*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**") and accordingly will not be offered, sold or delivered, directly or indirectly, within the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the 1933 Act) without the availability of an exemption from registration. See "Plan of Distribution" in this short form prospectus. This short form prospectus does not constitute an offer to sell or solicitation of an offer to buy any of the securities offered hereby within the United States of America.*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Cominar Real Estate Investment Trust at Complexe Jules-Dallaire, 2820 Laurier Blvd., Suite 850, Québec City, Québec, G1V 0C1, telephone: (418) 681-8151, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

New Issue September 9, 2014

COMINAR REAL ESTATE INVESTMENT TRUST
$250,002,000
13,158,000 Units

This short form prospectus relates to the distribution of 13,158,000 units (the "**Units**") of Cominar Real Estate Investment Trust (the "**REIT**") at a price of $19.00 per Unit (the "**Subscription Price**"). 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 Complexe Jules-Dallaire, 2820 Laurier Blvd., Suite 850, Québec City, Québec, G1V 0C1. **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 Units 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 will use the proceeds from the sale of the Units, net of the fee of the Underwriters (as defined herein) payable with respect to the Units to pay a portion of the purchase price for the acquisition (the "**Acquisition**") of the Acquisition Properties (as defined herein) from Ivanhoé Cambridge Inc. ("**Ivanhoé Cambridge**"), the real estate subsidiary of la Caisse de dépôt et placement du Québec, and certain of its affiliates. The REIT currently expects the closing of the Acquisition to take place on or about October 1, 2014, but in any event no later than November 24, 2014 (the "**Acquisition Closing Date**"). **There can be no assurances that the Acquisition will be completed and closing of this offering is not subject to the closing of the Acquisition.** See "Recent Developments", "The Acquisition" and "Use of Proceeds" in this short form prospectus.

The REIT has entered into the Purchase Agreement (as defined herein) with respect to the Acquisition which contemplates, *inter alia*, that a portion of the purchase price for the Acquisition Properties will be funded through the subscription by Ivanhoé Cambridge to 13,158,000 Units (the "**Placement Units**") at the Subscription Price for a total of approximately $250.0 million (the "**Concurrent Private Placement**"). The closing of the Concurrent Private Placement is subject to the closing of the Acquisition and will occur concurrently with such closing. The Placement Units will be subject to a statutory hold period, and, unless otherwise approved by the REIT, Ivanhoé Cambridge has agreed not to sell any Placement Unit for a period of nine months from the Acquisition Closing Date, and has also agreed not to sell one-half of the Placement Units for an additional period of three months from the end of such nine-month period. See "Financing of the Acquisition – Concurrent Private Placement" in this short form prospectus.

Although the REIT intends to make distributions of its available cash to holders of Units ("Unitholders"), these cash distributions are not assured. A return on an investment in the REIT is not comparable to the return on an investment in a fixed-income security. The ability of the REIT to make cash distributions and the actual amount distributed will be dependent upon, among other things, the financial performance of the REIT, its debt covenants and obligations, its working capital requirements and its future capital requirements. The market value of the Units 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 Units is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See "Risk Factors and Investment Considerations" in this short form prospectus.

The after-tax return for any Units acquired by Unitholders which are subject to Canadian income tax and are Canadian residents will depend, in part, on the composition for tax purposes of distributions paid by the REIT (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The adjusted cost base of Units held by a Unitholder generally will be reduced by the non-taxable portion of distributions made to the Unitholder other than the portion thereof attributable to the non-taxable portion of certain capital gains. The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders. See "Canadian Federal Income Tax Considerations" in this short form prospectus.

The Units are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "CUF.UN". The TSX has conditionally approved the listing of the Units to be issued and sold pursuant to this short form prospectus and the Placement Units, subject to the REIT fulfilling all of the requirements of the TSX on or before November 24, 2014. On August 25, 2014, the last trading day prior to the announcement of this offering, the Acquisition and the Concurrent Private Placement, the closing price of the Units on the TSX was $19.54. On September 8, 2014, the last trading day prior to the date of this short form prospectus, the closing price of the Units on the TSX was $19.25.

In the opinion of counsel, the Units will qualify as eligible investments as set forth under "Eligibility for Investment" in this short form prospectus.

Price: $19.00 per Unit	Price to the public(1)	Underwriters' fee(2)	Net proceeds to the REIT(3)
Per Unit	$19.00	$0.76	$18.24
Total(4)	$250,002,000	$10,000,080	$240,001,920

Notes:

(1) The terms of this offering and the price of the Units have been determined by negotiation between the REIT, and the Co-Lead Underwriters (as defined herein) (on their own behalf and for and on behalf of the Underwriters).

(2) The Underwriters' fee is payable upon closing of this offering. The Underwriters will not receive any fee in connection with the Concurrent Private Placement.

(3) Before deducting the expenses of this offering, which are estimated to be approximately $300,000.

(4) The REIT has granted to the Underwriters an option (the "**Over-Allotment Option**") to purchase up to an additional 1,973,700 Units (being up to 15% of the number of Units sold under this offering) at the Subscription Price on the same terms and conditions as this offering, exercisable in whole or in part from time to time, not later than the 30th day following the closing of this offering for market stabilization purposes and to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to the REIT (before deducting the estimated expenses of this offering) will be $287,502,300, $11,500,092 and $276,002,208, respectively. This short form prospectus qualifies the grant of the Over-Allotment Option. See "Plan of Distribution" in this short form prospectus. Unless otherwise indicated, the disclosure in this short form prospectus assumes that the Over-Allotment Option has not been exercised.

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

Underwriters' Position	Maximum size or number of securities available	Exercise Period	Exercise Price
Over-Allotment Option	Option to purchase up to 1,973,700 Units (being up to 15% of the number of Units sold)	The exercise period of the Over-Allotment Option is set forth above	$19.00 per Unit

The Underwriters of this offering are National Bank Financial ("**NBF**"), BMO Nesbitt Burns Inc. ("**BMO**" and, collectively with NBF, the "**Co-Lead Underwriters**"), Desjardins Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp. and Dundee Securities Ltd. (collectively with the Co-Lead Underwriters, the "**Underwriters**"). The Underwriters, as principals, conditionally offer the Units for sale, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" in this short form prospectus, and subject to the approval of certain legal matters on behalf of the REIT by Davies Ward Phillips & Vineberg LLP, and on behalf of the Underwriters by Lavery, de Billy, L.L.P. In accordance with and subject to applicable laws, the Underwriters may effect transactions that stabilize or maintain the market price of the Units. See "Plan of Distribution" in this short form prospectus.

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. This offering will be conducted under the book-based system. No certificates will be issued to purchasers of Units except in limited circumstances, and registration will be made with the depository services of CDS Clearing and Depository Services Inc. on the closing date of this offering, which is expected to occur on or about September 16, 2014 or such later date as the REIT and the Co-Lead Underwriters (on their own behalf and for and on behalf of the Underwriters) may agree, but in any event no later than September 23, 2014. See "Plan of Distribution" in this short form prospectus.

Each of NBF, BMO, Desjardins Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. is a subsidiary of financial institutions which are among the principal lenders of the REIT. Consequently, the REIT may be considered a "connected issuer" of such Underwriters within the meaning of applicable securities legislation. As at September 8, 2014, the actual indebtedness of the REIT to such financial institutions amounted to approximately $723.3 million in the aggregate. See "Relationship between the REIT and the Underwriters" in this short form prospectus.

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ABOUT THIS PROSPECTUS

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

In this short form prospectus, unless otherwise specified, all references to "**dollars**" or "**$**" are to Canadian dollars, and references to the "**REIT**" are references to the REIT (as defined below) and its subsidiaries, where the context so requires.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus, and in certain documents incorporated by reference therein, constitute forward-looking statements. These statements relate to future events or the REIT's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These factors include general economic conditions in Canada and elsewhere in the world, the effects of competition in the markets where the REIT operates, the impact of changes in laws and regulations, including tax laws, successful execution of the REIT's strategy, the REIT's ability to complete and integrate acquisitions successfully, including the Acquisition (as defined below), the REIT's ability to attract and retain key employees and executives, the financial position of clients, the REIT's ability to refinance its debts upon maturity and to lease vacant space, the REIT's ability to complete developments according to plans and to raise capital to finance growth, as well as changes in interest rates. See "Risk Factors and Investment Considerations" in this short form prospectus.

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, the access of the REIT to capital and debt markets, including the ability to refinance the Unsecured Revolving Credit Facility (as defined below), the Unsecured Bridge-to-Accordion Facility (as defined below) and the Unsecured Bridge Credit Facility (as defined below) and on terms favourable to the REIT, or at all, the ability of the REIT to complete the Acquisition (as defined below), in whole, in part or at all, and to effectively integrate the Acquisition Properties (as defined below) in the REIT's current portfolio and the REIT's intention to meet its target leverage of approximately 50% of debt to Gross Book Value (as defined below) in the future. While the REIT believes that the expectations reflected in the forward-looking statements contained in this short form prospectus, and in the documents incorporated by reference herein, 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. Unless otherwise indicated in this short form prospectus, these statements speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference herein, as the case may be. The REIT does not assume any obligation to update the aforementioned forward-looking statements, except as required by applicable laws.

NON-IFRS FINANCIAL MEASURES

The REIT issues guidance and reports on certain non-IFRS (as defined below) measures, including "net operating income", "adjusted net income", "recurring distributable income", "recurring funds from operations", "recurring adjusted funds from operations" and "proportionate consolidation adjustment", that it uses to evaluate its performance. Because non-IFRS measures do not have a standardized meaning and may differ from similar measures presented by other entities, securities regulations require that non-IFRS measures be clearly defined and qualified, reconciled with their nearest IFRS measure and given no more prominence than the closest IFRS measure. Such information is presented in the sections dealing with these financial measures herein, including "The Acquisition" and "Use of Proceeds", and in the documents incorporated by reference herein.

"**IFRS**" means the generally accepted accounting principles determined with reference to International Financial Reporting Standards, as issued 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 Chartered Professional Accountants of Canada, as amended from time to time.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT, Complexe Jules-Dallaire, 2820 Laurier Blvd., Suite 850, Québec City, Québec, G1V 0C1, telephone: (418) 681-8151, and are also available electronically under the REIT's profile on SEDAR (as defined below) at 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 short form prospectus:

(i) the annual information form ("**AIF**") of the REIT dated March 28, 2014 (the "**2013 AIF**");

(ii) the comparative audited consolidated financial statements of the REIT for the year ended December 31, 2013, together with the notes thereto and the independent auditor's report thereon (the "**2013 Financial Statements**");

(iii) the management's discussion and analysis of operating results and financial position ("**MD&A**") of the REIT for the year ended December 31, 2013 (the "**2013 MD&A**");

(iv) the unaudited condensed interim consolidated financial statements of the REIT for the six-month period ended June 30, 2014, together with the notes thereto (the "**June 2014 Financial Statements**");

(v) the MD&A of the REIT for the six-month period ended June 30, 2014 (the "**June 2014 MD&A**");

(vi) the management information circular of the REIT dated March 26, 2014 (the "**Circular**") in connection with the annual and special meeting of Unitholders (as defined below) held on May 13, 2014;

(vii) the material change report of the REIT dated January 15, 2014 with respect to the sale of its 4.941% Series 4 senior unsecured debentures due July 27, 2020 (the "**Series 4 Debentures**") in the principal amount of $100.0 million;

(viii) the material change report of the REIT dated March 6, 2014 with respect to the sale of its Series 4 Debentures in the principal amount of $100.0 million;

(ix) the term sheet dated August 26, 2014 filed on SEDAR in connection with this offering (the "**Term Sheet**"); and

(x) the material change report of the REIT dated September 2, 2014 with respect to this offering, the Acquisition and the Concurrent Private Placement.

All material change reports (excluding confidential material change reports), AIFs, annual financial statements and the independent auditor's report thereon and related MD&A, interim financial statements 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 regulatory authority in Canada after the date of this short form prospectus shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference in this short form prospectus shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained in this short form prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes 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 shall not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.

MARKETING MATERIALS

The Term Sheet does not form part of this short form prospectus to the extent that the contents of the Term Sheet have been modified or superseded by a statement contained in this short form prospectus. Any "template version" of "marketing materials" (as such terms are defined in National Instrument 41-101 *General Prospectus Requirements* (referred to in Québec as *Regulation 41-101 respecting General Prospectus Requirements*)) filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada in connection with this offering after the date of this short form prospectus but prior to the termination of the distribution of the Units will be deemed to be incorporated by reference into this short form prospectus.

PROSPECTUS SUMMARY

The following is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere or incorporated by reference in this short form prospectus. Please refer to the section entitled "Glossary" beginning on page 7 of this short form prospectus for the meaning of the terms used but not otherwise defined in this summary. Unless otherwise indicated, this summary gives effect to the acquisition by the REIT of a 100%-interest in the Acquisition Properties. See "The Acquisition – Purchase Agreement".

Issuer: Cominar Real Estate Investment Trust

Offering: 13,158,000 Units (15,131,700 Units if the Over-Allotment Option is exercised in full)

Subscription Price: $19.00 per Unit

Amount of Offering and Use of Proceeds: The estimated total net proceeds to be received by the REIT from this offering will amount to approximately $239.7 million (approximately $275.7 million if the Over-Allotment Option is exercised in full), after deducting the Underwriters' fee in respect of the Units issued and sold by the REIT and the estimated expenses of this offering. The net proceeds from the sale of the Units will be used to finance a portion of the Acquisition. There can be no assurances that the Acquisition will be completed and closing of this Offering is not subject to the closing of the Acquisition. In the event that the Acquisition is not completed, the net proceeds of this offering will be used by the REIT to pay down debt outstanding under the Unsecured Revolving Credit Facility, to finance the REIT's ongoing acquisition and development pipeline and for general and trust purposes. See "Use of Proceeds".

The Acquisition: Pursuant to the Purchase Agreement, Ivanhoé Cambridge and certain of its affiliates have agreed to sell, transfer, assign and convey to the REIT the Acquisition Properties for an aggregate purchase price of approximately $1.527 billion, subject to certain adjustments and the exercise of rights of first refusal and the potential purchase of third-party interests in certain of the Acquisition Properties. Assuming that such third parties elect to sell their interests in such Acquisition Properties to the REIT and that no rights of first refusal are exercised, the purchase price of the Acquisition would be increased to approximately $1.63 billion, subject to certain adjustments. In addition to the net proceeds of this offering, the purchase price of the Acquisition, together with the transaction expenses, will be funded through the Otéra Hypothecary Loan of $250.0 million, the Unsecured Bridge-to-Accordion Facility of $100.0 million, the Unsecured Bridge Credit Facility of up to $850.0 million, and the Unsecured Revolving Credit Facility as to approximately $73.0 million, as well as through the Concurrent Private Placement. The Acquisition is expected to close on or about October 1, 2014, or three business days after the conditions set out in the Purchase Agreement have been met or waived, but in any event no later than November 24, 2014, following satisfaction of all customary closing conditions. See "The Acquisition" and "Financing of the Acquisition".

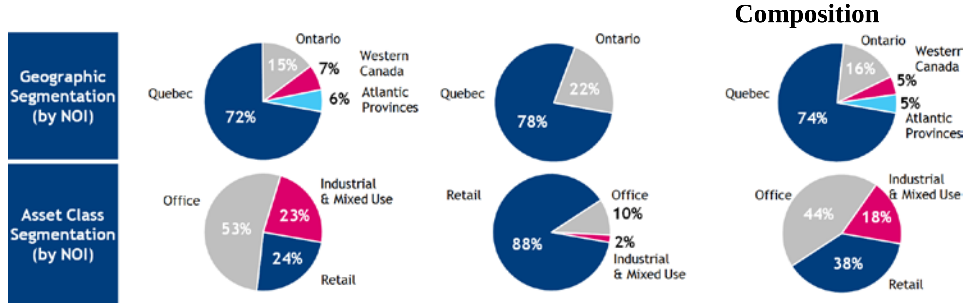
Concurrent Private Placement: The REIT has entered into the Purchase Agreement with respect to the Acquisition which contemplates, *inter alia*, that a portion of the purchase price for the Acquisition Properties will be funded through the subscription by Ivanhoé Cambridge to 13,158,000 Placement Units at the Subscription Price for a total of approximately $250.0 million. The closing of the Concurrent Private Placement is subject to the closing of the Acquisition and will occur concurrently with such closing. The Placement Units will be subject to a statutory hold period, and, unless otherwise approved by the REIT, Ivanhoé Cambridge has agreed not to sell any Placement Unit for a period of nine months from the Acquisition Closing Date, and has also agreed not to sell one-half of the Placement Units for an additional period of three months from the end of such nine-month period. See "Financing of the Acquisition – Concurrent Private Placement".

Portfolio Composition: The Acquisition Properties include 15 properties in the provinces of Québec and Ontario and comprise a total of approximately 5.7 million square feet of GLA. The Acquisition Properties include 11 retail properties (representing approximately 4.9 million square feet), three office properties (representing approximately 660,000 square feet), including one property under development, and one industrial and mixed-use property (representing approximately 99,000 square feet), with an occupancy rate of approximately 96.7%. See "The Acquisition – The Acquisition Properties".

Pro Forma Portfolio Composition:

Upon completion of the Acquisition, the REIT will own 541 properties, comprised of a total of approximately 45.2 million square feet of GLA. The REIT's portfolio on a *pro forma* basis, after giving effect to the Acquisition, will continue to be well diversified by asset class and geography on a NOI basis. The Acquisition enhances the NOI contribution of its retail sector from 24% to 38%, with the office sector at 44% and the industrial and mixed-use sector at 18%, as shown below:

Current REIT Properties **Acquisition Properties** **Pro Forma Portfolio Composition**



See "The Acquisition – Pro Forma Portfolio Composition".

Pro Forma Leverage:

After giving effect to this offering, the Concurrent Private Placement, the Acquisition and the financing thereof (including through the use of the net proceeds of this offering and the Concurrent Private Placement), the indebtedness of the REIT, expressed as a percentage of the Gross Book Value (including proportionate consolidation adjustment), is estimated by Management to be approximately 57.1% (approximately 54.9%, excluding the Convertible Debentures). The REIT's long-term target leverage remains at approximately 50% of debt to Gross Book Value. See "The Acquisition – Purchase Agreement", "Use of Proceeds" and "Changes in Units Outstanding and Loan Capital".

GLOSSARY

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

"**1933 Act**" means the United States *Securities Act of 1933*, as amended.

"**2013 AIF**" has the meaning ascribed thereto under "Documents Incorporated by Reference".

"**2013 Financial Statements**" has the meaning ascribed thereto under "Documents Incorporated by Reference".

"**2013 MD&A**" has the meaning ascribed thereto under "Documents Incorporated by Reference".

"**Acquisition**" means the direct and/or indirect acquisition by the REIT from Ivanhoé Cambridge and certain of its affiliates of all of the Acquisition Properties pursuant to the terms of the Purchase Agreement.

"**Acquisition Closing Date**" means on or about October 1, 2014, or three business days after the conditions set out in the Purchase Agreement have been met or waived, but in any event no later than November 24, 2014.

"**Acquisition Properties**" means, collectively, the properties described herein under "The Acquisition – Description of the Acquisition Properties".

"**affiliate**" has the meaning ascribed thereto in the *Securities Act* (Québec), as amended.

"**AIF**" has the meaning ascribed thereto under "Documents Incorporated by Reference".

"**associate**" has the meaning ascribed thereto in the CBCA, except under "Legal Matters".

"**Atlantic Provinces**" means, collectively, the provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

"**BMO**" means BMO Nesbitt Burns Inc.

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

"**Bridge Lenders**" has the meaning ascribed thereto under "Financing of the Acquisition – Unsecured Bridge Credit Facility".

"**CBCA**" means the *Canada Business Corporations Act*, as amended.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Circular**" has the meaning ascribed thereto under "Documents Incorporated by Reference".

"**Co-Lead Underwriters**" means NBF and BMO.

"**Competition Act**" means the *Competition Act* (Canada) and the regulations promulgated thereunder, as amended from time to time.

"**Competition Bureau**" means the agency responsible for the administration and enforcement of the Competition Act.

"**Concurrent Private Placement**" has the meaning ascribed thereto on the cover page of this short form prospectus.

"**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, (i) the series D 6.50% convertible unsecured subordinated debentures due September 30, 2016, and (ii) the series E 5.75% convertible unsecured subordinated debentures due June 30, 2017, of the REIT, and includes where the context so requires, 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 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 Accordion Feature**" has the meaning ascribed thereto under "Recent Developments".

"**DBRS**" means DBRS Limited.

"**Deferred Income Plans**" means, collectively, trusts governed by RRSPs, RRIFs, deferred profit sharing plans, registered education savings plans and registered disability savings plans, each as defined in the Tax Act, as well as TFSA.

"**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" on page 60 of the 2013 AIF.

"**Distribution Date**" means the date on or about the 15th 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" on page 62 of the 2013 AIF.

"**Equity Incentive Plan**" means the equity-based incentive plan of the REIT, as amended and restated, as described in Exhibit 1 to Schedule "A" to the Circular.

"**GLA**" means gross leasable area.

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

"**Holder**" has the meaning ascribed thereto under "Canadian Federal Income Tax Considerations" and applies only to such section and to "Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Units – Status for tax purposes".

"**IFRS**" means the generally accepted accounting principles determined with reference to International Financial Reporting Standards, as issued 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 Chartered Professional Accountants of Canada, as amended from time to time.

"**Ivanhoé Cambridge**" means Ivanhoé Cambridge Inc., the real estate subsidiary of la Caisse de dépôt et placement du Québec.

"**June 2014 Financial Statements**" has the meaning ascribed thereto under "Documents Incorporated by Reference".

"**June 2014 MD&A**" has the meaning ascribed thereto under "Documents Incorporated by Reference".

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

“**MD&A**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**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.

“**NBF**” means National Bank Financial Inc.

“**NOI**” means net operating income.

“**Otéra**” has the meaning ascribed thereto under “Financing of the Acquisition – Otéra Hypothecary Loan”.

“**Otéra Hypothecary Loan**” has the meaning ascribed thereto under “Financing of the Acquisition – Otéra Hypothecary Loan”.

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

“**Placement Units**” means the Units to be issued in connection with the Concurrent Private Placement.

“**Purchase Agreement**” means the agreement of purchase and sale bearing the date of August 26, 2014 among the REIT, Ivanhoé Cambridge and certain of its affiliates in respect of the sale of the Acquisition Properties by Ivanhoé Cambridge and such affiliates to the REIT, as amended, supplemented or otherwise modified from time to time.

“**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 “Canadian Federal Income Tax Considerations – Taxation of the REIT”.

“**Registration Rights Agreement**” has the meaning ascribed thereto under “Financing of the Acquisition – Concurrent Private Placement”.

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

“**RRIF**” means registered retirement income fund, as defined in the Tax Act.

“**RRSP**” means registered retirement savings plan, as defined in the Tax Act.

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

“**shadow tenant**” means a person who occupies a property located proximate to a shopping centre, but who is not part of such shopping centre, who shares certain of the operating costs of the shopping centre or contributes revenue to the shopping centre, and has the potential to generate traffic for the centre.

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

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

“**Subscription Agreement**” has the meaning ascribed thereto under “Financing of the Acquisition – Concurrent Private Placement”.

“**Subscription Price**” means $19.00 per Unit.

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

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

"**Term Sheet**" has the meaning ascribed thereto under "Documents Incorporated by Reference".

"**TFSA**" means a tax free savings account, as defined in the Tax Act.

"**Transfer Agent**" means Computershare Investor Services Inc., in its capacity as transfer agent and registrar of the Units.

"**Trustee**" means a trustee of the REIT.

"**TSX**" means the Toronto Stock Exchange.

"**Underwriters**" means, collectively, NBF, BMO, Desjardins Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp. and Dundee Securities Ltd.

"**Underwriting Agreement**" means the underwriting agreement dated September 2, 2014 among the REIT and the Underwriters.

"**Unit**" means a unit of interest in the REIT.

"**Unitholder**" means a holder of Units.

"**Unsecured Bridge Credit Facility**" has the meaning ascribed thereto under "Financing of the Acquisition – Unsecured Bridge Credit Facility".

"**Unsecured Bridge-to-Accordion Facility**" has the meaning ascribed thereto under "Financing of the Acquisition **–** Unsecured Bridge-to-Accordion Facility".

"**Unsecured Debenture Indenture Trustee**" means Computershare Trust Company of Canada.

"**Unsecured Debentures**" means, collectively, the 4.274% Series 1 senior unsecured debentures of the REIT due June 15, 2017, the 4.23% Series 2 senior unsecured debentures of the REIT due December 4, 2019, the 4.00% Series 3 senior unsecured debentures of the REIT due November 2, 2020, the 4.941% Series 4 senior unsecured debentures of the REIT due July 27, 2020 and the Series 5 floating rate senior unsecured debentures of the REIT due October 9, 2015.

"**Unsecured Revolving Credit Facility**" means the REIT's operating and acquisition credit facility, which was renewed on August 4, 2014, in the stated amount of $350.0 million. See "Recent Developments".

"**Western Canada**" means, collectively, the provinces of British Columbia and Alberta.

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 June 30, 2014, the REIT owned a diversified portfolio of 526 office, retail, industrial and mixed-use properties, of which 402 are located in the Province of Québec, 50 in the Province of Ontario (which includes the Gatineau area), 60 in the Atlantic Provinces and 14 in Western Canada. The portfolio comprises approximately 14.2 million square feet of office space, 8.0 million square feet of retail space, 17.3 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 39.5 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 and mixed-use properties located in the Province of Québec, primarily in the Montréal Area and the Québec City 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.

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 some recently acquired properties which are externally managed pending full integration in the short to medium term. 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 intends to continue to pursue acquisition, such as the 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 Complexe Jules-Dallaire, 2820 Laurier Blvd., Suite 850, Québec City, Québec, G1V 0C1.

RECENT DEVELOPMENTS

The following is a summary of significant developments in the operations and affairs of the REIT which have occurred since June 30, 2014, being the last day of the period in respect of which the REIT has filed the June 2014 Financial Statements and the June 2014 MD&A.

1. On August 4, 2014, the REIT replaced its secured credit facility of up to $300.0 million by the Unsecured Revolving Credit Facility for $350.0 million. Borrowings under the Unsecured Revolving Credit Facility may be increased to up to $550.0 million, subject to lenders' consent (the "**Credit Facility Accordion Feature**"). The Unsecured Revolving Credit Facility replaced the REIT's prior $300.0 million secured credit facility and provides borrowing availability based, among other things, on the REIT maintaining unencumbered aggregate assets in an amount of not less than 130% of the aggregate principal amount of its outstanding senior unsecured indebtedness. The REIT's unencumbered aggregate assets, established pursuant to the Unsecured Revolving Credit Facility, currently stand at $2.3 billion representing 149% of aggregate principal amount of senior unsecured indebtedness. Borrowings under the Unsecured Revolving Credit Facility are priced off a ratings grid and the REIT benefits from a reduction of 30 basis points compared to its prior secured lending facility. Borrowings under the Unsecured Revolving Credit Facility

rank *pari passu* with the Unsecured Debentures. The Unsecured Revolving Credit Facility will mature in August 2017.

2. On August 7, 2014, the REIT announced an increase in its monthly distributions from $0.12 to $0.1225 per Unit, commencing for the distribution to Unitholders of record on August 29, 2014, which will be paid on September 15, 2014. See "Distribution Policy".

3. On August 26, 2014, the REIT announced that it had entered into the Purchase Agreement for the acquisition of the Acquisition Properties, which comprise a portfolio of 15 properties, including 11 retail properties, three office properties, including one property under development, and one industrial and mixed-use property in Québec and Ontario, representing approximately 5.7 million square feet of leasable area in the aggregate, with an occupancy rate of approximately 96.7%, from Ivanhoé Cambridge and certain of its affiliates, for a purchase price of approximately $1.527 billion, subject to certain adjustments and the exercise of rights of first refusal and similar rights and the potential purchase of third-party interests in certain of the Acquisition Properties. On the same day, the REIT announced this offering and the Concurrent Private Placement. See "The Acquisition".

4. On September 9, 2014, the REIT entered into a sixth supplemental indenture with the Unsecured Debenture Indenture Trustee, to the trust indenture dated as of June 15, 2012 between the REIT and the Unsecured Debenture Indenture Trustee, as amended and supplemented, and governing the Unsecured Debentures, providing for an additional covenant for the REIT to maintain aggregate unencumbered assets in an amount of not less than 130% of the aggregate principal amount of its outstanding senior unsecured indebtedness.

Consistent with its past practice and in the normal course, while the REIT is actively pursuing the Acquisition, it may have outstanding non-binding letters of intent and/or conditional agreements or may otherwise be engaged in discussions with respect to other possible acquisitions of new properties which may or may not be material. However, there can be no assurance that any of these letters, agreements and/or discussions will result in an acquisition and, if they do, what the final terms or timing of any acquisition would be.

THE ACQUISITION

The Acquisition constitutes a significant acquisition for the REIT under securities legislation in Canada. See "Unaudited Pro Forma Consolidated Financial Statements of Cominar Real Estate Investment Trust as at June 30, 2014" in this short form prospectus. Unless otherwise indicated, this short form prospectus gives effect to the acquisition by the REIT of a 100%-interest in the Acquisition Properties. See "– Purchase Agreement".

Purchase Agreement

On August 26, 2014, the REIT, Ivanhoé Cambridge and certain of its affiliates entered into the Purchase Agreement for the purchase and sale of the Acquisition Properties.

Purchase Price: Pursuant to the Purchase Agreement, Ivanhoé Cambridge and certain of its affiliates have agreed, to sell, transfer, assign and convey to the REIT the Acquisition Properties, which the REIT agreed to purchase, together with, *inter alia*, all leases, offers to lease and contracts related thereto and all equipment, machinery, moveables and trade names owned by Ivanhoé Cambridge and certain of its affiliates and used principally in the maintenance, repair or operation of the Acquisition Properties, for an aggregate purchase price of approximately $1.527 billion, subject to certain adjustments and the exercise of rights of first refusal and the potential purchase of third-party interests in certain of the Acquisition Properties. Assuming that such third parties elect to sell their interests in such Acquisition Properties to the REIT and that no rights of first refusal are exercised, the purchase price of the Acquisition would be increased to approximately $1.63 billion, subject to certain adjustments.

Consideration and Sources of Funds: In addition to the net proceeds of this offering, the purchase price of the Acquisition, together with the transaction expenses, will be funded through the Otéra Hypothecary Loan of

$250.0 million, the Unsecured Bridge-to-Accordion Facility of $100.0 million, the Unsecured Bridge Credit Facility of up to $850.0 million and the Unsecured Revolving Credit Facility as to approximately $73.0 million, as well as through the Concurrent Private Placement. See “Use of Proceeds”.

Rights of First Refusal and Other Rights: Mail Champlain, Rockland and Les Galeries de Hull are subject to rights of first refusal or similar rights in favour of third parties, two of which third parties are co-owners. The third parties which own a 50%-interest in Mail Champlain and a 15%-interest in Les Galeries de Hull, respectively, have advised Ivanhoé Cambridge of their respective interest in selling their stake in Mail Champlain and Les Galeries de Hull to the REIT, and therefore, of their intention not to exercise their right of first refusal. Assuming that such third parties elect to sell their interests in such Acquisition Properties to the REIT and that no rights of first refusal are exercised, the purchase price of the Acquisition would be increased to approximately $1.63 billion, subject to certain adjustments. The REIT has made a distinct offer to Ivanhoé Cambridge as regards Rockland. If the third parties who benefit from such rights of first refusal exercise them, the said Acquisition Properties will not be sold to the REIT and the purchase price will be reduced by an amount agreed to by the REIT and Ivanhoé Cambridge. See “Risk Factors and Investment Considerations – Closing of the Acquisition and Acquisition of Third Party Interests”.

Closing and Closing Conditions: The closing of the Acquisition will take place on the Acquisition Closing Date (on or about October 1, 2014, or three business days after the conditions set out in the Purchase Agreement have been met or waived, but in any event no later than November 24, 2014). The closing of the Acquisition is subject to certain conditions, such as the obtaining of all material third party consents, approvals or waivers, including all required regulatory clearances (including that, pursuant to the Competition Act, the applicable waiting period has expired, been terminated or waived without any regulatory restriction preventing closing, or that an advance ruling certificate or no-action letter has been obtained from the Competition Bureau), the confirmation of certain representations and warranties set out in the Purchase Agreement as at the Acquisition Closing Date and the obtaining of estoppel certificates from certain tenants of the Acquisition Properties. See “Risk Factors and Investment Considerations – Closing of the Acquisition and Acquisition of Third Party Interests”.

Adjustments: Pursuant to the Purchase Agreement, the purchase price of the Acquisition may be adjusted 36 months after the Acquisition Closing Date to reflect (i) 75% of any increase in the fair market value of Rockland, in respect of which Ivanhoé Cambridge has invested significant amounts in improvements, and (ii) 50% of any increase in the fair market value of 3055 Boul. St-Martin Ouest, a property under development, in each case net of tenant inducements, certain commissions, base-building construction costs and other leasing costs; provided that in respect of Rockland, the maximum fair market value that will be used for the adjustment will be $306.0 million. In addition, the purchase price of the Acquisition may be adjusted following the exercise of rights of first refusal, “buy-sell” provisions and similar rights. In the event that any such right is exercised, the purchase price of the Acquisition will be increased or decreased, as the case may be, in an amount corresponding to the value of the applicable Acquisition Properties.

Head Lease: Ivanhoé Cambridge has head leased approximately 56,000 square feet of leasable retail space for a period of three years at $1.6 million per annum. In addition, Ivanhoé Cambridge has also agreed to supplement rent shortfall in respect of certain tenants under rental assistance or benefitting from leasing concessions, and to accelerate certain step ups.

Employee Matters: Following the Acquisition, approximately 120 employees of Ivanhoé Cambridge and certain of its affiliates who are engaged principally in the operation, management, leasing and development of the Acquisition Properties will become employees of the REIT.

The Acquisition Properties

The following table sets forth a brief description of the Acquisition Properties:

	Property	Location	Gross Leasable Area (GLA)[1]
Retail	Mail Champlain	Brossard, Québec	717,990
	Centropolis	Laval, Québec	673,762
	Rockland	Town of Mount-Royal, Québec	649,174
	Galeries Rive-Nord	Repentigny, Québec	569,341
	Les Rivières	Trois-Rivières, Québec	421,920
	Dixie Outlet Mall	Mississauga, Ontario	419,054
	Carrefour Rimouski	Rimouski, Québec	345,398
	Centre commercial Rivière-du-Loup	Rivière-du-Loup, Québec	311,590
	Carrefour St-Georges	St-Georges, Québec	310,543
	Les Galeries de Hull	Gatineau, Québec	305,703
	Carrefour Frontenac	Thetford Mines, Québec	180,052
Total Retail			**4,904,527**
Office	Édifice de la Haute-Ville	Québec City, Québec	284,005
	55 University Ave.	Toronto, Ontario	258,093
	3055 Boul. St-Martin Ouest	Laval, Québec	118,000
Total Office			**660,098**
Industrial	505 Parc Technologique	Québec City, Québec	99,344
	Total		**5,663,969**

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[1] In square feet

Rationale for the Acquisition

Management believes that the Acquisition:

● represents a unique opportunity to acquire a sizeable portfolio of landmark assets at an attractive price;

● is a natural and complementary fit with the REIT's existing portfolio and its deep knowledge of the Québec real estate marketplace;

● will strengthen the REIT's position as the leading provider of retail space in the Province of Québec, increasing its retail portfolio from 8.0 million square feet of GLA to 12.9 million square feet of GLA;

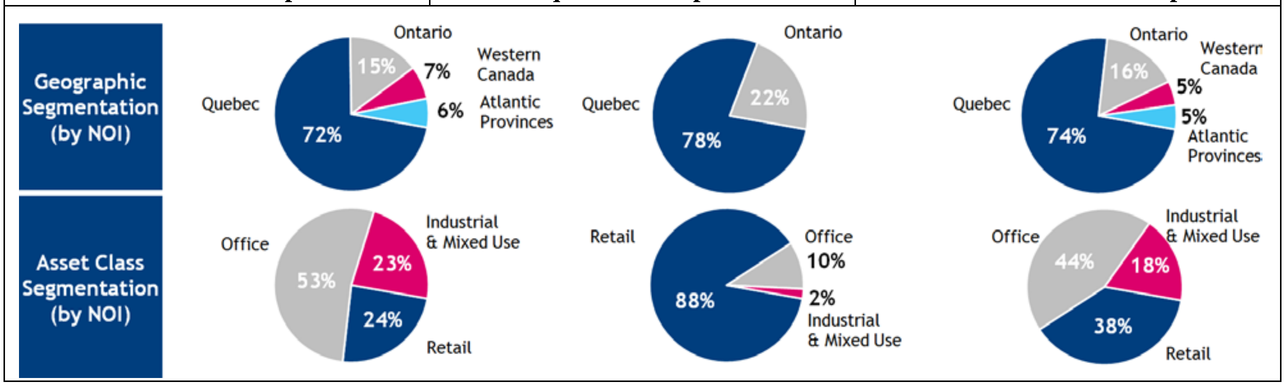
● will be immediately accretive to the REIT's adjusted funds from operations (AFFO) on a leverage neutral basis; and

● further increases the REIT's entry in the Greater Toronto Area with the Acquisitions Properties including one downtown class A office property and one suburban retail property.

Pro Forma Portfolio Composition

Upon completion of the Acquisition, the REIT will own 541 properties, comprised of a total of approximately 45.2 million square feet of GLA. The REIT's portfolio on a *pro forma* basis, after giving effect to the Acquisition, will continue to be well diversified by asset class and geography on a NOI basis. The Acquisition enhances the NOI contribution of the retail sector from 24% to 38%, with the office sector at 44% and the industrial and mixed-use sector at 18%, as shown below:

Current REIT Properties	Acquisition Properties	Pro Forma Portfolio Composition



Description of the Acquisition Properties

Management believes that the sellers, namely Ivanhoé Cambridge and certain of its affiliates, have maintained the Acquisition Properties to a high standard. The Acquisition Properties have an occupancy rate of approximately 96.7%.

The following is a detailed description of the Acquisition Properties. As the REIT does not currently own the Acquisition Properties, the following information has been prepared from information made available by Ivanhoé Cambridge, upon which the REIT has relied entirely. Summary leasing information is as at the date of this short form prospectus.

Retail Properties

Mail Champlain, Brossard, Québec

Mail Champlain is a 717,990 square foot enclosed shopping mall that is occupied by 134 tenants and is 96.0% leased. Significant tenants include The Bay and Sears. This property is 50%-owned by an affiliate of Ivanhoé Cambridge and 50%-owned by a third party. The sale of this property is subject to a right of first refusal in favour of the co-owner. The governing agreement related to this property also contains a buy-sell provision. The co-owner has advised Ivanhoé Cambridge of its interest in selling its stake in this property to the REIT. See "– Purchase Agreement".

Centropolis, Laval, Québec

Centropolis is a 673,762 square foot retail complex that is occupied by 64 tenants and is 95.5% leased. Significant tenants include Colossus and Fruiterie 440.

Rockland, Town of Mount-Royal, Québec

Rockland is a 649,174 square foot enclosed shopping mall that is occupied by 150 tenants and is 95.3% leased. Significant tenants include The Bay. This property is subject to a right of first refusal in favour of a third party. See "– Purchase Agreement". The REIT has made a distinct offer to Ivanhoé Cambridge with respect to Rockland.

Galeries Rive-Nord, Repentigny, Québec

Galeries Rive-Nord is a 569,341 square foot enclosed shopping mall that is occupied by 116 tenants and is 98.5% leased. Significant tenants include Wal-Mart and Sears.

Les Rivières, Trois-Rivières, Québec

Les Rivières is a 421,920 square foot enclosed shopping mall that is occupied by 140 tenants and is 99.2% leased. Significant tenants include Sears (shadow tenant)/Target and IGA.

Dixie Outlet Mall, Mississauga, Ontario

Dixit Outlet Mall is a 419,054 square foot outlet mall that is occupied by 120 tenants and is 96.2% leased. Significant tenants include No Frills (shadow tenant) and Sears (shadow tenant).

Carrefour Rimouski, Rimouski, Québec

Carrefour Rimouski is a 345,398 square foot enclosed shopping mall that is occupied by 73 tenants and is 98.4% leased. Significant tenants include Target, Canadian Tire and Maxi.

Centre commercial Rivière-du-Loup, Rivière-du-Loup, Québec

Centre commercial Rivière-du-Loup is a 311,590 square foot enclosed shopping mall that is occupied by 86 tenants and is 89.4% leased.

Carrefour St-Georges, St-Georges, Québec

Carrefour St-Georges is a 310,543 square foot enclosed shopping mall that is occupied by 69 tenants and is 98.5% leased. Significant tenants include Target and Sears.

Les Galeries de Hull, Gatineau, Québec

Les Galeries de Hull is a 305,703 square foot enclosed shopping mall that is occupied by 77 tenants and is 94.9% leased. Significant tenants include Sears. This property is 85%-owned by an affiliate of Ivanhoé Cambridge and 15%-owned by a third party. The sale of this property is subject to a right of first refusal in favour of the co-owner. The governing agreement related to this property also contains a buy-sell provision. The co-owner has advised Ivanhoé Cambridge of its interest in selling its stake in this property to the REIT. See "– Purchase Agreement".

Carrefour Frontenac, Thetford Mines, Québec

Carrefour Frontenac is a 180,052 square foot enclosed shopping mall that is occupied by 34 tenants and is 97.4% leased. Significant tenants include Rona and Maxi.

Office Properties

Édifice de la Haute-Ville, Québec City, Québec

Édifice de la Haute-Ville is a 284,005 square foot office building built in 1976. It has approximately 395 indoor parking spaces. This building is 100% leased by one tenant, namely Société immobilière du Québec.

55 University Ave., Toronto, Ontario

55 University Ave. is a 258,093 square foot office building built in 1977 and subsequently renovated in 1995. It has approximately 188 indoor parking spaces. The building, which comprises office as well as retail spaces, is occupied by 67 tenants and is 98.5% leased.

3055 Boul. St-Martin Ouest (Centropolis), Laval, Québec

3055 Boul. St-Martin Ouest is a 118,000 square foot office building built in 2014. This building is currently under development and negotiations are ongoing with potential tenants.

Industrial Properties

505 Parc Technologique, Québec City, Québec

505 Parc Technologique is a 99,344 square foot industrial building. This building is 100% leased by one tenant, namely Olympus. This property may not be sold without the prior consent of the initial seller of the property, which consent has been obtained by Ivanhoé Cambridge.

Pro Forma Financial Information and Financial Statements

The Acquisition constitutes a significant acquisition for the REIT under securities legislation in Canada. See "Unaudited Pro Forma Consolidated Financial Statements of Cominar Real Estate Investment Trust as at June 30, 2014" in this short form prospectus.

FINANCING OF THE ACQUISITION

In addition to the net proceeds of this offering, the purchase price of the Acquisition, together with the transaction expenses, will be funded through the Otéra Hypothecary Loan of $250.0 million, the Unsecured Bridge-to-Accordion Facility of $100.0 million, the Unsecured Bridge Credit Facility of up to $850.0 million and the Unsecured Revolving Credit Facility as to approximately $73.0 million, as well as through the Concurrent Private Placement.

Concurrent Private Placement

At the closing of the Acquisition, the REIT will issue the Placement Units to Ivanhoé Cambridge at the Subscription Price for a total of approximately $250.0 million. The closing of the Concurrent Private Placement is subject to the closing of the Acquisition and will occur concurrently with such closing.

Assuming completion of the Acquisition, the Concurrent Private Placement and this offering, Ivanhoé Cambridge will beneficially own, or exercise control or direction over, directly or indirectly, 13,158,000 Units, representing approximately 8.5% of the issued and outstanding Units. No commission or other fees will be paid to the Underwriters or any other underwriter or agent in connection with the Concurrent Private Placement. This short form prospectus does not qualify the distribution of the Placement Units. The TSX has conditionally approved the listing of the Placement Units, subject to the REIT fulfilling all of the requirements of the TSX on or before November 24, 2014. The Placement Units will be subject to a statutory hold period pursuant to Canadian securities legislation.

In connection with the Concurrent Private Placement, the REIT and Ivanhoé Cambridge have entered into a subscription agreement (the "**Subscription Agreement**"). Pursuant to the Subscription Agreement, unless otherwise approved by the REIT, Ivanhoé Cambridge has agreed not to (i) sell, offer, contract or grant any option or right to sell or otherwise dispose of the Placement Units it acquired in the Concurrent Private Placement (other than to a 90%-owned affiliate), (ii) enter into any swap agreement or any other agreement to transfer the economic consequence of ownership of the Placement Units (other than with a 90%-owned affiliate), (iii) publicly announce an intention to do any of the foregoing, or (iv) act jointly or in concert with any third party doing any of the foregoing for a period of nine months from the Acquisition Closing Date as for all of the Placement Units, and for an additional period of three months from the end of such nine-month period as for one-half of the Placement Units.

In connection with the Concurrent Private Placement, the REIT and Ivanhoé Cambridge will enter into a registration rights agreement (the "**Registration Rights Agreement**"). Pursuant to the Registration Rights Agreement, Ivanhoé Cambridge will be granted "demand" distribution rights. The demand distribution rights, if exercised, will require the REIT to file a prospectus to qualify for distribution in Canada under applicable securities laws any eligible Units held by Ivanhoé Cambridge or any of its affiliates. The demand distribution rights are subject to certain conditions and limitations as provided for in the Registration Rights Agreement.

Finally, Ivanhoé Cambridge has been granted the right to put forward, subject to the approval of the Nominating and Governance Committee of the REIT, a candidate for the annual election to the Board of Trustees of the REIT, so long as Ivanhoé Cambridge or any of its affiliates owns at least 5% of the outstanding Units.

Otéra Hypothecary Loan

The REIT has entered into offer letters with Otéra Capital Inc. ("**Otéra**"), an affiliate of Ivanhoé Cambridge, providing for secured loans for an aggregate of $250.0 million (collectively, the "**Otéra Hypothecary Loan**") to fund a portion of the cash consideration of the Acquisition Properties and the transaction expenses.

The obligations of Otéra to make advances under the Otéra Hypothecary Loan are subject to usual conditions precedent for hypothecary financings of this nature. The Otéra Hypothecary Loan contains covenants, events of default and other terms customary for hypothecary financings of this nature.

Unsecured Bridge-to-Accordion Facility

The REIT has entered into a credit agreement with two Canadian chartered banks (the "**Bridge Lenders**"), of which the Co-Lead Underwriters are subsidiaries, for a $100.0 million unsecured loan (the "**Unsecured Bridge-to-Accordion Facility**") to fund a portion of the cash consideration of the Acquisition Properties and the transaction expenses.

As at September 8, 2014, $100.0 million was outstanding under the Unsecured Bridge-to-Accordion Facility as a result of the payment of a deposit on the purchase price of the Acquisition. The REIT has made a request to the administrative agent under the Unsecured Revolving Credit Facility for the ability to use the Credit Facility Accordion Feature which, if successful, would provide an additional $200.0 million in available borrowings to the REIT. There is no assurance that the use of the Credit Facility Accordion Feature will be successful. The Unsecured Bridge-to-Accordion Facility contains a springing lien, requiring that security be granted on certain of the REIT's properties, if the loan is not repaid within two months of the Acquisition Closing Date. Provided that the use of the Credit Facility Accordion Feature is successful, the Unsecured Bridge-to-Accordion Facility is to be repaid from the funds to be drawn from the exercise of the Credit Facility Accordion Feature.

The Unsecured Bridge-to-Accordion Facility contains covenants, events of default and other terms customary for credit facilities of this nature, including certain restrictions on the disposition of properties of the REIT, the incurring of liens on its property, assets and undertakings and on the incurring of additional indebtedness.

Unsecured Bridge Credit Facility

The REIT has entered into a commitment letter with the Bridge Lenders for an up to $850.0 million unsecured non-revolving credit facility (the "**Unsecured Bridge Credit Facility**") to fund a portion of the cash consideration of the Acquisition and the transaction expenses. The REIT currently does not intend to draw down on the Unsecured Bridge Credit Facility in full at the closing of the Acquisition, unless required.

The obligation of the Bridge Lenders to make advances under the Unsecured Bridge Credit Facility is subject to usual conditions precedent for credit facilities of this nature. Amounts outstanding under the Unsecured Bridge Credit Facility will bear interest at varying rates depending upon, among other things, the facility and timing. Principal amounts outstanding under the Unsecured Bridge Credit Facility may be repaid or prepaid at any time without penalty or bonus, subject to normal breakage costs.

The Unsecured Bridge Credit Facility will be unsecured and will contain covenants, events of default and other terms customary for credit facilities of this nature, including certain restrictions on the disposition of properties of the REIT, the incurring of liens on its property, assets and undertakings and on the incurring of additional indebtedness. However, the Unsecured Bridge Credit Facility will contain a springing lien, requiring that security be granted on certain of the REIT's properties, if (i) the amount outstanding under the Unsecured Bridge Credit Facility is greater than $400.0 million four months after the Acquisition Closing Date, or (ii) the facility is not repaid in full within six months of the Acquisition Closing Date. The Unsecured Bridge Credit Facility matures 12 months from the Acquisition Closing Date.

USE OF PROCEEDS

The estimated total net proceeds to be received by the REIT from this offering will amount to approximately $239.7 million (approximately $275.7 million if the Over-Allotment Option is exercised in full), after deducting the Underwriters' fee in respect of the Units issued and sold by the REIT and the estimated expenses of this offering. The net proceeds from the sale of the Units will be used to finance a portion of the Acquisition. See "Financing of the Acquisition".

The aggregate cost to the REIT to acquire the Acquisition Properties is approximately $1.527 billion, plus estimated acquisition costs of $46.1 million. Assuming the acquisition by the REIT of third-party interests in two of the Acquisition Properties and that no rights of first refusal are exercised, the aggregate cost to the REIT is approximately $1.63 billion, plus estimated acquisition costs of $46.1 million. In addition to the net proceeds of this offering (assuming no rights of first refusal or other similar rights have been exercised), the purchase price of the Acquisition, together with the transaction expenses, will be funded through the Unsecured Bridge-to-Accordion Facility of $100.0 million, the Otéra Hypothecary Loan of $250.0 million, the Unsecured Bridge Credit Facility of up to $850.0 million and the Unsecured Revolving Credit Facility as to approximately $73.0 million, as well as through the Concurrent Private Placement.

After giving effect to this offering, the Concurrent Private Placement, the Acquisition and the financing thereof (including through the use of the net proceeds of this offering and the Concurrent Private Placement), the indebtedness of the REIT, expressed as a percentage of the Gross Book Value (including proportionate consolidation adjustment), is estimated by Management to be approximately 57.1% (approximately 54.9%, excluding the Convertible Debentures). The REIT's long-term target leverage remains at approximately 50% of debt to Gross Book Value.

After giving effect to this offering, the Concurrent Private Placement, the Acquisition and the financing thereof (including through the use of the net proceeds of this offering and the Concurrent Private Placement), the indebtedness of the REIT, expressed as a percentage of the *pro forma* Gross Book Value as at June 30, 2014 is estimated by Management to increase from approximately 53.4% to 57.0%, including the Unsecured Debentures and the Convertible Debentures (from approximately 50.6% to 54.7%, excluding the Convertible Debentures), as per the unaudited pro forma consolidated financial statements of the REIT as at June 30, 2014. See "Changes in Units

Outstanding and Loan Capital" and "Unaudited Pro Forma Consolidated Financial Statements of Cominar Real Estate Investment Trust as at June 30, 2014".

In the event that the Acquisition is not completed, the net proceeds of this offering will be used by the REIT to pay down debt outstanding under the Unsecured Revolving Credit Facility, to finance the REIT's ongoing acquisition and development pipeline and for general and trust purposes.

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 at Complexe Jules-Dallaire, 2820 Laurier Blvd., Suite 850, Québec City, Québec, G1V 0C1, without charge, during the distribution of the Units being offered under this short form prospectus, and is also available under the REIT's profile on SEDAR at www.sedar.com.

Units

The ownership interests in the REIT constitute a single class of Units. Units represent a Unitholder's proportionate undivided ownership interest in the REIT. The aggregate number of Units which the REIT may issue is unlimited. As at September 8, 2014, there were 128,850,257 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. The REIT issues Units from time to time in the normal course and has done so in the 24-month period preceding the date of this short form prospectus.

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 of this restriction. The Transfer Agent may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Transfer Agent 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 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 determines that more than 49% of the Units are held by non-residents, the Transfer Agent 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 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 with satisfactory evidence that they are not non-residents of Canada within such period, the Transfer Agent 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 RRSP, RRIF, 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. The Unsecured Debentures have also received a rating of BBB (low), with a Stable trend, from DBRS, which rating was confirmed by DBRS on August 26, 2014 by way of a press release. The requests for such credit ratings were initiated 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, that is, 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, rating assigned to the REIT and the Unsecured Debentures by DBRS is the fourth highest rating of DBRS' 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.

DBRS uses “rating trends” for its ratings in, among other areas, the real estate investment trust sector. DBRS’ rating trends provide guidance in respect of DBRS’ opinion regarding the outlook for the rating in question, and such rating trends fall into one of three categories: “Positive”, “Stable” or “Negative”. The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue or, in some cases, unless challenges are addressed. In general, DBRS’ view is based primarily on an evaluation of the issuer, but may also include consideration of the outlook for the industry or industries in which the issuer operates. A “Positive” or “Negative” trend assigned by DBRS is not an indication that a rating change is imminent, but represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a “Stable” trend was assigned.

The credit rating assigned to the REIT and the Unsecured Debentures 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. See “Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Units – Credit rating”.

The REIT paid to DBRS the customary fee in connection with the ratings assigned to the REIT and the Unsecured Debentures and will continue to make payments to DBRS from time to time in connection with the confirmation of such ratings, 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, 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.

CHANGES IN UNITS OUTSTANDING AND LOAN CAPITAL

As at June 30, 2014, there were 128,236,857 Units issued and outstanding. As at September 8, 2014 there were 128,850,257 Units issued and outstanding. The only changes in the number of issued and outstanding Units since June 30, 2014 resulted from the issuance of 531,577 Units pursuant to the DRIP, 8,323 Units pursuant to the settlement of deferred Units under the Equity Incentive Plan and 73,500 Units pursuant to the exercise of options granted under the Equity Incentive Plan.

After giving effect to this offering and the Concurrent Private Placement, Management expects the number of issued and outstanding Units to be 155,166,257 (and 157,139,957 if the Over-Allotment Option is exercised in full).

As at June 30, 2014, the consolidated indebtedness of the REIT was approximately $3,440.2 million, excluding accounts payable and accrued liabilities, deferred tax liabilities and distributions payable to Unitholders. As at September 8, 2014, the actual indebtedness of the REIT was approximately $3,553.0 million, excluding accounts payable and accrued liabilities, deferred tax liabilities and distributions payable to Unitholders. Since June 30, 2014, the changes to the loan capital of the REIT resulted primarily from the payment of a deposit on the purchase price of the Acquisition of $100.0 million and the receipt of amounts drawn down under the Unsecured Revolving Credit Facility for general and trust purposes. Additional information regarding material indebtedness of the REIT is provided in the 2013 Financial Statements, the 2013 MD&A, the June 2014 Financial Statements and the June 2014 MD&A.

After giving effect to this offering, the Acquisition and the Concurrent Private Placement, the outstanding indebtedness of the REIT, excluding accounts payable and accrued liabilities, deferred tax liabilities and distributions payable to Unitholders, will be approximately $4,614.1 million. See "The Acquisition" and "Use of Proceeds".

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 short form prospectus, the REIT made monthly distributions of $0.12 per Unit. On August 7, 2014, the REIT announced an increase in its monthly distributions from $0.12 to $0.1225 per Unit, commencing for the distribution to Unitholders of record on August 29, 2014, which will be paid on September 15, 2014.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have agreed to purchase on or about September 16, 2014, or on such later date as the REIT and the Co-Lead Underwriters (on their own behalf and for and on behalf of the Underwriters) may agree, but in any event not later than September 23, 2014, 13,158,000 Units for net proceeds to the REIT of $239,701,920 (after deducting the Underwriters' fee in respect of the Units issued and sold by the REIT and the estimated expenses of this offering), payable in cash against delivery. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion in case of any major event in the financial markets of national or international consequence, and may also be terminated upon the occurrence of certain stated events. Under the terms of the Underwriting Agreement, the Underwriters may be entitled to indemnification by the REIT against certain liabilities, including liabilities for misrepresentations in this short form prospectus. If an Underwriter fails to purchase the Units which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Units. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Units are joint (and not solidary or joint and several). The terms of this offering and the Subscription Price have been determined by negotiation between the REIT and the Co-Lead Underwriters (on their own behalf and for and on behalf of the Underwriters).

Under the Underwriting Agreement, the REIT has agreed to pay the Underwriters a fee of $0.76 per Unit, for a fee payable by the REIT of $10,000,080, in consideration for their services in connection with this offering. The Underwriters' fee in respect of the Units is payable upon closing of this offering. The Underwriters will not receive any fee in connection with the Concurrent Private Placement.

The REIT has granted to the Underwriters an option (the "**Over-Allotment Option**") to purchase up to 1,973,700 additional Units (being up to 15% of the number of Units sold under this offering) at the Subscription Price of $19.00 per Unit on the same terms and conditions as this offering, exercisable in whole or in part from time to time, not later than the 30th day following the closing of this offering, for market stabilization purposes and to cover over-allotments, if any. This short form prospectus qualifies the grant of the Over-Allotment Option.

In connection with this offering, certain of the Underwriters or other registered dealers may distribute this short form prospectus electronically.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

This offering will be conducted under the book-based system of CDS. Unitholders will receive only a customer confirmation from the registered dealer from or through whom the Units are purchased and who is a CDS depository service participant. No certificates will be issued to purchasers of Units except in certain limited circumstances, and registration will be made in the depository services of CDS on the closing date of this offering.

The Units are listed and posted for trading on the TSX under the symbol "CUF.UN". The TSX has conditionally approved the listing of the Units to be issued and sold pursuant to this short form prospectus, subject to the REIT fulfilling all of the requirements of the TSX on or before November 24, 2014. On August 25, 2014, the last trading day prior to the announcement of this offering, the Acquisition and the Concurrent Private Placement, the closing price of the Units on the TSX was $19.54. On September 8, 2014, the last trading day prior to the date of this short form prospectus, the closing price of the Units on the TSX was $19.25.

Pursuant to policy statements and/or rules of the relevant securities commissions or similar regulatory authorities, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Units. These exceptions include: (i) a bid or purchase permitted under the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution. Such transactions, if commenced, may be discontinued at any time.

Under the first mentioned exception, in connection with this offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be interrupted or discontinued at any time.

The Units offered by this short form prospectus 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 (as such term is defined in Regulation S under the 1933 Act), unless the Units 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 have agreed that they will not offer or sell the Units 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 except, in accordance with the Underwriting Agreement, to "Qualified Institutional Buyers" (as defined in Rule 144A under the 1933 Act) pursuant to the exemption from the registration requirements of the 1933 Act provided by Rule 144A thereunder and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of this offering, an offer or sale of Units within the United States by any dealer (whether or not participating in this offering) may violate the registration requirements of the 1933 Act if such offer is made otherwise than in compliance with Rule 144A.

RELATIONSHIP BETWEEN THE REIT AND THE UNDERWRITERS

Each of NBF, BMO, Desjardins Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. is a subsidiary of financial institutions which are lenders to the REIT and its subsidiaries. Mr. Gérard Coulombe, a Trustee, is a director of the financial institution of which NBF is a subsidiary. Consequently, the REIT may be considered to be a "connected issuer" of those Underwriters under National Instrument 33-105 *Underwriting Conflicts* (referred to in Québec as *Regulation 33-105 respecting Underwriting Conflicts*).

As at September 8, 2014, the consolidated indebtedness of the REIT to the above-mentioned financial institutions amounted to approximately $723.3 million in the aggregate; namely (i) approximately $165.9 million of hypothecary loans owed to the financial institution of which Desjardins Securities Inc. is a subsidiary, approximately $9.3 million of hypothecary loans owed to the financial institution of which RBC Dominion Securities Inc. is a subsidiary, approximately $113.9 million of hypothecary loans owed to the financial institution of which Scotia Capital Inc. is a subsidiary and approximately $107.0 million of hypothecary loans owed to the financial institution of which TD Securities Inc. is a subsidiary; and (ii) approximately $227.2 million outstanding under the Unsecured Revolving Credit Facility, in respect of which the lenders are the financial institutions of which NBF (as to approximately $53.0 million), BMO (as to approximately $53.0 million), Desjardins Securities Inc. (as to approximately $37.9 million), RBC Dominion Securities Inc. (as to approximately $30.3 million), Scotia Capital Inc. (as to approximately $30.3 million) and TD Securities Inc. (as to approximately $22.7 million) are subsidiaries, as the case may be. The REIT is not in breach of the terms of the agreements governing such indebtedness, in any material respect, and therefore no breach has been waived. Additional information regarding such security interests is provided in the 2013 AIF which is available electronically under the REIT's profile on SEDAR at www.sedar.com. Moreover, financial institutions of which the Co-Lead Underwriters are subsidiaries have entered into commitment letters with the REIT in respect of the Unsecured Bridge-to-Accordion Facility and the Unsecured Bridge Credit Facility to fund a substantial portion of the purchase price of the Acquisition. As at September 8, 2014, $100.0 million was outstanding under the Unsecured Bridge-to-Accordion Facility, in respect of which the lenders are the financial institutions of which NBF and BMO (as to $50.0 million each) are subsidiaries. See "Financing of the Acquisition" and "Use of Proceeds".

The decision of each Underwriter which is a subsidiary of an aforesaid financial institution to underwrite this offering was made independently of such financial institution. In addition, the Underwriters having no "connected issuer" relationship with the REIT, being Canaccord Genuity Corp. and Dundee Securities Ltd., took part in the due diligence process and the decision to proceed with this offering. None of the Underwriters will receive any benefit from this offering, other than its respective portion of the fee payable by the REIT. See "Plan of Distribution".

PRIOR SALES

Units

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

Date	Issuance Type	Total Units Issued	Price per Unit
Calendar 2013			
September	Exercise of Options	2,500	$15.14
	DRIP	229,624	$18.75
October	Exercise of Options	2,000	$15.14
	DRIP	173,917	$19.00
November	Exercise of Options	6,700	$15.14
	DRIP	264,486	$18.68
December	Exercise of Options	59,700	$15.14
	DRIP	461,836	$17.92
Calendar 2014			
January	—	—	—
February	DRIP	260,366	$18.43
March	Exercise of Options	4,500	$15.14
	DRIP	250,139	$18.23
April	DRIP	235,905	$18.45
May	DRIP	214,125	$19.12
June	DRIP	220,239	$18.95
	Settlement of deferred Units	488	—
July	DRIP	261,740	$18.78
	Settlement of deferred Units	8,323	—
August	DRIP	269,837	$18.99

Date	Issuance Type	Total Units Issued	Price per Unit
September (to September 8)	Exercise of Options	73,500	$15.14

Equity Incentive Plan

On December 17, 2013, the REIT granted 2,634,900 options to purchase Units pursuant to the Equity Incentive Plan at an exercise price of $17.55. No other options to purchase Units were granted by the REIT in the 12 months preceding the date of this short form prospectus.

On February 26, 2014, the REIT granted 45,261 deferred Units and 535 restricted Units pursuant to the Equity Incentive Plan. No other deferred Units or restricted Units were granted by the REIT in the 12 months preceding the date of this short form 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 short form prospectus.

	TSX		
Period	**High ($)**	**Low ($)**	**Volume**
Calendar 2013			
September	19.70	18.35	6,489,335
October	19.38	18.39	5,774,651
November	19.14	17.81	7,091,398
December	18.56	17.46	7,197,841
Calendar 2014			
January	18.91	18.16	6,053,130
February	18.69	17.92	6,723,666
March	18.53	17.96	6,011,831
April	19.21	18.34	7,036,711
May	19.42	18.77	3,346,520
June	19.18	18.38	4,547,822
July	19.30	18.51	5,834,902
August	19.75	18.74	6,810,521
September (to September 8)	19.42	19.18	1,381,997

Source: TMX Datalinx

The Convertible Debentures are listed and posted for trading on the TSX under the symbols "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 short form prospectus.

CUF.DB.D:

	TSX		
Period	**High ($)**	**Low ($)**	**Volume (000)**
Calendar 2013			
September	105.00	103.00	5,285
October	108.00	104.00	10,440
November	105.00	104.00	23,076
December	104.80	104.00	686

Period	TSX High ($)	Low ($)	Volume (000)
Calendar 2014			
January	106.00	104.03	457
February	104.35	104.00	4,071
March	104.30	104.02	1,990
April	104.55	104.00	32,787
May	104.70	103.65	2,162
June	104.00	103.45	465
July	104.00	103.45	401
August	104.25	102.24	2,209
September (to September 8)	103.40	102.78	523

Source: TMX Datalinx

CUF.DB.E:

Period	TSX High ($)	Low ($)	Volume (000)
Calendar 2013			
September	104.00	101.56	633
October	103.69	102.00	852
November	104.85	102.50	655
December	105.00	102.90	485
Calendar 2014			
January	105.00	103.75	492
February	105.00	103.10	260
March	105.25	103.61	299
April	105.04	104.00	238
May	104.50	104.01	438
June	104.50	104.02	592
July	104.25	104.10	2,332
August	104.50	102.00	610
September (to September 8)	104.75	104.50	88

Source: TMX Datalinx

ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the REIT, and Lavery, de Billy, L.L.P., counsel to the Underwriters, subject to the restrictions, limitations and assumptions set out under the heading "Canadian Federal Income Tax Considerations", provided that at the date of closing of this offering the REIT qualifies under the Tax Act as a "mutual fund trust" or the Units are listed on a designated stock exchange in Canada (which currently includes the TSX), then on that date the Units will be qualified investments for Deferred Income Plans. Notwithstanding that Units may be qualified investments for a TFSA, RRSP or RRIF, the holder of a TFSA, or the annuitant of an RRSP or RRIF, as the case may be, will be subject to a penalty tax on the Units if the Units are a "prohibited investment", and other tax consequences may result if the Units are a "prohibited investment" (within the meaning of the Tax Act). Units will generally be a "prohibited investment" if the holder of a TFSA, or the annuitant of an RRSP or RRIF, as applicable, (i) does not deal at arm's length with the REIT for purposes of the Tax Act, or (ii) has a "significant interest" (within the meaning of the Tax Act) in the REIT or in a corporation, partnership or trust with which the REIT does not deal at arm's length for purposes of the Tax Act. Unitholders are advised to consult their own tax advisors in this respect.

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

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

This summary is not applicable to a Holder that (i) is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, (ii) is a "specified financial institution", (iii) reports its "Canadian tax results" in a currency other than Canadian currency, (iv) enters into, with respect to the Units, a "derivative forward agreement", or (v) has an interest which is a "tax shelter investment" (each as defined in the Tax Act). Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units acquired pursuant to this short form prospectus. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire the Units.

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

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

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

Taxation of Holders

REIT distributions

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

The non-taxable portion of any net realized capital gains of the REIT paid or payable to a Holder in a taxation year will not be included in computing the Holder's income for the year. The Holder will not be required to reduce the adjusted cost base of the Holder's Units by such amount.

Distributions in excess of the REIT's net income for tax purposes in a year, including the five percent additional bonus distribution of Units acquired pursuant to the DRIP, will not generally be included in the Holder's income for the year. However, such amount will reduce the adjusted cost base of the Units held by the Holder, and the Holder will realize a capital gain in the year to the extent the adjusted cost base of the Units would otherwise be a negative amount.

The REIT will designate, to the extent permitted by the Tax Act, the portion of the taxable income distributed to Holders as may reasonably be considered to consist of net taxable capital gains of the REIT. Any such designated amount will be deemed for tax purposes to be received by Holders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below. The REIT will also designate, to the extent permitted by the Tax Act, the portion of taxable dividends received or deemed to be received by the REIT from any taxable Canadian corporation owned by the REIT as may reasonably be considered to be an amount included in the income of Holders. Any such designated amount will be deemed for purposes of the Tax Act to be received by the Holders as a taxable dividend and will be subject to the general rules regarding the taxation of taxable dividends paid by taxable Canadian corporations. Thus, to the extent that amounts are designated as taxable dividends from any taxable Canadian corporation owned by the REIT, they will be subject, *inter alia*, to the normal gross-up (or in the case of eligible dividends, the enhanced) and dividend tax credit provisions in respect of Holders who are individuals, to the refundable tax under Part IV of the Tax Act in respect of Holders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals, and to the deduction in computing taxable income in respect of Holders that are corporations. A Holder which is a Canadian-controlled private corporation (as defined in the Tax Act) may also be liable to pay an additional refundable tax of 6⅔% on certain investment income, including taxable capital gains. Holders should consult their own tax advisors for advice with respect to the potential application of these provisions.

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

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

Dispositions of Units

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

The adjusted cost base of a Unit to a Holder will include all amounts paid or payable by the Holder for the Unit with certain adjustments. For the purposes of determining the adjusted cost base of a Unit to a Holder, the cost of the newly-acquired Unit, whether acquired pursuant to the DRIP or otherwise, will be averaged with the adjusted cost base of all of the Units owned by the Holder as capital property immediately before the time of acquisition.

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year generally must be included in the Holder's income for that year and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must generally be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances provided in the Tax Act. Where a Holder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, such Holder's capital loss from the disposition will generally be reduced by the amount of any dividends received by the REIT previously designated by the REIT to the Holder, except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends.

A Holder that is a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional refundable tax of 6⅔% on its "aggregate investment income" for the year, including taxable capital gains.

In general terms, capital gains realized on the disposition of Units may increase the Holder's liability for alternative minimum tax.

Taxation of the REIT

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

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

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

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

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

Application of the SIFT Rules

If the REIT were to become subject to the SIFT Rules, the REIT would generally be taxed in a manner similar to corporations on income from business carried on in Canada by the REIT and on income (other than taxable dividends) or capital gains from "non-portfolio properties" (as defined in the Tax Act), at a combined federal/provincial tax rate similar to that of a corporation. Allocations or distributions of income and capital gains that are subject to the SIFT Rules will not be deductible by the REIT in computing its net income and will be taxed as a dividend from a taxable Canadian corporation in the hands of the beneficiaries of the REIT. Under the SIFT Rules, such dividends will be "eligible dividends" (as defined in the Tax Act) and a Canadian resident individual should therefore benefit from an enhanced gross-up and dividend tax credit available under the Tax Act. In general, distributions paid as returns of capital will not be subject to the SIFT Rules, but serve to reduce the adjusted cost base of a Holder's Units.

The REIT will not be considered to be a SIFT in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it qualifies as a "real estate investment trust" for the year (the "**Real Estate Investment Trust Exception**"). The Real Estate Investment Trust Exception to the SIFT Rules is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the Real Estate Investment Trust Exception in any particular taxation year can only be made with certainty at the end of that taxation year. Management of the REIT believes that the REIT satisfies the requirements of the Real Estate Investment Trust Exception and will be able to meet the requirements of the Real Estate Investment Trust Exception throughout 2014, and intends for the REIT to qualify for the Real Estate Investment Trust Exception at all future times. However, there can be no assurance that subsequent investments or activities undertaken by the REIT will not result in the REIT failing to qualify for the Real Estate Investment Trust Exception.

If the REIT is subject to the SIFT Rules, certain income tax considerations would, in some respects, be materially and adversely different, and the SIFT Rules may, depending on the nature of distributions from the REIT, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of certain Holders.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

An investment in Units involves certain risks and investment considerations in addition to those described in the 2013 MD&A and in the 2013 AIF. Investors should carefully consider, in light of their own financial circumstances, the factors set out below as well as other information contained or incorporated by reference in this short form prospectus.

Risk Factors Related to the Business of the REIT

Access to capital and debt financing, and current global financial conditions

The real estate industry is 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) on terms favourable to the REIT for future property acquisitions and developments, including for the financing or refinancing of properties, for funding operating expenses or for other purposes. In addition, the REIT may not be able to borrow funds under its credit facilities due to limitations on the REIT's ability to incur debt set forth in the Contract of Trust. Failure by the REIT to access required capital could adversely impact the REIT's financial position and results of operations and reduce the amount of cash available for distributions.

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

Debt financing

The REIT has and will continue to have substantial outstanding consolidated borrowings comprised primarily of hypothecs, property mortgages, debentures, bridge loan, and borrowings under its acquisition and operating credit facilities. The REIT intends to finance its growth strategy, including acquisitions and developments, through a combination of its working capital and liquidity resources, including cash flows from operations, additional borrowings and public or private sales of equity or debt securities. The REIT's activities are therefore partially dependent upon the interest rates applied to its existing debt. 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 accelerated repayment of the amounts owed and that restrict the distributions that may be made by the REIT. Therefore, upon an event of default under such borrowings or an inability to renew same at maturity, the REIT's ability to make distributions will be adversely affected.

A portion of the REIT's cash flows is dedicated to servicing its debt, and there can be no assurance that the REIT will continue to generate sufficient cash flows from operations to meet required interest or principal payments, such that it could be required to seek renegotiation of such payments or obtain additional financing, including equity or debt financing. The Unsecured Revolving Credit Facility in the stated amount of $350.0 million is repayable in one tranche in August 2017. The REIT has made a request to the administrative agent under the Unsecured Revolving Credit Facility for the ability to use the Credit Facility Accordion Feature which, if successful, would provide an additional $200.0 million in available borrowings to the REIT. There is no assurance that the use of the Credit Facility Accordion Feature will be successful. The Unsecured Bridge-to-Accordion Facility contains a springing lien, requiring that security be granted on certain of the REIT's properties, if the loan is not repaid within two months of the Acquisition Closing Date. As at September 8, 2014, $265.0 million was drawn down under the Unsecured Revolving Credit Facility and $100.0 million was outstanding under the Unsecured Bridge-to-Accordion Facility.

The Unsecured Bridge Credit Facility of $850.0 million matures 12 months from the Acquisition Closing Date.

The REIT is exposed to debt financing risks, including the risk that the existing hypothecary borrowings secured by its properties, the Unsecured Revolving Credit Facility, the Unsecured Bridge-to-Accordion Facility and the Unsecured Bridge Credit Facility cannot be refinanced or that the terms of such refinancing will not be as favourable as the terms of the existing loans. In order to minimize this risk as regards the hypothecary borrowings, the REIT tries to appropriately structure the timing of the renewal of significant tenant leases on its respective properties in relation to the times at which the hypothecary borrowings on such properties become due for refinancing.

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 improvements thereto may also depend on the solvency and financial stability of 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 unable to meet their lease obligations or if a significant portion of vacant space in the properties in which the REIT has an interest cannot be leased on economically favorable lease terms. In the event of default by a tenant, delays or limitations may be experienced in enforcing the REIT's rights as a lessor and substantial costs may be incurred to protect the REIT's investment. 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 general economic activity and competition for tenants by other properties. Costs may need to be incurred to make improvements or repairs to property as required by a new tenant. The failure to rent unleased space on a timely basis or at all or at rents that are equivalent to or higher than current rents would likely have an adverse effect on the REIT's financial position and the value of its properties.

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 mortgage payments on a property, a loss could be sustained as a result of the mortgage creditor's exercise of its hypothecary remedies.

Immovable property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with the demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the REIT's ability to make changes to 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.

Leases for the REIT's properties, including those of significant tenants, will mature from time to time over the short and long term. There can be no assurance that the REIT will be able to renew any or all of the leases upon maturity 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 position and results of operations and decrease the amount of cash available for distribution.

Environmental matters

Environmental and ecological related policies have become increasingly important in recent years. As an owner or operator of real property, the REIT could, under various federal, provincial and municipal laws, become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in our properties or disposed of at other locations. The failure to remove or remediate such substances, or address such matters through alternative measures prescribed by the governing authority, may adversely affect the REIT'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 REIT by private plaintiffs or governmental agencies. The REIT is not currently aware of any material non-compliance, liability or other claim in connection with any of our properties, nor is the REIT aware of any environmental condition with respect to any properties that it believes would involve material expenditures by the REIT.

Pursuant to the REIT's operating policies, the REIT shall obtain or review a Phase I environmental audit of each immovable property to be acquired by it. See "Description of the Business – Investment Guidelines and Operating Policies – Operating Policies" on pages 13 and 14 of the 2013 AIF.

Legal risks

The REIT's operations are subject to various laws and regulations across all of its operating jurisdictions and the REIT faces risks associated with legal and regulatory changes and litigation.

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 the REIT, or operate without the investment or operating restrictions applicable to the REIT or under more flexible conditions. An increase in the availability of investment funds and heightened interest in immovable property investments could increase competition for immovable property investments, thereby increasing the purchase prices of such investments and reducing their yield.

In addition, numerous property developers, managers and owners 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 is focused in part on growth by identifying suitable acquisition opportunities, such as the Acquisition, pursuing such opportunities, completing acquisitions and effectively operating and leasing such properties. If the REIT is unable to manage its growth effectively, this could adversely impact the REIT's financial position 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.

Property development program

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

Recruitment and retention of employees and executives

Management depends on the services of certain key personnel. Competition for qualified employees and executives is intense. If the REIT is unable to attract and retain qualified and capable employees and executives, the conduct of its activities may be adversely affected.

Government regulation

The REIT and its properties are subject to various government statutes and regulations. Any change in such statutes or regulations that is adverse to the REIT and its properties could affect the REIT's operating results and financial performance.

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 the REIT'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 REIT by private plaintiffs or governmental agencies. Notwithstanding the above, the REIT is not aware of any material non-compliance, liability or other claim in connection with any of its properties, nor is the REIT aware of any environmental condition with respect to any of its properties that it believes would involve material expenditure by the REIT.

Limit on activities

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

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 the REIT 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.

Risk Factors Related to the Ownership of Units

Market price

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the initial appraisal of the value of 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, but not limited to, the REIT's financial performance, debt covenants and obligations, working capital requirements and future capital requirements. The market price of the Units may deteriorate if the REIT is unable to meet its cash distribution targets in the future.

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

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 and the Unsecured Debentures 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. Prospective investors should consult with DBRS with respect to the interpretation and implications of the rating. 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 or withdrawn. 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 usually provides broader contextual information regarding securities in rating reports, which generally set out the full rationale for the chosen rating symbol, and in other releases.

Structural subordination of Units

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.

The Units 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.

Availability of cash flow

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

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

Unitholder liability

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

The Contract of Trust further provides that certain written instruments signed by the REIT (including all immovable hypothecs and, to the extent the Trustees determine to be practicable and consistent with their obligation as Trustees to act in the best interests of the Unitholders, other written instruments creating a material obligation of the REIT) shall contain a provision or be subject to an acknowledgment to the effect that such obligation will not be binding upon Unitholders or annuitants personally. 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 uses 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 or the Unitholders.

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.

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, upon conversion of the Convertible Debentures, and to the Convertible Debenture Indenture Trustee in payment of interest on the Convertible Debentures. Any issuance of Units may have a dilutive effect on 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 does not hold a share of a body corporate. As holders of Units, 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.

Status for tax purposes

The REIT is considered a mutual fund trust for income tax purposes. Pursuant to the Contract of Trust, the Trustees intend to distribute or designate all taxable income directly earned by the REIT to Holders and to deduct such distributions and designations for income tax purposes.

Certain of the REIT's subsidiaries are subject to tax on their taxable income under the Tax Act and the *Taxation Act* (Québec*).*

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

The SIFT Rules apply unless (among other exceptions not applicable here) the Real Estate Investment Trust Exception applies. If the REIT fails to qualify for the Real Estate Investment Trust Exception, the REIT will be subject to the tax regime introduced by the SIFT Rules.

Management believes that the REIT currently meets all the criteria required to qualify for the Real Estate Investment Trust Exception, as per the Real Estate Investment Trust Exception currently in effect. As a result, Management believes that the SIFT Rules do not apply to the REIT. Management intends to take all the necessary steps to meet these conditions on an on-going basis in the future. Nonetheless, there is no guarantee that the REIT will continue to meet all the required conditions to be eligible for the Real Estate Investment Trust Exception for the remainder of 2014 or any other subsequent year.

Risk Factors Related to the Acquisition

Caution regarding unaudited pro forma financial statements

This short form prospectus contains unaudited pro forma consolidated balance sheet as at June 30, 2014, unaudited pro forma consolidated statement of net income for the six-month period ended June 30, 2014 and unaudited pro forma consolidated statements of net income for the year ended December 31, 2013, giving effect to the acquisition of the retail and office properties forming part of the Acquisition Properties, which comprise substantially all of the Acquisition Properties, in the manner set forth therein. Such unaudited *pro forma* financial statements have been prepared using certain of the REIT's and Ivanhoé Cambridge's respective financial statements as more particularly described in the notes to such unaudited *pro forma* financial statements. Such unaudited *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 will differ from such unaudited *pro forma* financial statements. Potential synergies, if any, that may be realized after consummation of the Acquisition have been excluded from such unaudited *pro forma* financial statements. Since the unaudited *pro forma* financial statements have been developed to retroactively show the effects of a transaction that occurred at a later date (even though this was accomplished by following generally accepted practices using reasonable assumptions), there are limitations inherent in the very nature of *pro forma* data. The data contained in the unaudited *pro forma* financial statements represents only a simulation of the potential impact of the acquisition of the retail and office properties forming part of the Acquisition Properties, which comprise substantially all of the Acquisition Properties. Undue reliance should not be placed on such unaudited *pro forma* financial statements.

Closing of the Acquisition and Acquisition of Third Party Interests

Mail Champlain, Rockland and Les Galeries de Hull are subject to rights of first refusal or similar rights in favour of third parties, two of which third parties are co-owners. The third parties which own a 50%-interest in Mail Champlain and a 15%-interest in Les Galeries de Hull, respectively, have advised Ivanhoé Cambridge of their respective interest in selling their stake in Mail Champlain and Les Galeries de Hull to the REIT, and therefore, of their intention not to exercise their right of first refusal. If the third parties who benefit from such rights of first refusal exercise them, the said Acquisition Properties will not be sold to the REIT and the purchase price will be reduced by an amount agreed to by the REIT and Ivanhoé Cambridge. See "The Acquisition – Purchase Agreement". There can be no assurances that the Acquisition Properties subject to rights of first refusal will be purchased by the REIT in the Acquisition. In addition, there can be no assurances that the REIT will be able to acquire the third-party interests of the co-owners of Mail Champlain and Les Galeries de Hull on terms favourable to the REIT, or at all. In the event the REIT is not able to acquire such interests, Mail Champlain and Les Galeries de Hull will remain subject to co-ownership rights of third parties.

The completion of the Acquisition is also subject to receipt of material third party consents, approvals or waivers, including all required regulatory clearances, the confirmation of certain representations and warranties set out in the Purchase Agreement as at the Acquisition Closing Date and the obtaining of estoppel certificates from certain tenants of the Acquisition Properties. A delay in obtaining such consents, approvals or certificates, the failure to do so or the imposition of unfavourable terms or conditions in order to do so could have a material adverse effect on the Acquisition.

The REIT intends to consummate the Acquisition as soon as practicable after such conditions are met. However, the REIT has no control over whether or not the closing conditions of the Acquisition will be met and there is no assurance that such conditions, including receipt of all regulatory clearances (including that, pursuant to the Competition Act, the applicable waiting period has expired, been terminated or waived without any regulatory restriction preventing closing, or that an advance ruling certificate or no-action letter has been obtained from the Competition Bureau) will be satisfied at all. The Purchase Agreement contains an obligation for the REIT to agree to any necessary remedy required by the Competition Bureau, including the divestiture of certain assets. Accordingly, there can be no assurances that the Acquisition will be completed and closing of this Offering is not subject to the closing of the Acquisition. In the event the Acquisition is not completed, including due to the failure to receive all regulatory clearances, the net proceeds received by the REIT from this Offering would be used in full to pay down debt outstanding under the Unsecured Revolving Credit Facility, to finance the REIT's ongoing acquisition and development pipeline and for general and trust purposes.

Unexpected Costs or Liabilities Related to the Acquisition

Although the REIT has conducted due diligence in connection with the Acquisition, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, the Acquisition Properties. Following the Acquisition, the REIT may discover that it has acquired undisclosed liabilities. The REIT will not be able to claim indemnification from Ivanhoé Cambridge, as it has agreed to purchase the Acquisition Properties on an "as is, where is" basis. The existence of any undisclosed liabilities and the REIT's inability to claim indemnification from Ivanhoé Cambridge could have a material adverse effect on the REIT.

Integration Related Risks

To effectively integrate the Acquisition Properties into its current portfolio, the REIT must establish appropriate operational, administrative, finance, management systems and controls and marketing functions relating to the Acquisition Properties. This will require substantial attention from Management. This diversion of Management's attention, as well as any other difficulties which the REIT may encounter in completing the transition and integration process after the closing of the Acquisition, could have a material adverse impact on the REIT. There can be no assurance that the REIT will be successful in integrating the Acquisition Properties, or that the expected benefits of the Acquisition will be realized.

Ownership of retail properties

Retail shopping centres have traditionally relied on the presence of a number of anchor tenants, such as department stores, discount department stores and grocery stores. Following the Acquisition, the REIT will own 11 additional retail properties, including 10 enclosed shopping centres and one retail complex, some of them being reliant on anchor tenants. In recent years, certain major retailers have announced their intentions to resize their space requirements, including RONA and Best Buy in 2012. Significant deterioration of the retail shopping centre market in general or the financial health of the REIT's anchor tenants could have an adverse effect on the REIT's business, financial condition or results of operation.

LEGAL MATTERS

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

INTEREST OF OTHER EXPERTS

Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, are the external auditors who prepared the auditor's report to the management and Board of Directors of Ivanhoé Cambridge dated August 29, 2014 with respect to the Acquisition Properties for the financial year ended December 31, 2013 which is included in this short form prospectus. Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, are independent with respect to Ivanhoé Cambridge within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the REIT is PricewaterhouseCoopers LLP, Chartered Professional Accountants.

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

PURCHASERS' STATUTORY RIGHTS

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, revisions 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.

INDEX TO FINANCIAL STATEMENTS

Cominar Real Estate Investment Trust

Pro Forma Consolidated Financial Statements
June 30, 2014
(Unaudited)

Cominar Real Estate Investment Trust

Pro Forma Consolidated Balance Sheet

As at June 30, 2014

(Unaudited, in thousands of Canadian dollars, except per unit amounts)

	Cominar Real Estate Investment Trust $	Portfolio Acquired $	Note	Pro Forma Adjustment $	Pro Forma Consolidated Balance Sheet $
Assets					
Investment properties					
Income properties	5,993,500	1,450,595	2(a)	149,305	7,593,400
Properties under development	77,375	17,083	2(a)	11,117	105,575
Land held for future development	58,886	-		-	58,886
	6,129,761	1,467,678	4	160,422	7,757,861
Investment in a joint venture	25,622	93,630	2(a)	(93,630)	25,622
Goodwill	166,971	-		-	166,971
Mortgage receivable	8,250	-		-	8,250
Deferred tax assets	-	518		-	518
Prepaid expenses and other assets	38,552	8,605	2(a)	1,282	48,439
Accounts receivable	58,516	674		-	59,190
Bond investments	4,975	-		-	4,975
Cash and cash equivalents	7,100	70,267	2(a)	(70,267)	7,100
	6,439,747	1,641,372		(2,193)	8,078,926
Liabilities					
Mortgages payable	1,862,767	64,402	2(a)	(64,402)	2,111,892
			2(d)	250,000	
			2(d)	(875)	
Debentures	1,198,059	-		-	1,198,059
Convertible debentures	182,413	-		-	182,413
Bank indebtedness	196,951	-	2(c)	72,970	269,561
			2(c)	(360)	
Bridge credit facility	-	-	2(b)	850,000	839,375
			2(b)	(10,625)	
Advances from the owner	-	67,032	2(a)	(67,032)	-
Accounts payable and accrued liabilities	103,437	11,303	2(a)	1,022	115,762
Deferred tax liability	10,857	-		-	10,857
Distributions payable to unitholders	15,388	-		-	15,388
	3,569,872	142,737		1,030,698	4,743,307
Unitholders'/owners' equity	2,869,875	1,498,635	2(e)	250,002	3,335,619
			2(e)	250,002	
			2(e)	(1,498,635)	
			2(e)	(23,960)	
			2(e)	(10,300)	
Total liabilities and unitholders'/owners' equity	6,439,747	1,641,372		(2,193)	8,078,926

All terms capitalized but not otherwise defined herein shall have the meaning given to them in the short form prospectus of Cominar Real Estate Investment Trust dated September 9, 2014 ("Prospectus").

Cominar Real Estate Investment Trust

Pro Forma Consolidated Statement of Net Income

For the six-month period ended June 30, 2014

(Unaudited, in thousands of Canadian dollars, except per unit amounts)

	Cominar Real Estate Investment Trust $	Portfolio Acquired $	Note	Pro Forma Adjustment $	Pro Forma Consolidated Statement of Net Income $
Operating revenues					
Rental revenue from investment properties	351,130	71,883	3(a)	10,560	437,831
			3(a)	713	
			3(d)	3,545	
	351,130	71,883		14,818	437,831
Operating expenses	163,078	37,471	3(a)	5,502	206,421
			3(a)	370	
	163,078	37,471		5,872	206,421
Net operating income	188,052	34,412		8,946	231,410
Share of net income (loss) from investment in a joint venture	1,288	(8,993)	3(a)	8,993	1,288
Fair value adjustment – Investment properties	-	4,919	3(a)	(23,044)	(21,613)
			3(a)	57	
			3(d)	(3,545)	
Fair value adjustment – Term loan	-	(238)	3(c)	238	-
Financial expense	(68,034)	(1,699)	3(b)	1,699	(94,489)
			3(b)	(26,351)	
			3(b)	(104)	
Trust administrative expenses	(6,366)	-		-	(6,366)
Income before income taxes	114,940	28,401		(33,111)	110,230
Income taxes	(311)	-		-	(311)
Net income	114,629	28,401		(33,111)	109,919
Net income per unit (note 4)					
Basic	0.90				0.71
Diluted	0.88				0.71

All terms capitalized but not otherwise defined herein shall have the meaning given to them in the Prospectus.

Cominar Real Estate Investment Trust

Pro Forma Consolidated Statement of Net Income

For the year ended December 31, 2013

(Unaudited, in thousands of Canadian dollars, except per unit amounts)

	Cominar Real Estate Investment Trust $	Portfolio Acquired $	Note	Pro Forma Adjustment $	Pro Forma Consolidated Statement of Net Income $
Operating revenues					
Rental revenue from investment properties	662,053	154,331	3(a)	21,950	846,488
			3(a)	1,481	
			3(d)	6,673	
	662,053	154,331		30,104	846,488
Operating expenses	293,843	75,230	3(a)	10,972	380,853
			3(a)	808	
	293,843	75,230		11,780	380,853
Net operating income	368,210	79,101		18,324	465,635
Share of net income from investment in a joint venture	-	12,001	3(a)	(12,001)	-
Fair value adjustment – Investment properties	17,150	58,221	3(a)	13,024	80,231
			3(a)	(1,491)	
			3(d)	(6,673)	
Fair value adjustment – Term loan	-	2,437	3(c)	(2,437)	-
Financial expense	(131,811)	(8,847)	3(b)	8,847	(188,971)
			3(b)	(46,327)	
			3(b)	(10,833)	
Trust administrative expenses	(12,063)	-		-	(12,063)
Restructuring charges	(1,062)	-		-	(1,062)
Gain on disposal of a subsidiary	8,010	-		-	8,010
Gains on disposal of investment properties	3,370	-		-	3,370
Other revenues	4,906	-		-	4,906
Income before income taxes	256,710	142,913		(39,567)	360,056
Income taxes	(1,741)	175	3(a)	1	(1,565)
Net income	254,969	143,088		(39,566)	358,491
Net income per unit (note 4)					
Basic	2.03				2.36
Diluted	1.98				2.30

All terms capitalized but not otherwise defined herein shall have the meaning given to them in the Prospectus.

(Unaudited, in thousands of Canadian dollars, except per unit amounts)

1 Basis of presentation

The unaudited pro forma consolidated balance sheet of Cominar Real Estate Investment Trust ("Cominar" or the "Trust") as at June 30, 2014 and the unaudited pro forma consolidated statements of net income for the six-month period ended June 30, 2014 and for the year ended December 31, 2013 have been prepared by management of Cominar to give effect to the proposed acquisition (the "Acquisition") of the Retail and Office Portfolio of Ivanhoé Cambridge Inc. ("Ivanhoé Cambridge"), the real estate subsidiary of the Caisse de dépôt et placement du Québec, and certain of its affiliates, by Cominar on the basis of the assumptions and adjustments described below.

A third party owns 50% of Mail Champlain, and this property is subject to a right of first refusal in favour of such third party. Mail Champlain is accounted for as a joint venture by Ivanhoé Cambridge. Another third party owns 15% of Les Galeries de Hull, and this property is subject to a right of first refusal in favour of such third party. Les Galeries de Hull is accounted for as a joint operation by Ivanhoé Cambridge. Both third parties confirmed their intention to sell their respective portion of the properties to Ivanhoé Cambridge and to not use their right of first refusal.

Consequently, the unaudited pro forma consolidated balance sheet of Cominar as at June 30, 2014 and the unaudited pro forma consolidated statements of net income for the six-month period ended June 30, 2014 and for the year ended December 31, 2013 also give effect to the acquisition of those third party interests in Mail Champlain and Les Galeries de Hull.

Rockland is subject to a right of first refusal in favour of a third party and 505 Parc Technologique may not be sold without the prior consent of the initial seller of the property. The unaudited pro forma consolidated financial statements assume that this right will not be exercised and that the prior consent will be obtained.

In the opinion of management, the unaudited pro forma consolidated balance sheet as at June 30, 2014 and the unaudited pro forma consolidated statements of net income for the six-month period ended June 30, 2014 and for the year ended December 31, 2013 include all adjustments necessary for the fair presentation of the transactions described in the notes to the unaudited pro forma consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") on a basis consistent with Cominar's accounting policies applied in the unaudited condensed interim consolidated financial statements for the quarter ended June 30, 2014.

The unaudited pro forma consolidated financial statements may not be indicative of the financial position that would have prevailed and operating results that would have been obtained if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. The unaudited pro forma consolidated financial statements are not a forecast or projection of future results. The actual financial position and results of operations of the Trust for any period following the closing of the Acquisition will likely vary from the amounts set forth in the unaudited pro forma consolidated financial statements, and such variation may be material.

(Unaudited, in thousands of Canadian dollars, except per unit amounts)

The unaudited pro forma consolidated financial statements should be read in conjunction with the unaudited condensed interim consolidated financial statements of Cominar as at and for the three-month and six-month periods ended June 30, 2014 and the unaudited condensed interim combined financial statements of the Retail and Office Portfolio of Ivanhoé Cambridge as at and for the six-month period ended June 30, 2014, both of which are prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and with the audited consolidated financial statements of Cominar as at and for the year ended December 31, 2013 and the audited combined financial statements of the Retail and Office Portfolio of Ivanhoé Cambridge for the year ended December 31, 2013, both of which are prepared in accordance with IFRS.

The unaudited pro forma consolidated balance sheet as at June 30, 2014 has been prepared using information from the unaudited interim consolidated balance sheet of Cominar as at June 30, 2014, the unaudited interim combined balance sheet of the Retail and Office Portfolio of Ivanhoé Cambridge as at June 30, 2014, and the adjustments and assumptions outlined below. The unaudited pro forma consolidated balance sheet gives effect to the Acquisition as if it had occurred on June 30, 2014.

The unaudited pro forma consolidated statement of net income for the six-month period ended June 30, 2014 has been prepared using information from the unaudited interim consolidated statement of comprehensive income of Cominar for the six-month period ended June 30, 2014, the unaudited interim combined statement of income and comprehensive income of the Retail and Office Portfolio of Ivanhoé Cambridge for the six-month period ended June 30, 2014, and the adjustments and assumptions outlined below. The unaudited pro forma consolidated statement of net income for the six-month period ended June 30, 2014 gives effect to the Acquisition as if it had occurred on January 1, 2013.

The unaudited pro forma consolidated statement of net income for the year ended December 31, 2013 has been prepared using information from the audited consolidated statement of comprehensive income of Cominar for the year ended December 31, 2013, the audited combined statement of income and comprehensive income of the Retail and Office Portfolio of Ivanhoé Cambridge for the year ended December 31, 2013, and the adjustments and assumptions outlined below. The unaudited pro forma consolidated statement of net income for the year ended December 31, 2013 gives effect to the Acquisition as if it had occurred on January 1, 2013.

2 Pro forma assumptions and consolidated balance sheet adjustments

(a) Acquisition of the Retail and Office Portfolio

Pursuant to the Purchase Agreement, Ivanhoé Cambridge and certain of its affiliates accepted to sell, transfer, assign and convey to Cominar a Retail and Office Portfolio for a purchase price of approximately $1,526,000. In the unaudited pro forma consolidated financial statements, the aggregate purchase price amounting to $1,628,100 includes the amounts to be paid to third parties owning 50% of Mail Champlain and 15% of Les Galeries de Hull, assuming that those transactions will be made under similar conditions and excludes the potential exercise of rights of first refusal or similar rights.

The unaudited pro forma consolidated balance sheet has been adjusted to reflect the ownership at 100% by Cominar for both properties. Furthermore, the investment of 50% in Mail Champlain accounted for as an investment in a joint venture amounting to $93,630 has been removed and prepaid expenses and other assets of $1,282 and accounts payables and accrued liabilities of $1,022 have been added.

(Unaudited, in thousands of Canadian dollars, except per unit amounts)

The Acquisition is assumed to be paid partly by the issuance of units of Cominar ("Cominar Units") under the Prospectus and by the issuance of Cominar Units to Ivanhoé Cambridge under the Concurrent Private Placement, all together with other loans and credit facilities described below.

The transaction costs amounting to $23,960 are charged directly to unitholders'/owners' equity. These costs are to be written off through net income but have not resulted in a pro forma adjustment to the unaudited pro forma consolidated statements of net income since these charges are non-recurring expenses directly attributable to the Acquisition.

Cominar's sources and uses of funds after completion of the Acquisition are as follows:

	Note	$
Unsecured Bridge Credit Facility	2(b)	850,000
Unsecured Bridge-to-Accordion Facility (considering working capital adjustment)	2(c)	72,970
Otéra Hypothecary Loan	2(d)	250,000
Cominar Units issued under the Prospectus	2(e)	250,002
Cominar Units issued under the Concurrent Private Placement	2(e)	250,002
Consideration paid including acquisition costs		1,672,974

Cash and cash equivalents totalling $70,267, mortgage payable amounting to $64,402 and advances from the owner amounting to $67,032 are assets and liabilities excluded from the Acquisition.

Cominar has granted to the Underwriters an Over-Allotment Option to purchase an amount of Cominar Units corresponding to 15% of the number of Cominar Units sold under the Prospectus at the Subscription Price on the same terms and conditions as this Prospectus. The Over-Allotment Option has not resulted in a pro forma adjustment to the unaudited pro forma consolidated financial statements since the complete financial effects are not objectively determinable.

(b) Unsecured Bridge Credit Facility

Cominar has entered into a commitment letter with Canadian chartered banks for an unsecured non-revolving credit facility of up to $850,000, repayable in one year and bearing interest at a variable rate with an increasing spread over the term. Cominar is assumed to have drawn down $850,000.

Financing costs related to the Unsecured Bridge Credit Facility amount to $10,625 and are presented against the amount drawn.

(c) Unsecured Bridge-to-Accordion Facility

Cominar has entered into a credit agreement with the Bridge Lenders for a $100,000 unsecured loan, with a maturity date in August 2017 and bearing interest at a variable rate. Cominar is assumed to have drawn down $72,970.

(Unaudited, in thousands of Canadian dollars, except per unit amounts)

Financing costs related to the Unsecured Bridge-to-Accordion Facility amount to $360 and are presented against bank indebtedness.

(d) Otéra Hypothecary Loan

Cominar has entered into offer letters with Otéra Capital Inc., a subsidiary of the Caisse de dépôt et placement du Québec, providing for secured mortgages for an aggregate of $250,000. The Otéra Hypothecary Loan has a term of 10 years and bears interest at a fixed rate of 4%.

Financing costs related to the Otéra Hypothecary Loan amount to $875 and are presented against mortgages payable.

(e) Unitholders'/owners' equity

The pro forma adjustments to unitholders'/owners' equity arising from the Acquisition reconcile as follows:

	Note	$
Cominar Units issued under the Prospectus (13,158,000 x $19.00)		250,002
Cominar Units issued under the Concurrent Private Placement (13,158,000 x $19.00)		250,002
Elimination of the equity on portfolio acquired		(1,498,635)
Transaction costs	2(a)	(23,960)
Cominar Units issuance costs		(10,300)
		(1,032,891)

3 Pro forma assumptions and consolidated statement of net income adjustments for the six-month period ended June 30, 2014 and for the year ended December 31, 2013

(a) Third party rights

The pro forma consolidated statements of net income have been adjusted to reflect the ownership at 100% by Cominar of Mail Champlain and Les Galeries de Hull. Furthermore, the shares of net income (loss) from investment in a joint venture in Mail Champlain amounting to $(8,993) for the six-month period ended June 30, 2014 and $12,001 for the year ended December 31, 2013 have been removed.

(Unaudited, in thousands of Canadian dollars, except per unit amounts)

The other adjustments for each property for the six-month period ended June 30, 2014 are as follows:

	Mail Champlain $	Les Galeries de Hull $
Rental revenue from investment properties	10,560	713
Operating expenses	5,502	370
Net operating income	5,058	343
Fair value adjustment – Investment properties	(23,044)	57
Net income (loss)	(17,986)	400

The other adjustments for each property for the year ended December 31, 2013 are as follows:

	Mail Champlain $	Les Galeries de Hull $
Rental revenue from investment properties	21,950	1,481
Operating expenses	10,972	808
Net operating income	10,978	673
Fair value adjustment – Investment properties	13,024	(1,491)
Income (loss) before income taxes	24,002	(818)
Income taxes	-	1
Net income (loss)	24,002	(817)

(b) Financial expense

Financial expense has been adjusted to reflect interest expense on the Trust's financing for the Acquisition, the duration fee and the amortization of financing costs.

Financial expenses totalling $1,699 for the six-month period ended June 30, 2014 and $8,847 for the year ended December 31, 2013 have been removed since they are related to liabilities excluded from the Acquisition, as mentioned in note 2(a).

Interest expenses relating to the Unsecured Bridge Credit Facility, the Unsecured Bridge-to-Accordion Facility and the Otéra Hypothecary Loan would amount to a total of $26,351 for the six-month period ended June 30, 2014 and $46,327 for the year ended December 31, 2013.

The amortization expense of the related financing costs represents a total of $104 for the six-month period ended June 30, 2014 and $10,833 for the year ended December 31, 2013.

(Unaudited, in thousands of Canadian dollars, except per unit amounts)

(c) Fair value adjustment – Term loan

The fair value adjustment related to the term loan has been removed to conform to Cominar's accounting policies.

(d) Reclassification

Reclassification adjustments have been made to Ivanhoé Cambridge's presentation to be in accordance with Cominar's presentation.

4 Pro forma Cominar Units outstanding

The average number of Cominar Units used in the computation of pro forma basic and diluted net income per unit has been determined as follows:

	Basic		Diluted	
	2014 (6 months)	**2013 (12 months)**	**2014 (6 months)**	**2013 (12 months)**
Weighted average number of Cominar Units issued and outstanding	127,476,701	125,369,581	138,026,611	136,015,866
Cominar Units issued as a result of the Acquisition *	26,316,000	26,316,000	26,316,000	26,316,000
Pro forma weighted average Cominar Units outstanding	153,792,701	151,685,581	164,342,611	162,331,866

* Assuming the issuance of 26,316,000 Cominar Units on January 1, 2013 as a result of the Acquisition (note 2(a)).

Retail and Office Portfolio

Combined Financial Statements
December 31, 2013

Raymond Chabot Grant Thornton

Independent Auditor's Report

Raymond Chabot Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Quebec H3B 4L8

Telephone: 514-878-2691
Fax: 514-878-2127
www.rcgt.com

To the Management and Board of Directors of
Ivanhoe Cambridge Inc.

We have audited the accompanying combined financial statements of Retail and Office Portfolio (as defined in Note 1), which comprise the combined balance sheet as at December 31, 2013 and the combined statement of income and comprehensive income, the combined statement of changes in owner's equity and the combined statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the combined financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Retail and Office Portfolio as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Other Matter

The combined financial statements of Retail and Office Portfolio for the year ended December 31, 2012 were not audited.

Raymond Chabot Grant Thornton LLP[1]

Montréal
August 29, 2014

[1] CPA auditor, CA public accountancy permit no. A121855

Retail and Office Portfolio
Combined Balance Sheets

December 31, 2013

(In thousands of dollars)

	2013	(Unaudited) 2012
	$	$
ASSETS		
Non-current assets		
Investment properties (Note 3)	**1,456,249**	1,379,993
Interest in a joint venture (Note 17)	**105,056**	98,330
Deferred tax assets (Note 4)	**518**	343
	1,561,823	1,478,666
Current assets		
Receivables	**577**	–
Advances to the Owner, without interest or repayment terms	**–**	16,751
Cash	**57,004**	68,889
Prepaid expenses	**1,880**	1,538
	59,461	87,178
Total assets	**1,621,284**	1,565,844
LIABILITIES		
Non-current liabilities		
Term loans (Note 5)	**63,295**	65,746
Current liabilities		
Term loans (Note 5)	**1,717**	161,852
Advances from the Owner (Note 6)	**68,119**	–
Accounts payable and accrued liabilities (Note 7)	**17,919**	11,100
	87,755	172,952
Total liabilities	**151,050**	238,698
OWNER'S EQUITY	**1,470,234**	1,327,146
Total liabilities and owner's equity	**1,621,284**	1,565,844

The accompanying notes are an integral part of the combined financial statements.

Retail and Office Portfolio
Combined Statements of Income and Comprehensive Income

Year ended December 31, 2013

(In thousands of dollars)

	2013	(Unaudited) 2012
	$	$
Rental revenues (Note 9)	**154,331**	152,280
Expenses (Note 10)		
Operating	**44,567**	44,755
Property taxes	**30,663**	29,010
	75,230	73,765
Operating income	**79,101**	78,515
Change in fair value of investment properties (Note 3)	**58,221**	106,098
Change in fair value of term loans	**2,437**	6,710
Share of net income of interest in a joint venture (Note 17)	**12,001**	14,915
Income before the following items and income taxes	**151,760**	206,238
Financial revenues	**108**	88
Financial expenses (Note 11)	**(8,955)**	(15,956)
	142,913	190,370
Income taxes (Note 12)	**175**	(36)
Net income and comprehensive income	**143,088**	190,334

The accompanying notes are an integral part of the combined financial statements.

Retail and Office Portfolio
Combined Statements of Changes in Owner's Equity

Year ended December 31, 2013

(In thousands of dollars)

	2013	(Unaudited) 2012
	$	**$**
Balance, beginning of year	**1,327,146**	1,136,812
Net income	**143,088**	190,334
Balance, end of year	**1,470,234**	1,327,146

The accompanying notes are an integral part of the combined financial statements.

Retail and Office Portfolio
Combined Statements of Cash Flows

Year ended December 31, 2013

(In thousands of dollars)

	2013	(Unaudited) 2012
	$	$
OPERATING ACTIVITIES		
Net income	**143,088**	190,334
Non-cash items		
Change in fair value of investment properties	**(58,221)**	(106,098)
Change in fair value of term loans	**(2,437)**	(6,710)
Amortization of lease incentives, initial direct leasing costs and brokers' commissions	**6,673**	6,429
Recognition of rent on a straight-line basis	**929**	1,524
Share of net income of interest in a joint venture	**(12,001)**	(14,915)
Deferred income taxes	**(175)**	36
	77,856	70,600
Changes in assets and liabilities related to operations	**(1,529)**	(143)
Cash flows provided by operating activities	**76,327**	70,457
INVESTING ACTIVITIES		
Capital expenditures for investment properties	**(18,208)**	(91,089)
Distributions from the joint venture	**5,275**	1,250
Cash flows used in investing activities	**(12,933)**	(89,839)
FINANCING ACTIVITIES		
Repayment of term loans	**(160,149)**	(5,411)
Advances from the Owner	**84,870**	34,791
Cash flows provided by (used in) financing activities	**(75,279)**	29,380
Net increase (decrease) in cash	**(11,885)**	9,998
Cash, beginning of year	**68,889**	58,891
Cash, end of year	**57,004**	68,889
Supplemental information		
Interest paid	**9,905**	15,932

The accompanying notes are an integral part of the combined financial statements.

1 - COMBINED FINANCIAL STATEMENTS

These combined financial statements have been prepared for the purpose of presenting the historical results of the legal entities, properties and interest in a joint venture being disposed of (the "Transaction") by Ivanhoe Cambridge Inc. (the "Owner").

The combined financial statements include the accounts of six entities under common control including Ivanhoe Rive-Nord Inc., Centres Commerciaux Régionaux du Québec Limitée, Ivanhoe Champlain Inc., Les Rivières Shopping Centre Limited, 9130-1168 Quebec Inc. and 9130-1093 Québec Inc., and fifteen properties namely Centropolis, Rockland, Carrefour Rimouski, Centre commercial Rivière-du-Loup, Carrefour St-Georges, Carrefour Frontenac, Les Rivières, Dixie Outlet Mall, Galeries Rive-Nord, Mail Champlain, Les Galeries de Hull, Place Haute Ville, 505 Parc Technologique, 55 University Avenue, and 3055 Blvd. St-Martin West (collectively the "Retail and Office Portfolio" or the "Properties"). These entities and properties are all wholly owned by the Owner at the date of the Transaction except for Galeries de Hull which the Owner holds 85% of the property and Ivanhoe Champlain Inc. which the Owner holds 50% and represents the interest in the joint venture.

These combined financial statements include only the assets, liabilities, revenues and expenses that are directly related to the Properties and at the percentage interest that the Owner had at the the time of the Transaction.

These combined financial statements were authorized for issuance by management of the Properties on August 29, 2014.

2 - SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The combined financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"). Since this is the first time that these combined financial statements have been prepared, they have been prepared in accordance with IFRS in effect as at December 31, 2013 and that for all comparative years presented.

Basis of preparation

The combined financial statements are presented in Canadian dollars, the presentation currency of the Properties, and tabular amounts are rounded to the nearest thousand. The combined financial statements are prepared using the significant accounting policies and measurement bases described below.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The combined financial statements encompass the combined accounts of the companies and properties described in Note 1. All intercompany balances, transactions, revenues and expenses, as well as related gains and losses, are eliminated in full.

Joint arrangements

Joint arrangements are enterprises over which the Properties and other parties have joint control. Joint control is the contractually agreed sharing of control of an investee, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

The Properties hold substantial interests in two properties through joint arrangements. These interests are classified and accounted for as follows:

– Joint operation, when the Properties have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. The Properties account for each of the assets, liabilities, revenues and expenses and its interest in the transactions incurred jointly from the joint operation in the respective items of the combined financial statements.

– Joint venture, when the Properties have rights to the net assets. Interests in joint ventures are recognized at cost and thereafter under the equity method.

The Properties' combined financial statements include its interest in the net income and other comprehensive income according to the financial statements of the joint venture.

If the Properties' share of losses of the joint venture equals or exceeds its interest in the joint venture, the Properties discontinue recognizing its share of further losses. If the Properties' interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Properties have incurred legal or constructive obligations or made payments on behalf of the joint venture.

The year-end of the companies, properties and joint arrangements included in these combined financial statements are all December 31. As necessary, amounts presented in the financial statements of the investee are adjusted to ensure compliance with the Properties' accounting policies.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties include income producing properties and properties under construction.

Income producing properties

Income producing properties comprise land, buildings and property held for development and are held to earn rental income and/or for capital appreciation. Income producing properties are measured initially at acquisition cost, including transaction costs. The Properties capitalize the costs incurred in order to increase their capacity and to make improvements after the acquisition date. The Properties also capitalize the major repair and maintenance expenses provided they will provide benefits beyond the reporting period. Subsequent to initial recognition, income producing properties are measured at fair value based on external valuations made by independent appraisers at the balance sheet date. Gains and losses arising from changes in fair value or sale of an income producing property are recognized in the combined statement of income and comprehensive income in the period in which they occur. Gains or losses on disposal of income producing properties are calculated in comparison with their latest fair value available. The gain or loss is recorded in combined net income under the caption "change in fair value of investment properties."

Properties under construction

Properties under construction are held by the Properties for future use as income producing properties. They are carried at their cost until reliable fair value can be determined or construction is completed whichever occurs earlier. The fair value is determined by using the same valuation method as used for evaluating the fair value of investment properties as described in Note 3. The Properties capitalize all direct costs incurred for the construction of these buildings. Costs include initial acquisition costs, direct costs, borrowing costs and initial lease incentives. Capitalized interest is calculated using the Properties' weighted average cost of borrowing after adjusting for borrowing associated with specific developments. Where a borrowing is associated with specific developments, the amount capitalized is the gross interest incurred on the borrowing less any investment income arising from the temporary investment of such borrowings. Capitalization of interest is suspended if there are prolonged periods when development is interrupted. The Properties begin capitalizing costs when they incur expenditures for the properties and they undertake activities that are necessary to prepare these properties for their intended use. Capitalization ceases when the asset is ready for its intended use.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and liabilities are recognized when the Properties become a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Financial instruments are initially carried at fair value. For those not carried at fair value through profit or loss, transaction costs directly related to their acquisition or issuance are included in their carrying amounts. The transaction costs related to financial instruments recorded at fair value through profit or loss are presented in the combined statement of income and comprehensive income. For the purpose of subsequent measurement, financial instruments are classified under one of the following categories at initial recognition: fair value through profit or loss, loans and receivables, available-for-sale and financial liabilities.

Financial instruments recorded at fair value through profit or loss are classified as held for trading or designated at fair value through profit or loss upon initial recognition.

Financial instruments, in accordance with their respective initial classification, are subsequently measured at fair value or amortized cost with the resulting gains and losses presented in the combined statement of income and comprehensive income.

The Properties classify their financial instruments as follows:

– Cash is classified as loans and receivables and is measured at cost after initial recognition;

– Receivables and advances to the Owner are classified as loans and receivables and are measured after initial recognition, at amortized cost less an allowance for credit losses. Receivables are subject to an impairment test at least at each balance sheet date and are impaired when there is objective evidence of impairment;

– Term loans are classified as financial liabilities designated at fair value through profit or loss. Gains and losses resulting from revaluation are presented in the combined statement of income and comprehensive income.

– Advances from the Owner and accounts payable and accrued liabilities are classified as other financial liabilities at amortized cost. After initial recognition, they are measured at amortized cost using the effective interest rate method. Interest calculated using the effective interest rate method is presented in the combined statement of income and comprehensive income;

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Fair value hierarchy of financial and non-financial items

The fair value hierarchy that applies in determining fair value requires that observable market data be used if such data exists. An asset or liability is classified at the lowest hierarchical level when significant unobservable market data has been used in the fair value measurement.

The Properties use the following hierarchy for the fair value determination of financial and non-financial items:

– Level 1: the fair value is determined directly by reference to unadjusted quoted prices in an active market for identical assets or liabilities;

– Level 2: the fair value is estimated using a valuation technique based on observable market data, either directly or indirectly;

– Level 3: the fair value is estimated using a valuation technique based on unobservable data.

The Properties recognize transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer.

Rental revenues

Rental revenues include minimum rents, percentage rents, property tax and operating cost recoveries, amortization of lease incentives, lump sum lease termination fees, management fees and other incidental income. The Properties maintain substantially all of the risks and benefits of ownership of its investment properties and, therefore, the Properties account for leases with its tenants as operating leases. Minimum rents less initial direct costs of entering into the leases are accounted for using the straight-line method over the terms of the related leases. Percentage rents are recognized as revenues when they are probable and reasonably estimated. Property tax and operating cost recoveries are accounted for in the year the applicable costs are chargeable to tenants. Lease incentives are recognized as a reduction of rental revenues on a straight-line basis over the term of the lease. Lump sum lease termination fees are recognized in rental revenues when they are probable and reasonably estimated. Management fees and other incidental income are recognized as services are rendered or as contractual activities are conducted.

Income taxes

Income taxes recognized in the combined statement of income and comprehensive income comprise the sum of current tax and deferred tax. Such income taxes are related to the legal entities included in the combined financial statements. Income tax related to the operating of the properties is taxed in the hands of the Owner.

The current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes (continued)

Deferred income taxes are calculated using the liability method. Under this method, deferred income tax assets and liabilities are determined according to temporary differences between the carrying amount and tax bases of assets and liabilities. Deferred tax assets are recognized for deductible temporary differences to the extent that convincing evidence shows that the deferred tax assets will be used. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are offset only when the Properties have a legal right to offset and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Deferred income tax assets and liabilities are measured, without discounting, by applying, at the balance sheet date, the enacted or substantially enacted tax rates and laws for the years in which the temporary differences are expected to reverse. The evaluation of deferred tax assets and liabilities must reflect the tax impacts that the Properties expect upon settlement or recovery of the carrying amounts of those assets and liabilities as at the balance sheet date.

Provisions and contingent liabilities

Provisions for litigation or other claims are recognized when the Properties have a present legal or constructive obligation as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The timing or amount of the outflow may be uncertain.

The measurement of provisions corresponds to the estimated expenses required to settle the obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties relating to the present obligation. Provisions are discounted when the time value of money is significant.

No liability is recognized if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. In this case a contingent liability is disclosed unless the possibility of any outflow in settlement is remote.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting judgments, estimates and assumptions

The preparation of the combined financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts recorded in the combined financial statements and the notes thereto. These judgments, estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances based on historical experience and actions that the Properties may undertake in the future. Actual results may differ from these judgments, estimates and assumptions.

Judgments

Judgments that have the most significant effect on the combined financial statements of the Properties are as follows:

Income taxes

When calculating deferred income taxes, the tax rate applicable to temporary differences depends on the manner in which the Properties expect, at the date of the combined financial statements, to recover or settle the carrying amount of its assets and liabilities. When changing the method of recovery or settlement, following a final settlement or review of the Properties' expectations, such differences will impact the income taxes in the period in which the change occurs.

Joint arrangements

The classification of joint arrangements in accordance with IFRS 11 Joint Arrangements may require the judgment of management, particularly if there are several agreements related to the joint arrangement.

Estimates and assumptions

Estimates and assumptions that have the most significant effect on the combined financial statements of the Properties are as follows:

Fair value measurement

Valuation of investment properties

Investment properties are stated at fair value at the balance sheet date. Independent appraisal values obtained are subject to significant estimates and assumptions about market conditions in effect at the reporting date. The estimates and assumptions used in the valuation of investment properties are described in Note 3.

Judgment is also applied in determining whether certain costs are additions to the carrying value of the investment property, and for properties under construction, identifying the point at which completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the property under construction.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

Fair value of financial instruments

The fair value of financial instruments not quoted in an active market is estimated using a valuation technique based on observable market data, either directly or indirectly. As such, the fair value of term loans is determined based on discounted values of future contractual cash flows using interest rates which the Properties could obtain as at the balance sheet date, for instruments with similar terms and conditions.

Bad debts

The amount recognized as bad debts is based on the Properties' assessment of the risk associated with each of the Properties' receivables including loss and recovery experience and the impact of current and projected economic conditions.

Future changes in accounting policies

At the date of authorization of these combined financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (hereinafter "IASB") but are not yet effective, and have not been adopted early by the Properties. Management anticipates that all of the relevant pronouncements will be adopted in the Properties' accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Properties' combined financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Properties' combined financial statements.

IFRIC 21 *Levies*

This new interpretation was issued by the IASB in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The main features of IFRIC 21 are as follows:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;

- The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

The interpretation is effective for years beginning on or after January 1, 2014 and management of the Properties has assessed that this interpretation will have no impact on its combined financial statements.

(Tabular amounts are in thousands of dollars)

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future changes in accounting policies (continued)

IFRS 15 *Revenues from contracts with Customers* (IFRS 15)

In May 2014, the IASB published IFRS 15 which replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related interpretations. IFRS 15 establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted. The Properties' have yet to assess the impact of this new standard on its combined financial statements.

IFRS 9 *Financial Instruments*

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Properties have yet to assess the impact of this new standard on its combined financial statements.

3 - INVESTMENT PROPERTIES

	2013	(Unaudited) 2012
	$	$
Fair value		
Income producing properties	**1,444,560**	1,379,399
Properties under construction	**11,689**	594
	1,456,249	1,379,993

The fair value measurements of investment properties are classified in level 3 of the fair value hierarchy.

	2013	(Unaudited) 2012
	$	$
Balance, beginning of year	**1,379,993**	1,189,575
Capital expenditures for existing properties	**8,718**	87,520
Capital expenditures for properties under construction	**11,095**	805
Fair value adjustment - unrealized	**58,221**	106,098
Lease incentives, initial direct leasing costs and brokers' commissions	**5,824**	3,948
Amortization of lease incentives, initial direct leasing costs and brokers' commissions	**(6,673)**	(6,429)
Straight-line rent adjustment	**(929)**	(1,524)
Balance, end of year	**1,456,249**	1,379,993

(Tabular amounts are in thousands of dollars)

3 - INVESTMENT PROPERTIES (Continued)

Valuation process

The fair values of the investment properties are determined by independent appraisers who have appropriate qualifications and relevant experience in the valuation of properties. Evaluations are performed in accordance with the evaluation standards in the market. The valuation method used (income approach) is based on two accepted techniques: the capitalization of initial annual cash flows and discounting, generally over a ten-year period, of the projected cash flows at market rates. The fair values observed in transactions of properties of comparable quality are used to determine the financial parameters.

As at December 31, 2013, substantially all of the income producing properties were evaluated independently.

The key valuation metrics for investment properties are set out below:

	December 31, 2013		December 31, 2012 (Unaudited)	
	Range	**Weighted average**	Range	Weighted average
	%	**%**	%	%
Properties in Retail				
Ending capitalization rate	**5.38 - 8.25**	**5.98**	5.50 - 8.50	6.16
Discount rate	**6.25 - 9.00**	**6.86**	6.50 - 9.25	7.05
Properties in Office				
Ending capitalization rate	**5.75 - 7.47**	**6.07**	5.75 - 8.38	6.21
Discount rate	**6.50 - 7.25**	**6.87**	6.50 - 7.25	6.88
Total weighted average rate				
Ending capitalization rate	**5.38 - 8.25**	**6.00**	5.50 - 8.50	6.17
Discount rate	**6.25 - 9.00**	**6.87**	6.50 - 9.25	7.17

The Properties have determined that an increase (decrease) of 25 basis points in the ending capitalization rate and the discount rate would result in an increase or decrease in the fair value of the investment properties as at December 31, 2013, as follows:

	Impact of 0.25% change	
	Increase	Decrease
Properties in Retail	(58,300)	63,300
Properties in Office	(14,200)	15,800
Total	(72,500)	79,100

(Tabular amounts are in thousands of dollars)

4 - DEFERRED INCOME TAXES

	January 1, 2013	Recognized in net income	December 31, 2013
	$	**$**	**$**
Deferred tax assets (liabilities)			
Investment properties	**296**	**66**	**362**
Deferred revenue	**–**	**(6)**	**(6)**
Unused tax losses	**47**	**115**	**162**
Recognized as deferred income tax asset	**343**	**175**	**518**

	January 1, 2012	Recognized in net income	(Unaudited) December 31, 2012
	$	$	$
Investment properties	222	74	296
Deferred revenue	12	(12)	–
Unused tax losses	145	(98)	47
Recognized as deferred income tax asset	379	(36)	343

5 - TERM LOANS

	2013	(Unaudited) 2012
	$	$
4.65% term loan, secured by fixed and floating charges on all of a property's present and future assets, payable in monthly instalments of $379,000, principal and interest, maturing in August 2017	**65,012**	67,386
5.458% term loan, secured by fixed and floating charges on all of a property's present and future assets, payable in monthly instalments of $815,000, principal and interest, matured in 2013	**–**	123,318
10.5% term loan, secured by fixed and floating charges on all of a property's present and future assets, payable in monthly instalments of $438,000, principal and interest, matured in 2013	**–**	36,894
Total	**65,012**	227,598
Current portion	**1,717**	161,852
Non-current portion	**63,295**	65,746

Pursuant to certain loan agreements, the Properties must maintain certain financial ratios. As at and for the year ended December 31, 2013, the Properties were in compliance with all of its obligations.

(Tabular amounts are in thousands of dollars)

5 - TERM LOANS (Continued)

The total undiscounted amount repayable at maturity in respect of the term loan is $62,315,000 ($222,464,000 as at December 31, 2012). The difference between the carrying amount and the amount repayable equals $2,697,000 ($5,134,000 as at December 31, 2012).

As at December 31, 2013, the undiscounted term loan repayments over the following years are as follows:

	Total
	$
2014	1,717
2015	1,798
2016	1,882
2017	56,918
	62,315

6 - ADVANCES FROM THE OWNER

The advances from the Owner include advances in the form of promissory notes for an amount of $23,359,000. The advances in the form of promissory notes bear interest at 10% and mature on June 30, 2014. The remaining advances bear no interest and have no repayment terms. On March 31, 2014, the promissory notes were cancelled and converted into regular advances with no interest or repayment terms. This transaction had no effect on the Properties' cash flows.

7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	(Unaudited) 2012
	$	$
Accounts payable	**3,063**	2,667
Accrued liabilities	**2,793**	2,987
Accounts payable – investment properties construction	**8,986**	2,160
Accrued interest	**384**	1,254
Construction holdbacks	**761**	158
Deferred revenues	**94**	55
Tenant deposits	**1,838**	1,787
Other	**–**	32
	17,919	11,100

(Tabular amounts are in thousands of dollars)

8 - CAPITAL STOCK

Included in Owner's equity is the capital stock of the following companies:

Authorized

Ivanhoe Rive-Nord Inc.
Unlimited number of common shares

Centres Commerciaux Régionaux du Québec Limitée
Unlimited number of common shares and special class "A" shares

Les Rivières Shopping Centre Limited
Unlimited number of common shares

9130-1168 Québec Inc.
Unlimited number of common shares and preferred shares

9130-1093 Québec Inc.
Unlimited number of common shares and preferred shares

Issued and fully paid

		2013		(Unaudited) 2012
	Shares	**$**	Shares	$
Ivanhoe Rive-Nord Inc.				
Common shares	**2**	**–**	2	–
Centres Commerciaux Régionaux du Québec Limitée				
Special class "A" shares	**100**	**–**	100	–
Les Rivières Shopping Centre Limited				
Common shares	**100**	**–**	100	–
9130-1168 Québec Inc.				
Common shares	**1**	**–**	1	–
9130-1093 Québec Inc.				
Common shares	**1**	**–**	1	–
	204	**–**	204	–

(Tabular amounts are in thousands of dollars)

9 - RENTAL REVENUES

	2013	(Unaudited) 2012
	$	$
Minimum rents	**88,243**	88,352
Percentage rents	**2,155**	1,549
Property tax recoveries	**28,085**	26,798
Operating cost recoveries	**36,530**	36,273
Amortization of lease incentives	**(6,673)**	(6,429)
Management fees	**198**	536
Other rental income and miscellaneous income	**5,793**	5,201
	154,331	152,280

10 - RELATED PARTY TRANSACTIONS

Operating expenses include a charge amounting to $6,334,000 ($6,067,000 in 2012) related to employee salary and benefit expenses that are charged by the Owner.

These transactions, concluded in the normal course of operations, were accounted for at the exchange amount being the amount established and accepted by the parties.

11 - FINANCIAL EXPENSES

	2013	(Unaudited) 2012
	$	$
Interest on term loans	**6,699**	13,485
Interest on promissory notes	**2,336**	2,336
Interest capitalized to cost of investment properties	**(139)**	(4)
Other financial expenses	**59**	139
	8,955	15,956

(Tabular amounts are in thousands of dollars)

12 - INCOME TAXES

The income tax expense is related to the legal entities included in the combined financial statements. Income tax related to the operating of the properties is taxed in the hands of the Owner.

The provision for income taxes (recovery) consists of the following:

	2013	(Unaudited) 2012
	$	$
Current	–	–
Deferred	(175)	36
	(175)	36

The difference between the statutory income tax rate and the effective income tax rate results primarily from the earnings of the properties that are not taxed at the property level.

13 - FINANCIAL INSTRUMENTS

As at December 31, 2013, the classification of the financial instruments as well as their carrying amounts and fair values are as follows:

	Carrying amount and fair value	
	Loans and receivables	Total
	$	$
Financial assets		
Receivables	577	577
Cash	57,004	57,004
	57,581	57,581

	Carrying amount and fair value		
	Liabilities designated at fair value through profit or loss	Financial liabilities at amortized cost	Total
	$	$	$
Financial liabilities			
Term loans	65,012	–	65,012
Advances from the Owner	–	68,119	68,119
Accounts payable and accrued liabilities	–	17,919	17,919
	65,012	86,038	151,050

(Tabular amounts are in thousands of dollars)

13 - FINANCIAL INSTRUMENTS (Continued)

As at December 31, 2012, the classification of the financial instruments as well as their carrying amounts and fair values are as follows:

	(Unaudited) Carrying amount and fair value	
	Loans and receivables	Total
	$	$
Financial assets		
Advances to the Owner	16,751	16,751
Cash	68,889	68,889
	85,640	85,640

	(Unaudited) Carrying amount and fair value		
	Liabilities designated at fair value through profit or loss	Financial liabilities at amortized cost	Total
	$	$	$
Financial liabilities			
Term loans	227,598	–	227,598
Accounts payable and accrued liabilities	–	11,100	11,100
	227,598	11,100	238,698

The fair value of the financial instruments was determined using the following methods and assumptions:

Long-term financial instruments

The fair value of term loans is determined by discounting future cash flows using rates which the Properties could obtain as at the balance sheet date for loans with similar terms and conditions. When the debt is repayable at any time without penalty, the cash flows are equivalent to the loan balance at the measurement date.

Current financial instruments

The fair value of current financial instruments including cash, receivables, advances to and from the Owner, and accounts payable and accrued liabilities is equivalent to their carrying amount, given their short-term nature.

13 - FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The financial instruments presented at fair value on the combined balance sheet are classified as follows at December 31:

				2013
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial liabilities				
Term loans	**–**	**65,012**	**–**	**65,012**

				(Unaudited) 2012
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial liabilities				
Term loans	–	227,598	–	227,598

Risk management

In the normal course of operations, the Properties are exposed to a number of risks that can affect its operating performance. These risks and the actions to mitigate them are discussed below.

Credit risk

Credit risk corresponds to the risk that a party to a financial instrument will incur a financial loss if the other party fails to discharge its obligations. Generally, the carrying amount reported on the Properties' combined balance sheet for its financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

– Cash:

  Cash is deposited and cash related transactions are conducted with several reputable financial institutions, from which management believes the risk of loss is negligible.

– Receivables:

  Credit risk arises from the possibility that tenants may not fulfill their lease obligations. The Properties mitigate the credit risk, as well as any concentration of credit risk, by ensuring that they have a diversified tenant mix.

(Tabular amounts are in thousands of dollars)

13 - FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Properties will not be able to meet their financial obligations that are settled by delivering cash or another financial asset. The Properties' liquidity risk management approach is to ensure that they have sufficient cash flows from its operating activities and available sources of financing to meet planned cash requirements. The Properties' management regularly reviews and approves operating budgets and capital expenditures, as well as any material transactions out of the normal course of operations.

As at December 31, 2013, the Properties have cash totalling $57,004,000 ($68,889,000 as at December 31, 2012). Given the Properties' available liquidity resources and the timing of the payments of their liabilities that are due, management assesses the Properties' liquidity risk as acceptable.

The following maturity analysis for non-derivative financial liabilities is based on the remaining contractual maturities as at the balance sheet date. The amounts disclosed reflect the contractual undiscounted cash flows categorized by their earliest contractual maturity date on which the Properties can be required to pay their obligation.

The maturity analysis for financial liabilities is as follows:

				2013
	Less than one year	**1 to 5 year**	**Over 5 years**	**Total**
	$	**$**	**$**	**$**
Term loans	**1,717**	**60,598**	**–**	**62,315**
Interest payable on term loans	**2,834**	**4,318**	**–**	**7,152**
Advances from the Owner	**68,119**	**–**	**–**	**68,119**
Accounts payable and accrued liabilities	**17,919**	**–**	**–**	**17,919**
	90,589	**64,916**	**–**	**155,505**

				(Unaudited) 2012
	Less than one year	1 to 5 year	Over 5 years	Total
	$	$	$	$
Term loans	160,149	62,315	–	222,464
Interest payable on term loans	7,569	7,075	–	14,644
Accounts payable and accrued liabilities	11,100	–	–	11,100
	178,818	69,390	–	248,208

(Tabular amounts are in thousands of dollars)

13 - FINANCIAL INSTRUMENTS (Continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the underlying market prices. Market risk mainly results from interest rate risk.

Interest rate risk

The Properties are exposed to interest rate risk through its term loans. The interest rate risk related to the term loans is mitigated as the term loans bear interest at fixed rates.

14 - CAPITAL MANAGEMENT

The primary use of the Properties' capital is to finance capital expenditures as well as to maintain appropriate working capital. The Properties' primary sources of financing to meet its liquidity needs include cash flows from operating activities and advances from its Owner.

There are no externally imposed capital requirements.

The managed capital as at December 31, 2013 and 2012 is detailed as follows:

	2013	(Unaudited) 2012
	$	$
Term loans	**65,012**	227,598
Advances from (to) the Owner	**68,119**	(16,751)
Owner's equity	**1,470,234**	1,327,146
	1,603,365	1,537,993

15 - OPERATING LEASES – PROPERTIES AS LESSOR

The Properties, as lessor, have entered into leases. The average lease term is from 3 to 10 years and the leases typically include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to terminate before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2013 are as follows:

	$
Within 1 year	83,484
After 1 year, but not more than 5 years	237,063
More than 5 years	108,613
	429,160

(Tabular amounts are in thousands of dollars)

16 - CONTINGENCIES

In the normal course of operations, the Properties are contingently liable with respect to claims and litigations that arise from time to time. In the opinion of management of the Properties, any liability, which may arise from such contingencies, would not have material effect on the combined financial statements of the Properties.

17 - JOINT ARRANGEMENTS

The Properties have interests in joint arrangements including one which is considered to be a joint operation and one which is considered to be a joint venture.

The Properties have an interest in the following joint operation:

	Interest	
		(Unaudited)
	2013	2012
	%	%
Les Galeries de Hull	**85**	85

The Properties have an interest in the following joint venture:

	Interest	
		(Unaudited)
	2013	2012
	%	%
Ivanhoe Champlain Inc.	**50**	50

The following tables present summarized financial information for the joint venture:

		(Unaudited)
	2013	2012
	$	$
Non-current assets	**211,000**	197,000
Current assets		
Cash	**488**	362
Receivables	**–**	220
Prepaid expenses	**394**	500
Total current assets	**882**	1,082
Total assets	**211,882**	198,082
Current liabilities		
Accounts payable and accrued liabilities	**1,654**	1,372
Other liabilities	**116**	50
Total liabilities	**1,770**	1,422
Net assets	**210,112**	196,660
Proportion of ownership interests held by the Owner	**50%**	50%
Carrying amount of the investment in Ivanhoe Champlain Inc.	**105,056**	98,330

(Tabular amounts are in thousands of dollars)

17 - JOINT ARRANGEMENTS (Continued)

		(Unaudited)
	2013	2012
	$	$
Rental revenues	**21,950**	22,747
Expenses		
Operating	**6,304**	11,885
Property taxes	**4,668**	5,062
	10,972	16,947
Operating income	**10,978**	5,800
Changes in fair value of the investment property	**13,002**	24,000
Other	**22**	30
Net income and comprehensive income	**24,002**	29,830
Proportion of ownership interests held by the Owner	**50%**	50%
Share of net income of interest in a joint venture	**12,001**	14,915

Retail and Office Portfolio

Condensed Interim
Combined Financial Statements
June 30, 2014

Retail and Office Portfolio
Combined Balance Sheets

June 30, 2014
(In thousands of dollars)
(Unaudited)

	June 30, 2014	December 31, 2013
	$	$
ASSETS		
Non-current assets		
Investment properties (Note 4)	**1,467,678**	1,456,249
Interest in a joint venture (Note 12)	**93,630**	105,056
Deferred tax assets	**518**	518
	1,561,826	1,561,823
Current assets		
Receivables	**674**	577
Cash	**70,267**	57,004
Prepaid expenses	**8,605**	1,880
	79,546	59,461
Total assets	**1,641,372**	1,621,284
LIABILITIES		
Non-current liabilities		
Term loan (Note 5)	**62,645**	63,295
Current liabilities		
Term loan (Note 5)	**1,757**	1,717
Advances from the Owner (Note 6)	**67,032**	68,119
Accounts payable and accrued liabilities (Note 7)	**11,303**	17,919
	80,092	87,755
Total liabilities	**142,737**	151,050
OWNER'S EQUITY	**1,498,635**	1,470,234
Total liabilities and owner's equity	**1,641,372**	1,621,284

The accompanying notes are an integral part of the condensed interim combined financial statements.

Retail and Office Portfolio
Combined Statements of Income and Comprehensive Income

For the six-month periods ended June 30, 2014 and 2013

(In thousands of dollars)

(Unaudited)

	June 30, 2014	June 30, 2013
	$	$
Rental revenues (Note 8)	**71,883**	76,627
Expenses (Note 9)		
Operating	**21,489**	21,033
Property taxes	**15,982**	15,340
	37,471	36,373
Operating income	**34,412**	40,254
Change in fair value of investment properties (Note 4)	**4,919**	58,086
Change in fair value of term loans	**(238)**	2,238
Share of net income (loss) of interest in a joint venture (Note 12)	**(8,993)**	7,151
Income before the following items	**30,100**	107,729
Financial revenues	**50**	55
Financial expenses (Note 10)	**(1,749)**	(5,887)
Net income and comprehensive income	**28,401**	101,897

The accompanying notes are an integral part of the condensed interim combined financial statements.

Retail and Office Portfolio
Combined Statements of Changes in Owner's Equity

For the six-month periods ended June 30, 2014 and 2013
(In thousands of dollars)
(Unaudited)

	June 30, 2014	June 30, 2013
	$	$
Balance, beginning of period	**1,470,234**	1,327,146
Net income	**28,401**	101,897
Balance, end of period	**1,498,635**	1,429,043

The accompanying notes are an integral part of the condensed interim combined financial statements.

Retail and Office Portfolio
Combined Statements of Cash Flows

For the six-month periods ended June 30, 2014 and 2013
(In thousands of dollars)
(Unaudited)

	June 30, 2014	June 30, 2013
	$	$
OPERATING ACTIVITIES		
Net income	**28,401**	101,897
Non-cash items		
Change in fair value of investment properties	**(4,919)**	(58,086)
Change in fair value of term loans	**238**	(2,238)
Amortization of lease incentives, initial direct leasing costs and brokers' commissions	**3,545**	3,212
Recognition of rent on a straight-line basis	**1,673**	544
Share of loss (net income) of interest in a joint venture	**8,993**	(7,151)
	37,931	38,178
Changes in assets and liabilities related to operations	**(6,540)**	(7,048)
Cash flows provided by operating activities	**31,391**	31,130
INVESTING ACTIVITIES		
Capital expenditures for investment properties	**(18,626)**	(4,995)
Distributions from the joint venture	**2,433**	2,492
Cash flows used in investing activities	**(16,193)**	(2,503)
FINANCING ACTIVITIES		
Repayment of term loans	**(848)**	(39,333)
Advances from the Owner	**(1,087)**	(2,366)
Cash flows used in financing activities	**(1,935)**	(41,699)
Net increase (decrease) in cash	**13,263**	(13,072)
Cash, beginning of period	**57,004**	68,889
Cash, end of period	**70,267**	55,817
Supplemental information		
Interest paid	**2,148**	6,209

The accompanying notes are an integral part of the condensed interim combined financial statements.

1 - CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS

These condensed interim combined financial statements have been prepared for the purpose of presenting the historical results of the legal entities, properties and interest in a joint venture being disposed of (the "Transaction") by Ivanhoe Cambridge Inc. (the "Owner").

The condensed interim combined financial statements include the accounts of six entities under common control including Ivanhoe Rive-Nord Inc., Centres Commerciaux Régionaux du Québec Limitée, Ivanhoe Champlain Inc., Les Rivières Shopping Centre Limited, 9130-1168 Quebec Inc. and 9130-1093 Québec Inc., and fifteen properties namely Centropolis, Rockland, Carrefour Rimouski, Centre commercial Rivière-du-Loup, Carrefour St-Georges, Carrefour Frontenac, Les Rivières, Dixie Outlet Mall, Galeries Rive-Nord, Mail Champlain, Les Galeries de Hull, Place Haute Ville, 505 Parc Technologique, 55 University Avenue, and 3055 Blvd. St-Martin West (collectively the "Retail and Office Portfolio" or the "Properties"). These entities and properties are all wholly owned by the Owner at the date of the Transaction except for Galeries de Hull which the Owner holds 85% of the property and Ivanhoe Champlain Inc. which the Owner holds 50% and represents the interest in the joint venture.

These condensed interim combined financial statements include only the assets, liabilities, revenues and expenses that are directly related to the Properties and at the percentage interest that the Owner had at the time of the Transaction.

2 - BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The condensed interim combined financial statements are for the six-month period ended June 30, 2014. They are presented in Canadian dollars, which is the functional currency of the Properties, and tabular amounts are rounded to the nearest thousand. They have been prepared in accordance with IAS 34 Interim Financial Reporting (IAS 34), as issued by the International Accounting Standards Board ("IASB") and using the significant accounting policies and measurement bases described herein. The condensed interim combined financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual combined financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") in effect at that time.

The condensed interim combined financial statements were authorized for issuance by management of the Properties on August 29, 2014.

3 - SIGNIFICANT ACCOUNTING POLICIES

The condensed interim combined financial statements have been prepared in accordance with the accounting policies adopted in the Properties' most recent annual combined financial statements for the year ended December 31, 2013, except for the application of IFRIC 21 Levies (IFRIC 21):

IFRIC 21 *Levies*

This new interpretation was issued by the IASB in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The main features of IFRIC 21 are as follows:

– The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;

– The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

The adoption of IFRIC 21 had no impact on the condensed interim combined financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of the condensed interim combined financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts recorded in the condensed interim combined financial statements and the notes thereto. These judgments, estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances based on historical experience and actions that the Properties may undertake in the future. Actual results may differ from these judgments, estimates and assumptions.

The judgments, estimates and assumptions applied in the condensed interim combined financial statements, including the key sources of estimation uncertainty were the same as those applied in the Properties' last annual audited combined financial statements for the year ended December 31, 2013.

(Tabular amounts are in thousands of dollars)

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future changes in accounting policies

At the date of authorization of these interim combined financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Properties. Management anticipates that all of the relevant pronouncements will be adopted in the Properties' accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Properties' combined financial statements is provided below.

IFRS 15 *Revenues from contracts with Customers* (IFRS 15)

In May 2014, the IASB published IFRS 15 which replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related interpretations. IFRS 15 establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted. The Properties' have yet to assess the impact of this new standard on its combined financial statements.

IFRS 9 *Financial Instruments*

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Properties have yet to assess the impact of this new standard on its combined financial statements.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Properties' combined financial statements.

4 - INVESTMENT PROPERTIES

	June 30, 2014	December 31, 2013
	$	$
Fair value		
Income producing properties	**1,450,595**	1,444,560
Properties under construction	**17,083**	11,689
	1,467,678	1,456,249

(Tabular amounts are in thousands of dollars)

4 - INVESTMENT PROPERTIES (Continued)

	June 30, 2014	December 31, 2013
	$	$
Balance, beginning of period	**1,456,249**	1,379,993
Capital expenditures for existing properties	**2,691**	8,718
Capital expenditures for properties under construction	**5,421**	11,095
Fair value adjustment - unrealized	**4,919**	58,221
Lease incentives, initial direct leasing costs and brokers' commissions	**3,616**	5,824
Amortization of lease incentives, initial direct leasing costs and brokers' commissions	**(3,545)**	(6,673)
Straight-line rent adjustment	**(1,673)**	(929)
Balance, end of period	**1,467,678**	1,456,249

Valuation process

The fair values of the investment properties are determined by independent appraisers who have appropriate qualifications and relevant experience in the valuation of properties. Evaluations are performed in accordance with the evaluation standards in the market. The valuation method used (income approach) is based on two accepted techniques: the capitalization of initial annual cash flows and discounting, generally over a ten-year period, of the projected cash flows at market rates. The fair values observed in transactions of properties of comparable quality are used to determine the financial parameters.

As at June 30, 2014, fair values are based on the valuations prepared as at December 31, 2013 updated for changes in the underlying assumptions to reflect changes in market conditions that occurred in the period. The updated valuations were prepared by independent appraisers.

5 - TERM LOAN

The total undiscounted amount repayable at maturity in respect of the term loan is $61,466,000 ($62,315,000 as at December 31, 2013). The difference between the carrying amount and the amount repayable equals $2,936,000 ($2,697,000 as at December 31, 2013).

6 - ADVANCES FROM THE OWNER

As at December 31, 2013, the advances from the Owner include advances in the form of promissory notes for an amount of $23,359,000. The advances in the form of promissory notes bear interest at 10% and mature on June 30, 2014. The remaining advances bear no interest and have no repayment terms. On March 31, 2014, the promissory notes were cancelled and converted into regular advances with no interest or repayment terms. This transaction had no effect on the Properties' cash flows.

(Tabular amounts are in thousands of dollars)

7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2014	December 31, 2013
	$	$
Accounts payable	**4,385**	3,063
Accrued liabilities	**2,075**	2,793
Accounts payable – investment properties construction	**1,031**	8,986
Accrued interest	**236**	384
Construction holdbacks	**1,818**	761
Deferred revenues	**–**	94
Tenant deposits	**1,758**	1,838
	11,303	17,919

8 - RENTAL REVENUES

	June 30, 2014	June 30, 2013
	$	$
Minimum rents	**42,868**	44,166
Percentage rents	**220**	1,381
Property tax recoveries	**13,836**	14,225
Operating cost recoveries	**16,976**	17,462
Amortization of lease incentives	**(3,545)**	(3,212)
Management fees	**84**	90
Other rental income and miscellaneous income	**1,444**	2,515
	71,883	76,627

9 - RELATED PARTY TRANSACTIONS

Operating expenses include a charge amounting to $3,400,000 and $3,204,000 for the six months ended June 30, 2014 and 2013, respectively, related to employee salary and benefit expenses that are charged by the Owner.

These transactions, concluded in the normal course of operations, were accounted for at the exchange amount being the amount established and accepted by the parties.

10 - FINANCIAL EXPENSES

	June 30, 2014	June 30, 2013
	$	$
Interest on term loans	**1,420**	4,718
Interest on promissory notes	**580**	1,158
Interest capitalized to cost of investment properties	**(329)**	(26)
Other financial expenses	**78**	37
	1,749	5,887

(Tabular amounts are in thousands of dollars)

11 - FINANCIAL INSTRUMENTS

IAS 34 requires that interim financial statements include certain of the disclosures about fair value of financial instruments set out in IFRS 13 and IFRS 7.

Fair value hierarchy

The financial instruments presented at fair value on the condensed interim combined balance sheet are classified as follows at June 30, 3014 and December 31, 2013:

				June 30, 2014
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial liabilities				
Term loans	**–**	**64,402**	**–**	**64,402**

Fair value hierarchy (continued)

				December 31, 2013
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial liabilities				
Term loans	–	65,012	–	65,012

There were no transfers between Level 1 and Level 2 during the six month period to June 30, 2014 or during the year to December 31, 2013.

As at June 30, 2014, the classification of the financial instruments as well as their carrying amounts and fair values are as follows:

	Carrying amount and fair value	
	Loans and receivables	**Total**
	$	**$**
Financial assets		
Receivables	**674**	**674**
Cash	**70,267**	**70,267**
	70,941	**70,941**

(Tabular amounts are in thousands of dollars)

11 - FINANCIAL INSTRUMENTS (Continued)

	Carrying amount and fair value		
	Liabilities designated at fair value through profit or loss	**Financial liabilities at amortized cost**	**Total**
	$	**$**	**$**
Financial liabilities			
Term loans	**64,402**	**–**	**64,402**
Advances from the Owner	**–**	**67,032**	**67,032**
Accounts payable and accrued liabilities	**–**	**11,303**	**11,303**
	64,402	**78,335**	**142,737**

As at December 31, 2013, the classification of the financial instruments as well as their carrying amounts and fair values are as follows:

	Carrying amount and fair value	
	Loans and receivables	Total
	$	$
Financial assets		
Receivables	577	577
Cash	57,004	57,004
	57,581	57,581

	Carrying amount and fair value		
	Liabilities designated at fair value through profit or loss	Financial liabilities at amortized cost	Total
	$	$	$
Financial liabilities			
Term loans	65,012	–	65,012
Advances from the Owner	–	68,119	68,119
Accounts payable and accrued liabilities	–	17,919	17,919
	65,012	86,038	151,050

(Tabular amounts are in thousands of dollars)

12 - JOINT ARRANGEMENTS

The Properties have interests in joint arrangements including one which is considered to be a joint operation and one which is considered to be a joint venture.

The Properties have an interest in the following joint operation:

	Interest	
	June 30, 2014	December 31, 2013
	%	%
Les Galeries de Hull	**85**	85

The Properties have an interest in the following joint venture:

	Interest	
	June 30, 2014	December 31, 2013
	%	%
Ivanhoe Champlain Inc.	**50**	50

The following tables present summarized financial information for the joint venture:

	June 30, 2014	December 31, 2013
	$	$
Non-current assets	**187,000**	211,000
Current assets		
Cash	**18**	488
Receivables	**138**	–
Prepaid expenses	**1,126**	394
Total current assets	**1,282**	882
Total assets	**188,282**	211,882
Current liabilities		
Accounts payable and accrued liabilities	**759**	1,654
Other liabilities	**263**	116
Total liabilities	**1,022**	1,770
Net assets	**187,260**	210,112
Proportion of ownership interests held by the Owner	**50%**	50%
Carrying amount of the investment in Ivanhoe Champlain Inc.	**93,630**	105,056

(Tabular amounts are in thousands of dollars)

12 - JOINT ARRANGEMENTS (Continued)

	June 30, 2014	June 30, 2013
	$	$
Rental revenues	**10,560**	10,870
Expenses		
Operating	**3,108**	3,102
Property taxes	**2,394**	2,344
	5,502	5,446
Operating income	**5,058**	5,424
Changes in fair value of the investment property	**(23,052)**	8,868
Other	**8**	10
Net income (loss) and comprehensive income	**(17,986)**	14,302
Proportion of ownership interests held by the Owner	**50%**	50%
Share of net income (loss) of interest in a joint venture	**(8,993)**	7,151

13 - CONTINGENCIES

In the normal course of operations, the Properties are contingently liable with respect to claims and litigations that arise from time to time. In the opinion of management of the Properties, any liability, which may arise from such contingencies, would not have material effect on the combined financial statements of the Properties.

14 - EVENTS AFTER THE REPORTING DATE

No events have occurred between the reporting date of these condensed interim combined financial statements and the date of authorization.

CERTIFICATE OF THE REIT

Dated: September 9, 2014

This short form prospectus, together with the documents incorporated herein 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) GILLES HAMEL Executive Vice-President and Chief Financial Officer

On behalf of the Trustees

(signed) PIERRE GINGRAS Trustee	(signed) GHISLAINE LABERGE Trustee

CERTIFICATE OF THE UNDERWRITERS

Dated: September 9, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein 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.

NATIONAL BANK FINANCIAL INC.	BMO NESBITT BURNS INC.
By: (signed) LOUIS GENDRON	By: (signed) GRÉGOIRE BAILLARGEON

DESJARDINS SECURITIES INC.

By: (signed) FRANÇOIS CARRIER

RBC DOMINION SECURITIES INC.

By: (signed) JEAN-CHARLES ANGERS

SCOTIA CAPITAL INC.

By: (signed) STEPHEN SENDER

TD SECURITIES INC.

By: (signed) LOUIS G. VÉRONNEAU

CANACCORD GENUITY CORP.	DUNDEE SECURITIES LTD.
By: (signed) JUSTIN BOSA	By: (signed) BRAD CUTSEY