prime locations and benefit from high visibility and easy access by both tenants and tenants’ customers.

The REIT aims (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, mixed-use and multi-residential properties located in the Province of Québec, primarily in the Québec City Area and the Montréal Area, in the Province of Ontario, in the Atlantic Provinces and in Western Canada, and (ii) to increase and maximize Unit value through the ongoing active management of the REIT's properties and the acquisition of additional income-producing properties. With a view to achieving its growth objectives in the future, the REIT will continue to pursue acquisitions in geographic areas beyond the Québec City Area and the Montréal Area.

The REIT's asset and property management is fully internalized and the REIT is a fully integrated and self-managed real estate investment operation, except with respect to certain properties held in Prince Edward Island and the Woodside Square shopping centre located in Toronto, Ontario acquired by the REIT as part of the acquisition of Canmarc. This property management structure reduces the risk of conflicts of interest between Management and the REIT and ensures that the interests of Management and employees of the REIT are aligned with those of Unitholders and results in improved operating and financial performance for the REIT.

The REIT believes that a comprehensive and proactive property management strategy intended to enhance the operating and financial performance of the REIT is the best way to achieve the latter objective.

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 head and registered office of the REIT is located at 455 rue du Marais, Québec City, Québec, G1M 3A2.

## **RECENT DEVELOPMENTS**

The following is a summary of significant developments in the operations and affairs of the REIT which have occurred since March 31, 2012, being the last day of the period in respect of which the REIT has filed the March 2012 Financial Statements and the March 2012 MD&A.

On May 1, 2012, the REIT exercised a right of first opportunity in its favour and entered into an offer to purchase with Investus Real Estate Inc. ("**Investus**"), an entity indirectly owned by the Dallaire Family, with respect to the purchase of the following four single tenant industrial properties: (i) a 29,074 square foot industrial property located at 667 Barnes Drive, Halifax International Airport, Enfield, Nova Scotia; (ii) a 46,320 square foot industrial property located at 5200, rue J.A. Bombardier, Longueuil, Québec; (iii) a 93,634 square foot industrial property located at 1201 California Avenue, Brockville, Ontario; and (iv) a 30,687 square foot property located at 560 Camiel Sys Street, Winnipeg, Manitoba; for an aggregate purchase price of approximately \$16.0 million, satisfied in cash and by the assumption of hypothecary and mortgage indebtedness. These four properties were acquired by an entity owned by the Dallaire Family in June of 2011 as part of the privatization of Investus, and the purchase price paid by the REIT pursuant to the exercise of its right of first opportunity corresponds to the purchase price paid by the Dallaire Family entity for these four properties and is supported by an independent evaluation. Messrs. Alain Dallaire, Michel Dallaire and Michel Paquet abstaining, the Trustees unanimously approved the transaction. The closing of the transaction is subject to usual and customary closing conditions.

In the March 2012 MD&A, the REIT announced that it had commenced the development of a 12 storey office building of approximately 240,000 square feet in Laval, Québec at an estimated cost of approximately \$39.0 million. This development project is adjacent to the REIT's Place Laval complex 1, 2, 3 and 4, will be occupied by the Government of Québec as to approximately 77% under a long term lease, and is expected to be completed in the second quarter of 2014.

On May 16, 2012, Unitholders approved the amendments to the Contract of Trust and the Equity Incentive Plan (previously known as the Unit Option Plan). See the Circular incorporated by reference herein.

On May 16, 2012, the REIT announced the May 2012 Equity Offering.

On May 23, 2012, the REIT exercised its right to redeem the Series A Convertible Debentures in accordance with the terms of the Convertible Debenture Trust Indenture. As at May 28, 2012, \$14,052,000 aggregate principal amount of Series A Convertible Debentures were issued and outstanding. The REIT announced that the redemption of the Series A Convertible Debentures would be effective June 29, 2012. The Series A Convertible Debentures are redeemable at a price equal to their principal amount plus accrued and unpaid interest up to but excluding the redemption date. The Series A Convertible Debentures are convertible at a conversion price of \$17.40 for each Unit, so that approximately 57.4713 Units will be issued for each \$1,000 principal amount of Series A Convertible Debentures converted.

On May 28, 2012, the underwriters of the May 2012 Equity Offering advised the REIT of the exercise, in full, of the over-allotment option granted under the May 2012 Equity Offering, which will result, giving effect to such exercise, in the issuance by the REIT of 7,279,500 Units and gross proceeds to the REIT of approximately \$172.5 million in the aggregate under the May 2012 Equity Offering.

## **USE OF PROCEEDS**

The use of proceeds from the sale of Debt Securities will be described in Prospectus Supplements relating to specific issuances of Debt Securities. The REIT may elect to apply certain of the net proceeds against amounts outstanding from time to time under its Credit Facility or any of its other secured loans, or under the Convertible Debentures. Indebtedness incurred under the Credit Facility was used by the REIT to finance acquisitions and investments, including to fund the cash consideration paid for the trust units of Canmarc upon the acquisition of the latter by the REIT earlier this year, and for general and trust purposes. In addition, the REIT may also elect to apply certain of the net proceeds for general trust purposes, including to fund future acquisitions and developments. See “Plan of Distribution”.

## **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 City, Québec, G1M 3A2, without charge, during the distribution of the Debt Securities being offered under this Prospectus, and is also available electronically at [www.sedar.com](http://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 May 28, 2012, there were 103,536,261 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 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, the appointment or removal of the auditors of the REIT, the approval of amendments to the Contract of Trust (as described below 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 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 registered holders of Units 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 Convertible Debentures and Units issuable to the Convertible Debenture Indenture Trustee in payment of interest on the Convertible 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 Equity Incentive Plan, the DRIP or other distribution or issuance 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:

- (a) 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;
- (b) any amendment to the duration or term of the REIT;
- (c) 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), or any change by the Unitholders in the number of Trustees within the minimum and maximum number of Trustees provided in the Contract of Trust;
- (d) any amendment to the provisions relating to staggered terms of the Trustees; and
- (e) 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:

- (a) 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;
- (b) which, in the opinion of the Trustees, provide additional protection for the Unitholders;
- (c) 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;
- (d) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws;

- (e) 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
- (f) 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.

### **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.

## **CREDIT RATING**

On May 15, 2012, the REIT received an Issuer Rating of BBB (low), with a Stable trend, from DBRS Limited (“**DBRS**”). The request for a credit rating was initiated by the REIT and this credit rating is the first Issuer Rating received by the REIT.

DBRS provides credit ratings of debt securities for commercial entities and the following description has been sourced from information made publicly available by DBRS. DBRS ratings are opinions that reflect the creditworthiness of an issuer, a security, or an obligation. They are opinions based on forward-looking measurements that assess an issuer’s ability and willingness to make timely payments on outstanding obligations (whether principal, interest, dividend, or distributions) with respect to the terms of an obligation. Ratings are opinions based on the quantitative and qualitative analysis of information sourced and received by DBRS, which information is not audited or verified by DBRS. DBRS cautions that no two issuers possess exactly the same characteristics, nor are they likely to have the same future opportunities. Consequently, two issuers with the same rating should not be considered to be of exactly the same credit quality.

The DBRS long-term rating scale provides an opinion on the risk of default if the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued.

The BBB (low), with a Stable trend, Issuer Rating assigned to the REIT by DBRS is the fourth highest rating of DBRS’s ten rating categories, which range from AAA to D. With the exception of the AAA and D categories, DBRS uses high or low designations to indicate the relative standing of the securities being rated within a particular rating category, and the absence of either a high or low designation indicates the rating is in the middle of the category. Under the DBRS rating system, debt securities rated BBB are of adequate credit quality and the capacity for payment of financial obligations is considered acceptable, but the entity may be vulnerable to future events.

The credit rating assigned to the REIT by DBRS is not a recommendation to buy, hold or sell securities of the REIT. A rating is not a comment on the market price of a security nor is it an assessment of ownership given various investment objectives. There is no assurance that any rating will remain in effect for any given period of time and ratings may be upgraded, downgraded, placed under review, confirmed and discontinued. Non-credit risks that can meaningfully impact the value of the securities issued include market risk, trading liquidity risk and covenant risk. DBRS uses rating symbols as a simple and concise method of expressing its opinion to the market, although DBRS ratings usually consist of broader contextual information regarding the security provided by DBRS in rating reports, which generally set out the full rationale for the chosen rating symbol, and in other releases.

The REIT made payments to DBRS in connection with the Issuer Rating assigned to the REIT and will make payments to DBRS in connection with the confirmation of such rating for purposes of this Prospectus and Prospectus Supplements hereto, or in connection with credit ratings to be assigned to Debt Securities of the REIT, if any, which may be offered for sale from time to time in the future under this Prospectus and Prospectus Supplements hereto, as the case may be. The REIT did not make any payments to DBRS in respect of any other service provided to the REIT by DBRS during the last two years.

## DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities will be direct unsecured obligations of the REIT and will be senior or subordinated indebtedness of the REIT, as described in the relevant Prospectus Supplement.

The Debt Securities will be issued under one or more indentures between the REIT and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of a province of Canada and authorized to carry on business as a trustee under applicable provincial legislation (each, a “**Debenture Trustee**”), as supplemented and amended from time to time (each a “**Trust Indenture**” and, collectively, the “**Trust Indentures**”).

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Debt Securities being offered thereby, including without limitation: (i) the designation, aggregate principal amount and authorized denominations of such Debt Securities; (ii) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars); (iii) the percentage of the principal amount or the price at which such Debt Securities will be issued or whether such Debt Securities will be issued on a non-fixed price basis; (iv) the date or dates on which such Debt Securities will mature; (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any); (vi) the dates on which such interest will be payable and the record dates for such payments; (vii) the credit rating assigned to the Debt Securities by rating agencies (if any); (viii) the general terms or provisions pursuant to which the Debt Securities are to be issued; (ix) the Debenture Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued; (x) any redemption or call terms or terms under which such Debt Securities may be defeased; (xi) whether such Debt Securities are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof; (xii) any exchange or conversion terms; (xiii) whether such Debt Securities will be subordinated to other liabilities of the REIT; (xiv) any material covenants included for the benefit of holders of Debt Securities; (xv) material Canadian tax consequences of owning Debt Securities; and (xvi) any other material terms and conditions of the Debt Securities.

Neither the aggregate principal amount of Debt Securities that will be issued and sold nor the issue price to the public of the Debt Securities has been established, as the Debt Securities will be issued at such times, in such amounts and at such prices as the REIT determines from time to time. Debt Securities issued hereunder will be offered and sold during the 25-month period from the date of this Prospectus at prices negotiated with the purchasers, and the prices at which the Debt Securities will be offered and sold may vary as between purchasers and during the distribution period.

## CHANGES IN UNITS OUTSTANDING AND LOAN CAPITAL

As at March 31, 2012, there were 103,155,831 Units outstanding. As at May 28, 2012, there were 103,536,261 Units outstanding. The only changes in the number of outstanding Units since March 31, 2012 resulted from the issuance of 228,634 Units pursuant to the DRIP, the issuance of 138,800 Units pursuant to the exercise of options under the Equity Incentive Plan, and the issuance of 12,996 Units pursuant to the conversion of Convertible Debentures.

As at March 31, 2012 and May 28, 2012, the consolidated indebtedness of the REIT was approximately \$2,543.0 million and approximately \$2,543.3 million, respectively, excluding accounts payable and accrued liabilities and distributions payable to Unitholders. Since March 31, 2012, the changes to the loan capital of the REIT resulted principally from amounts drawn down under the Credit Facility for general and trust purposes. Additional information regarding material indebtedness of the REIT is provided in the 2011 Financial Statements and the 2011 MD&A, and the March 2012 Financial Statements and the March 2012 MD&A.

After giving effect to the May 2012 Equity Offering, the proposed use of the net proceeds therefrom and events subsequent to March 31, 2012, the consolidated indebtedness of the REIT (excluding accounts payable and accrued liabilities, deferred taxes and distributions payable to Unitholders) as at May 28, 2012 will decrease to approximately \$2,399.6 million.

After giving effect to the May 2012 Equity Offering, the proposed use of the net proceeds therefrom and events subsequent to March 31, 2012, the consolidated indebtedness of the REIT (excluding accounts payable and accrued liabilities, deferred taxes and distributions payable to Unitholders) as at May 28, 2012 expressed as a percentage of the *pro forma* book value of the REIT will decrease to approximately 51.4% including the Convertible Debentures.

## EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided in the applicable Prospectus Supplement(s) with respect to the issuance of Debt Securities pursuant to this Prospectus.

## DISTRIBUTION POLICY

The REIT may distribute to Unitholders monthly on each Distribution Date, such percentage of the Distributable Income for the preceding calendar month and, in the case of distributions made on December 31, for the calendar month then ended, as the Trustees may so determine in their discretion. The REIT may also distribute to Unitholders on December 31 of each year (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 purposes of the Tax Act for the year then ended over distributions otherwise made for that year, as the Trustees may so determine. Distributions, if any, shall be made in cash or Units, as the case may be, pursuant to the DRIP, the Equity Incentive Plan and any other distribution reinvestment plans or Unit purchase or incentive plans adopted by the Trustees, as the case may be. Distributions, if any, shall be made proportionately to persons who are Unitholders on the record date for such Distribution. Distributions, if any, shall be made to Unitholders of record on a date to be determined by the Trustees in accordance with the Contract of Trust. The Trustees, if they so determine when income has been accrued but not collected may, on a temporary basis, transfer sufficient moneys from the capital to the income account of the REIT to permit distributions so determined by them, if any, to be effected.

For each of the twelve months preceding the date of this Prospectus, the REIT made monthly distributions of \$0.12 per Unit. On May 17, 2012, the REIT announced a distribution of \$0.12 per Unit to Unitholders of record as at May 31, 2012, payable on June 15, 2012.

## PLAN OF DISTRIBUTION

The REIT may sell Debt Securities (i) to underwriters or dealers purchasing as principal, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions, or (iii) through agents for cash or other consideration. The Debt Securities may be sold from time to time in one or more transactions at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of Debt Securities in a specified market,

at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of Debt Securities. The Prospectus Supplement for any Debt Securities being offered will set forth the terms of the offering of those Debt Securities, including the name or names of any underwriters, dealers or agents, the purchase price of Debt Securities, the proceeds to the REIT from the sale if determinable, any underwriting or agency fees or discounts and other items constituting underwriters' or agents' compensation, any public offering price including the manner of determining such public offering price in the case of a non-fixed price distribution, and any discounts or concessions allowed or re-allowed or paid to dealers or agents. Only underwriters named in the relevant Prospectus Supplement are deemed to be underwriters in connection with Debt Securities offered by that Prospectus Supplement.

If underwriters purchase Debt Securities as principal, such Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase those Debt Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all Debt Securities offered by the Prospectus Supplement if any of such Debt Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Debt Securities may also be sold directly by the REIT at prices and upon terms agreed to by the purchaser and the REIT through agents designated by the REIT from time to time. Any agent involved in the offering and sale of Debt Securities pursuant to this Prospectus will be named, and any commissions payable by the REIT to that agent will be set forth, in the applicable Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

The REIT may agree to pay the underwriters a commission, or the agents a fee, for various services relating to the issue and sale of any Debt Securities offered by this Prospectus. Any such commission will be paid out of the REIT's general funds. Underwriters, dealers and agents who also participate in the distribution of Debt Securities may be entitled under agreements to be entered into with the REIT to indemnification by the REIT against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments that those underwriters, dealers or agents may be required to make in respect thereof.

Except as set out in a Prospectus Supplement relating to a particular offering of Debt Securities, the underwriters or dealers, as the case may be, may over-allot or effect transactions intended to fix or stabilize the market price of the Debt Securities at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Debt Securities offered by this Prospectus and any Prospectus Supplement have not been and will not be registered under 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, unless the Debt Securities are registered under the 1933 Act or an exemption from the registration requirements under the 1933 Act and applicable state securities laws is available. The underwriters, dealers or agents who participate in the distribution will agree that they will not offer or sell Debt 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 in Regulation S under the 1933 Act), except pursuant to an exemption from the registration requirements of the 1933 Act provided by Rule 144A and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of the offering, an offer or sale of Debt Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the 1933 Act if such offer is made otherwise than in compliance with Rule 144A.

As regards restrictions on the issue and transfer of Units outside of Canada, see "Contract of Trust and Description of Units – Limitation on Non-Resident Ownership" in this Prospectus and "Capital Structure – Restrictions on the Issue and Transfer of Units" in the 2011 AIF.

## **PRIOR SALES**

### **Units**

The following table sets forth the date, number and average prices at which the REIT has issued Units in the 12 months preceding the date of this Prospectus.

Date	Issuance Type	Total Units Issued	Price per Unit
<b>Calendar 2011</b>			
May .....	Exercise of Options	12,500	\$17.86
	DRIP	54,616	\$22.49
	Conversion of Convertible Debentures	27,123	\$17.40
June .....	Exercise of Options	12,050	\$18.40
	DRIP	54,102	\$22.37
	Conversion of Convertible Debentures	18,160	\$17.40
July .....	Exercise of Options	142,800	\$18.58
	DRIP	55,968	\$22.21
	Conversion of Convertible Debentures	30,631	\$17.40
August .....	Exercise of Options	10,900	\$18.46
	DRIP	85,437	\$21.99
September .....	Exercise of Options	35,400	\$17.78
	DRIP	87,162	\$21.76
	Conversion of Convertible Debentures	1,781	\$17.40
October .....	Exercise of Options	5,000	\$15.14
	DRIP	85,871	\$21.45
	Conversion of Convertible Debentures	515,597	\$21.50
	Public Offering	5,207,000	\$21.50
November .....	Exercise of Options	21,600	\$18.25
	DRIP	92,756	\$22.01
	Conversion of Convertible Debentures	193,778	\$20.41
December .....	Exercise of Options	46,000	\$18.35
	DRIP	182,450	\$21.97
	Conversion of Convertible Debentures	536	\$20.50
	Public Offering	6,594,100	\$21.80
<b>Calendar 2012</b>			
January .....	Exercise of Options	64,100	\$17.90
	Acquisition of Canmarc (Offer)	12,953,556	\$21.69
	Conversion of Convertible Debentures	3,793	\$17.40
February .....	Exercise of Options	172,300	\$17.73
	Acquisition of Canmarc (Offer)	2,099,287	\$21.69
	DRIP	107,419	\$21.99
	Conversion of Convertible Debentures	17,585	\$17.40
	Public Offering	9,168,950	\$21.95
March .....	Exercise of Options	421,350	\$17.57
	Acquisition of Canmarc (Offer)	947,156	\$21.69
	DRIP	120,537	\$23.47
	Conversion of Convertible Debentures	28,538	\$18.12
April .....	Exercise of Options	94,900	\$18.67
	DRIP	78,574	\$23.66
	Conversion of Convertible Debentures	11,560	\$18.68
May (through May 28) .....	Exercise of Options	43,900	\$18.49
	DRIP	150,060	\$24.06
	Conversion of Convertible Debentures	1,436	\$17.40

### Options

On December 15, 2011, the REIT granted 1,394,700 options to purchase Units pursuant to the Equity Incentive Plan (previously known as the Unit Option Plan) at an exercise price of \$21.80. No other options to purchase Units were granted by the REIT in the 12 months preceding the date of the date of this Prospectus.

### 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 Prospectus.

Period	TSX		
	High (\$)	Low (\$)	Volume
Calendar 2011			
May .....	22.99	22.17	1,383,465
June .....	22.49	21.75	1,396,277
July .....	23.00	21.94	1,359,316
August .....	22.85	20.00	1,906,121
September .....	22.28	21.00	2,631,203
October .....	22.82	20.14	1,713,076
November .....	22.72	21.61	1,881,981
December .....	22.60	21.74	3,652,985
Calendar 2012			
January .....	22.52	21.48	9,582,920
February .....	23.45	21.68	11,667,737
March .....	24.25	22.90	11,790,209
April .....	24.25	23.17	2,809,341
May (through May 28) .....	24.35	23.70	4,185,715

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

**CUF.DB:**

Period	TSX		
	High (\$)	Low (\$)	Volume (000)
Calendar 2011			
May .....	131.39	127.00	393
June .....	127.30	124.75	239
July .....	137.20	125.97	471
August .....	-	-	-
September .....	126.93	123.42	23
October .....	123.25	118.31	185
November .....	128.39	124.65	202
December .....	125.16	124.71	157
Calendar 2012			
January .....	127.71	125.43	60
February .....	133.51	125.00	183
March .....	137.59	134.00	73
April .....	138.00	136.15	118
May (through May 28) .....	138.61	135.00	396

**CUF.DB.B:**

Period	TSX		
	High (\$)	Low (\$)	Volume (000)
Calendar 2011			
May .....	104.50	103.00	328
June .....	104.25	100.00	315
July .....	103.95	101.50	301
August .....	103.95	101.50	205
September .....	102.52	101.25	59
October .....	102.50	100.50	195
November .....	103.00	101.42	174
December .....	104.45	101.00	263

Period	TSX		
	High (\$)	Low (\$)	Volume (000)
Calendar 2012			
January .....	104.00	102.60	345
February .....	104.00	103.00	141
March .....	104.00	102.87	112
April .....	103.75	101.75	666
May (through May 28) .....	104.20	101.90	305

**CUF.DB.C:**

Period	TSX		
	High (\$)	Low (\$)	Volume (000)
Calendar 2011			
May .....	104.75	102.50	709
June .....	104.95	102.50	406
July .....	104.00	102.75	307
August .....	103.50	101.25	5,222
September .....	103.00	101.25	936
October .....	103.00	98.00	2,491
November .....	103.00	102.00	1,324
December .....	104.00	103.00	877
Calendar 2012			
January .....	104.91	103.55	643
February .....	105.00	102.50	491
March .....	105.02	103.00	561
April .....	104.00	100.60	1,119
May (through May 28) .....	104.50	102.51	591

**CUF.DB.D:**

Period	TSX		
	High (\$)	Low (\$)	Volume (000)
Calendar 2011			
May .....	113.50	110.73	3,450
June .....	113.25	110.00	1,297
July .....	113.90	110.17	1,994
August .....	113.75	105.00	3,142
September .....	111.00	106.76	2,576
October .....	111.65	103.00	663
November .....	112.00	107.87	1,690
December .....	112.00	107.16	1,069
Calendar 2012			
January .....	111.00	107.50	578
February .....	115.92	108.00	932
March .....	119.19	112.98	10,476
April .....	119.99	115.00	3,769
May (through May 28) .....	119.49	117.02	6,124

**CUF.DB.E:**

Period	TSX		
	High (\$)	Low (\$)	Volume (000)
Calendar 2011			
May .....	103.80	102.80	392
June .....	104.00	101.00	474
July .....	103.75	102.50	419
August .....	104.00	101.20	464
September .....	103.50	100.00	811
October .....	103.00	99.50	774
November .....	103.56	101.50	613
December .....	103.50	102.00	602
Calendar 2012			
January .....	112.75	103.50	381
February .....	105.80	103.42	770
March .....	108.00	105.00	344
April .....	107.15	105.25	1,272
May (through May 28) .....	108.00	105.00	649

**CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The applicable Prospectus Supplement will describe certain Canadian federal income tax consequences to an investor who is a resident of Canada or who is a non-resident of Canada of acquiring, owning or disposing of any Debt Securities offered thereunder, including to the extent applicable, whether the distributions relating to the Debt Securities will be subject to Canadian non-resident withholding tax.

**RISK FACTORS AND INVESTMENT CONSIDERATIONS**

*An investment in the Debt Securities involves certain risks and investment considerations. Prospective investors should carefully consider, in light of their own financial circumstances, the risk factors and investment considerations set out below as well as other information, including without limitation the risk factors and investment considerations, contained or incorporated by reference in this Prospectus.*

*Prospective investors in a particular offering of the Debt Securities should carefully consider in addition to information contained in the Prospectus Supplement relating to that particular offering of Debt Securities and the information incorporated by reference herein, the risk factors and investment considerations described below and the risk factors and investment considerations described in the REIT's then current AIF, as well as the REIT's then current annual MD&A and interim MD&A, if applicable, to the extent incorporated by reference herein for purposes of that particular offering of Debt Securities.*

**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.

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). Continued concerns

about the uncertainty over the economy, including whether the economy will, in the future, be adversely affected by inflation, deflation or stagflation, and the systematic impact of increased unemployment, volatile energy costs, geopolitical issues, have contributed to increased market volatility and weakened business and consumer confidence, creating a climate of greater volatility, less liquidity and tighter credit conditions, from time to time. Notwithstanding various actions by governments and central banks, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions have caused, and may in the future cause, the credit markets to deteriorate, stock markets to decline substantially and the economy to slow down. There is also significant uncertainty as to the duration of current events and as to the further deterioration of these conditions. Failure to raise capital in a timely fashion or under favourable terms could have a material adverse effect on the REIT's financial position and operating results, as well as on its ability to pursue acquisitions and developments.

#### *Debt financing*

The REIT has and will continue to have substantial outstanding consolidated indebtedness comprised primarily of hypothecs, property mortgages and indebtedness under its Credit Facility, other credit facilities of the REIT and its Convertible Debentures. 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 refinance its existing debt or renegotiate the terms of repayment at favourable rates. In addition, the terms of the REIT's indebtedness generally 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 or refinance 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, including equity and debt financing. The current Credit Facility of the REIT in the stated amount of \$550.0 million is repayable in two tranches over two and three years. As at May 28, 2012, \$373.7 million was drawn down under the Credit Facility.

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 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 risk exposures. Such investments are affected by general economic conditions, local real estate markets, demand for leased premises, competition from other vacant premises, municipal valuations and assessments and various other factors.

The value of immovable property and any improvements thereto may also depend on the solvency 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 has 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 has 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. Failure to rent unleased space, or to rent it on a timely basis or at rents at least equal to their present levels, would likely have an adverse effect on the REIT's financial condition and the value of its properties. The risk is heightened in the present economic context.

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 exposed to debt financing risks, including the risk that existing credit facility and hypothecary indebtedness secured by the REIT's properties will not be able to be refinanced or that the terms of 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 credit facility and hypothecary indebtedness on such properties becomes due for refinancing.

Some 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 major 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.

#### *Geographic concentration*

The REIT has significant geographic concentration within its two largest markets, the Québec City Area and the Montréal Area, thus exposing the REIT to changes in economic conditions within these markets and to market specific events, such as new supply of commercial real estate. It may take time for the REIT to materially improve its geographic diversification.

#### *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, while enhancing diversification. 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. It may also be difficult for the REIT to achieve economies of scale as it moves into new markets.

### *Property developments*

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 any change in these assumptions could have a material adverse effect on the REIT's asset values and financial results, and negatively affect the return on the REIT's investments.

### *Dependence on key personnel*

Management depends on the services of certain key personnel of the REIT, 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 Family and related entities are engaged in a wide range of real estate and other business activities. The Dallaire Family and related entities may become involved in transactions or leasing opportunities which conflict with the interests of the REIT. An affiliate of the Dallaire Family has undertaken the development (on its own account) of phase II of the Complexe Jules-Dallaire located in Québec City, Québec which includes ten storeys of office space. It is expected that once the ten storeys of office space are completed, the Dallaire Family may increase its interest in the Complexe Jules-Dallaire by up to 50% of the fair market value of the entire Complexe Jules-Dallaire (excluding the residential condominium units being developed by the Dallaire Family), by way of a cash contribution and the contribution of the phase II office space. It is also expected that the entire Complexe Jules-Dallaire (excluding the residential condominium units) will then be managed by the REIT.

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.

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.

### *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 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 decades. 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.

### *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.

### *Achievement and implementation of strategic goals*

Though the REIT has established the strategic goal of revising its debt ratio to generally bring it to approximately 50% of the gross book value and to revise its distribution rate to about 90%, there is no guarantee that it will be able to meet these goals. In the context of the REIT's acquisition of Canmarc in early 2012 or future acquisitions, it may be necessary for the REIT to maintain or even increase its current debt ratio and to maintain its current distribution rate. Further, though the REIT intends, as part of its strategic plan, to add the Province of Ontario to its target market, there is no guarantee that it will be successful in achieving this goal or that expansion into the Province of Ontario will result in similar profitability to the REIT's current portfolio of assets or the achievement of synergies with the REIT's current portfolio of assets.

## **Risk Factors Related to the Ownership of Debt Securities**

### *Caution regarding pro forma financial statements*

The BAR incorporated by reference in this Prospectus contains an unaudited *pro forma* consolidated balance sheet as at December 31, 2011 and unaudited *pro forma* consolidated statements of income of the REIT for the year ended December 31, 2011, giving effect to the acquisition of Canmarc in the manner set forth therein. Such *pro forma* financial statements have been prepared using certain of the REIT's and Canmarc's respective financial statements as more particularly described in the notes to such *pro forma* financial statements. Such *pro forma* financial statements are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected therein occurred on the dates indicated. Actual amounts recorded upon consummation of the acquisition of Canmarc will differ from such *pro forma* financial statements. Any potential synergies that may be realized after consummation of the acquisition of Canmarc have been excluded from such *pro forma* financial statements. Since the *pro forma* financial statements have been developed to retroactively show the effect of a transaction that occurred at a later date (even though this was accomplished by following generally accepted practice using reasonable assumptions), there are limitations inherent in the very nature of *pro forma* data. The data contained in the *pro forma* financial statements represents only a simulation of the potential impact of the acquisition of Canmarc. Undue reliance should not be placed on such *pro forma* financial statements.

### *Absence of market for securities*

There is currently no trading market for any Debt Securities that may be offered. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which these securities trade may be adversely affected. Whether or not these securities will trade at lower prices depends on many factors, including liquidity of these securities, 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.

### *Market price*

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

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.

Factors that may influence the market price of the Units include the annual yield on the Units, the number of Units issued and outstanding and the REIT's payout ratio. 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.

### *Credit rating*

The credit rating assigned to the REIT by DBRS is not a recommendation to buy, hold or sell securities of the REIT. A rating is not a comment on the market price of a security nor is it an assessment of ownership given various investment objectives. There is no assurance that any rating will remain in effect for any given period of time and ratings may be upgraded, downgraded, placed under review, confirmed and discontinued. Non-credit risks that can meaningfully impact the value of the securities issued include market risk, trading liquidity risk and covenant risk. DBRS uses rating symbols as a simple and concise method of expressing its opinion to the market, although DBRS ratings usually consist of broader contextual information regarding the security provided by DBRS in rating reports, which generally set out the full rationale for the chosen rating symbol, and in other releases.

### *Structural subordination of Units and Convertible 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 holders of Convertible Debentures. The Units and Convertible 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 holders of Convertible Debentures will receive payments owing to them under the terms of the Convertible Debentures will depend on the financial health of the REIT and its creditworthiness. In addition, the Convertible Debentures are unsecured obligations of the REIT and are subordinate in right of payment to all the REIT's existing and future senior indebtedness. 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 Convertible 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 Convertible Debentures then outstanding. The Convertible 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 Convertible Debenture Trust Indenture does not prohibit or limit the ability of the REIT or its subsidiaries to incur additional debt or liabilities or to make distributions, except, in respect of distributions, where an event of default has occurred and such default has not been cured or waived. The Convertible Debenture Trust Indenture does not contain any provision specifically intended to protect holders of Convertible Debentures in the event of a future leveraged transaction involving the REIT.

#### *Conversion following certain transactions*

In the case of certain transactions, each Convertible Debenture may 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 Convertible Debenture was convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Convertible Debentures in the future.

#### *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.

#### *Inability to redeem Convertible Debentures in the event of a change of control*

In the event of a change of control including the acquisition, by one or more persons acting jointly or in concert, of voting control or direction over an aggregate of 66⅔% or more of the outstanding Units (a “**Change of Control**”), a holder of Series A Convertible Debentures, Series B Convertible Debentures, Series C Convertible Debentures, Series D Convertible Debentures and Series E Convertible Debentures may require the REIT to purchase, on the date which is 30 days after the delivery of a notice of a Change of Control, all or any part of such holder’s Series A Convertible Debentures, Series B Convertible Debentures, Series C Convertible Debentures, Series D Convertible Debentures and Series E Convertible Debentures, as the case may be, at a price equal to 101% of the principal amount of such Convertible Debentures plus accrued and unpaid interest up to but not including the date of the put option. The REIT does not have the funds required to make the purchases that may be required, and there is no guarantee that it will have access to such funds.

#### *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. If a claim is not satisfied by the REIT, there is a risk that a Unitholder or annuitant will be held personally liable for the performance of the 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 the Province 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.

#### *Status for tax purposes*

The REIT currently qualifies as a mutual fund trust for income tax purposes. While the amount of distributions remains at the discretion of its trustees, the REIT intends 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, income tax considerations 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 in the determination of its income 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 version of the Tax Act, 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 (Canada), 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 (Canada) indicated in a concurrent release that further discussions would be pursued with the private sector in this regard.

The Tax Act contains rules, the SIFT Rules, applicable to SIFTs and their investors, which generally tax the SIFT at a rate similar to a taxable Canadian corporation on income from business carried on in Canada and on income (other than taxable dividends) or capital gains from non-portfolio properties (as defined in the Tax Act), and the distribution of such income to unitholders of the SIFT is generally treated as dividends received from a taxable Canadian corporation. In general, distributions paid as returns of capital will not be subject to this tax. The SIFT Rules are not applicable to a real estate investment trust that meets certain specified criteria relating to the nature of its revenue and investments (the “**Real Estate Investment Trust Exception**”). On December 16, 2010, the Department of Finance (Canada) announced intended amendments and clarifications to the Real Estate Investment Trust Exception (the “**SIFT Amendments**”), and in the March 29, 2012 federal budget the Department of Finance (Canada) indicated its intention to proceed with the SIFT Amendments.

As of the date of this Prospectus, based on its assessment of the SIFT Rules and the SIFT Amendments, Management 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 Rules 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 SIFT Rules would be applicable to the REIT.

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 Rules (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 in other circumstances. Additional Units may also be issued pursuant to the DRIP, the Equity Incentive Plan and any other incentive plan of the REIT, and upon conversion of the Convertible Debentures and Units issuable to the Convertible Debenture Indenture Trustee in payment of interest on the Convertible Debentures. Any issuance of Units may have a dilutive effect on the Unitholders.

#### *Restrictions on certain unitholders and liquidity of Units*

The Contract of Trust imposes restrictions on non-resident Unitholders who are prohibited from beneficially owning more than 49% of the Units. These restrictions may limit the rights of certain Unitholders, including non-residents of Canada, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units held by the public. Unitholders who are non-residents of Canada are required to pay all withholding taxes payable in respect of distributions by the REIT. The REIT withholds such taxes as required by the Tax Act and remits such payment to the tax authorities on behalf of the 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 thereby affect their liquidity and market value.

#### *Cash distributions are not guaranteed*

There can be no assurance regarding the amount of income to be generated by the REIT’s properties. The ability of the REIT to make cash distributions, and the actual amounts distributed, will be entirely dependent on the operations and assets of the REIT and its subsidiaries, and will be subject to various factors including financial performance, 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.

#### **Risk Factors Related to Canmarc**

*Certain head leases between Canmarc and HII could be disclaimed or resiliated in the context of the latter’s proceedings under the Companies’ Creditors Arrangement Act (Canada)*

In connection with its initial public offering in 2010, Canmarc entered into head leases with HII as head tenant in order to provide Canmarc with stable and predictable income with respect to limited portions of leasable space.

HII filed for protection under the *Companies’ Creditors Arrangement Act* (Canada) on September 9, 2011.

The head leases are described in the documents publicly filed by Canmarc (including Canmarc’s annual information form for the year ended December 31, 2010 dated March 31, 2011) and available at [www.sedar.com](http://www.sedar.com). Also in connection with its initial public offering in 2010, Homburg Realty Fund (199) Limited Partnership, a subsidiary of HII, agreed to certain indemnification and other obligations towards a subsidiary of Canmarc, including with respect to remediation and/or monitoring costs in the event environmental issues are discovered, in certain situations.

In the event that the head leases were no longer in place, there could be an adverse effect on the net operating income of the REIT. While there is no certainty that this will be the case, there exists a risk that the head leases could be disclaimed or resiliated by HII in the context of its proceedings under the *Companies’ Creditors Arrangement Act* (Canada).

The head leases and the obligations described above are secured by pledges on the aggregate of proceeds of sale of 1,300,000 trust units of Canmarc. In the event that these pledges were challenged or set aside in the context of HII’s proceedings under the *Companies’ Creditors Arrangement Act* (Canada), there could be an adverse effect on the net operating income of the REIT.

#### *Canmarc potential liabilities and recoveries associated with the Holman Grand Hotel*

The REIT may have potential liabilities and be subject to potential recoveries as a result of the acquisition of Canmarc with respect to matters pertaining to the Holman Grand Hotel (the “**Hotel**”) located in Charlottetown, Prince Edward Island and which is owned and operated by HII.

As mentioned above, HII filed for protection under the *Companies’ Creditors Arrangement Act* (Canada) on September 9, 2011.

Dyne Holdings Limited (“**Dyne**”), an indirect wholly-owned subsidiary of Canmarc acquired from HII in May 2010 in connection with the initial public offering of Canmarc, is the owner of the land on which the Hotel was built (the “**Land**”). The Hotel was acquired by HII from Dyne pursuant to an agreement dated April 2010, and HII acquired a leasehold interest in respect of the Land under a ground lease (the “**Ground Lease**”) entered into between Dyne and HII in May 2010. Pursuant to the provisions of the Ground Lease, HII agreed to construct the Hotel on the Land.

Dyne is indebted to the Prince Edward Island Century 2000 Fund Inc. (the “**Century Fund**”) under a secured loan contracted by Dyne in November 2008 to finance the construction of the Hotel (the “**Loan**”). The Loan is secured by a collateral mortgage in favour of the Century Fund over the Land. The Loan was guaranteed by HII in

September 2009 and assumed by HII in April 2010 as part of the conveyance of the Hotel to HII by Dyne in connection with Canmarc's subsequent initial public offering. At such time an amount of approximately \$3.7 million was drawn down under the Loan. Dyne however remained liable under the Loan and was indemnified by HII in respect thereof. HII also agreed to use its best efforts to assist Dyne to obtain a release of the obligations of Dyne from the Century Fund.

HII is in default under the Ground Lease and the assumption of the Loan, and in late November 2011 Dyne received written notice from the Century Fund to the effect that Dyne was in default under the Loan. As at March 31, 2012, the principal amount outstanding under the Loan was approximately \$14.7 million. No formal enforcement proceedings have commenced under the Loan. Canmarc is in ongoing discussions with the Century Fund to find a solution to the current situation.

In addition to the Loan, liens with respect to HII's construction of the Hotel have been filed against Dyne's freehold interest in the Land. As at March 31, 2012, construction trade payables alleged to be secured by such liens aggregated approximately \$3.2 million. According to preliminary legal advice received by Canmarc, Dyne's liability on account of such construction trade payables in excess of the value of Dyne's freehold interest in the Land appears to be without merit. The REIT intends to contest the alleged claims.

There are, however, no assurances as to the amounts that could be recovered from HII and the timing of such recoveries, and there are no assurances that the REIT will be successful in its contestation of the alleged claims.

The REIT has determined that the maximum loss to Dyne, if one were realized, would be approximately \$5.0 million. Losses could however exceed such amount. See Note 18 to the March 2012 Financial Statements.

*The combination of the REIT and Canmarc may not realize the anticipated benefits, in the expected time-frames or at all, due to unanticipated challenges or delays with integrating the two companies*

The anticipated benefits and synergies of the combination of the REIT and Canmarc will depend in part on whether the operations, systems, management and cultures of Canmarc and the REIT can be integrated in an efficient and effective manner and whether the presumed bases or sources of synergies produce the benefits anticipated. Most operational and strategic decisions, and certain staffing decisions, with respect to the combined entity have not yet been made and may not have been fully identified. These decisions and the integration of the two entities will present significant challenges to management, including the integration of systems and personnel of the two entities, and special risks, including possible unanticipated liabilities and expenses, significant one-time write-offs or restructuring charges and the loss of key employees. In addition, the REIT is currently in the process of reviewing Canmarc's portfolio and this review may lead to dispositions or complementary acquisitions. There can be no assurance that there will be operational or other synergies realized by the combined entity, or that the integration of the two entities' operations, systems, management, personnel and cultures will be timely or effectively accomplished, or ultimately will be successful in achieving the anticipated benefits. The integration process may lead to greater than expected operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, client or suppliers) that may affect the ability of the combined business to realize the anticipated benefits and synergies of the combination or may materially and adversely affect the REIT's business, results of operations and/or financial condition.

## **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the Debt Securities offered hereby will be passed upon on behalf of the REIT by Davies Ward Phillips & Vineberg LLP. As of the date of this Prospectus, partners and associates of Davies Ward Phillips & Vineberg LLP, as a group, owned, beneficially or of record, less than 1% of our outstanding securities or outstanding securities of any of our associates or affiliates.

## **INTEREST OF EXPERTS**

RSM Richter Chamberland LLP are the external auditors who prepared the auditors' report to the unitholders of Canmarc dated April 9, 2012 with respect to the consolidated financial statements of Canmarc for the fiscal year ended December 31, 2011 which are included in the BAR. RSM Richter Chamberland LLP is

independent with respect to Canmarc and the REIT within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR FOR THE UNITS, AND CONVERTIBLE DEBENTURE INDENTURE TRUSTEE**

The auditors of the REIT are PricewaterhouseCoopers LLP, Chartered Professional Accountants.

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

Computershare Trust Company of Canada, at its principal offices in Montréal, Québec, is the Convertible Debenture Indenture Trustee for the Convertible Debentures under the Convertible Debenture Trust Indenture.

#### **PURCHASERS' STATUTORY RIGHTS**

The following is a description of a purchaser's statutory right. Securities legislation in certain of the provinces and territories 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 and territories, 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 or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

## AUDITORS' CONSENT

We have read the short form base shelf prospectus of Cominar Real Estate Investment Trust (the “**REIT**”) dated May 29, 2012 relating to the issue and sale of Debt Securities 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, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of unitholders equity, comprehensive income and cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated March 2, 2012.

(signed) *PricewaterhouseCoopers LLP*  
Chartered Professional Accountants  
Québec, Canada  
May 29, 2012

## CANMARC AUDITORS' CONSENT

We have read the short form base shelf prospectus of Cominar Real Estate Investment Trust (the “**REIT**”) dated May 29, 2012 relating to the issue and sale of Debt Securities 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 statements of financial position of Canmarc Real Estate Investment Trust as at December 31, 2011, December 31, 2010 and May 25, 2010 as well the consolidated statements of income and comprehensive income, changes in unitholders’ equity and cash flows for the year ended December 31, 2011 and the period from May 25, 2010 to December 31, 2010. Our report is dated April 9, 2012.

(signed) *RSM Richter Chamberland LLP*<sup>1</sup>  
Chartered Professional Accountants  
Québec, Canada  
May 29, 2012

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<sup>1</sup> CPA auditor, CA permit no. A106063

## **CERTIFICATE OF THE REIT**

Dated: May 29, 2012

This short form prospectus, together with the documents incorporated in this short form prospectus 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 and territories 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) PIERRE GINGRAS  
Trustee

(signed) ROBERT DESPRÉS  
Trustee