

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

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”), or the securities laws of any state. Accordingly, these securities may not be offered or sold within the United States of America, its territories, its possessions and other areas subject to its jurisdictions or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the 1933 Act), unless the securities are registered under the 1933 Act or an exemption from the registration requirements under the 1933 Act and applicable state securities laws is available. See “Plan of Distribution”.*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Cominar Real Estate Investment Trust at 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](http://www.sedar.com).*

## SHORT FORM BASE SHELF PROSPECTUS

New Issue

January 10, 2017



### COMINAR REAL ESTATE INVESTMENT TRUST

**\$1,000,000,000**

**Units**

**Debt Securities**

**Warrants**

**Subscription Receipts**

Cominar Real Estate Investment Trust (the “REIT”) may, from time to time, offer for sale and issue: (i) units of the REIT (“Units”); (ii) unsecured debt securities of the REIT, including without limitation, senior unsecured debentures of the REIT and convertible unsecured subordinated debentures of the REIT (collectively, “Debt Securities”); (iii) warrants to purchase Units or Debt Securities (collectively, “Warrants”); (iv) subscription receipts that entitle the holder to receive upon satisfaction of certain release conditions, and for no additional consideration, Units, Debt Securities or Warrants (collectively, “Subscription Receipts” and, together with the Units, the Debt Securities and the Warrants, the “Securities”); or (v) any combination of Securities, having an offer price of up to \$1,000,000,000 in the aggregate (or the equivalent thereof, at the date of issue, in any other currency or currencies, as the case may be), at any time during the 25-month period that this short form base shelf prospectus (including any amendments hereto, this “Prospectus”) remains valid. Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and to be set forth in one or more prospectus supplements (collectively or individually, as the case may be, “Prospectus Supplements”).

The specific variable terms of any offering of Securities will be set out in the applicable Prospectus Supplement including, without limitation, where applicable: (i) in the case of Units, the number of Units offered and the offering price (or the manner of determination thereof if offered on a non-fixed price basis); (ii) in the case of Debt Securities, the designation of the Debt Securities, the aggregate principal amount of the Debt Securities being offered, the currency or currency unit for which the Debt Securities may be purchased, the maturity date, the interest rate or method of determining the interest rate, the interest payment date(s), authorized denominations, the offering price (at par, at a discount or at a premium), any limit on the aggregate principal amount of the Debt Securities of the series being offered, the issue and delivery date, covenants, events of default, any redemption provisions, any exchange or conversion rights that are attached to the Debt Securities, any repayment provisions and any other specific terms thereof; (iii) in the case of Warrants, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), the designation, number and terms of Units or Debt Securities purchasable on the exercise of the Warrants, any procedures that will result in adjustment of these numbers, the exercise price, dates and periods of exercise and any other specific terms thereof; and (iv) in the case of Subscription Receipts, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), the procedures for the exchange of Subscription Receipts for Units, Debt Securities or Warrants, as the case may be, and any other specific terms thereof. A Prospectus Supplement may include other terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus.

The basis for calculating the dollar value of Debt Securities distributed under this Prospectus and any Prospectus Supplement will be the aggregate principal amount of Debt Securities issued by the REIT except in the case of any Debt Securities that are issued at an original issue discount, the dollar value of which will be calculated on the basis of the gross proceeds that the REIT receives.

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

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.

*(continued on next page)*

**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 Securities are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation.**

The REIT may sell the Securities to or through underwriters or dealers purchasing as principals and may also sell the Securities to one or more purchasers directly or through agents designated by the REIT from time to time. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, if any, engaged or designated by the REIT in connection with the offering and sale of Securities and will set forth the terms of the offering of such Securities, the method of distribution of such Securities including, to the extent applicable, the net proceeds to the REIT and, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution. Securities may be sold from time to time in one or more transactions at a fixed price or fixed prices, or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution of the Securities. If Securities are offered on a non-fixed price basis, the underwriters', dealers' or agents' compensation will be increased or decreased by the amount by which the aggregate price paid for Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters, dealers or agents to the REIT. See “Plan of Distribution”.

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

The outstanding Units are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “CUF.UN”. On January 9, 2017, the last trading day prior to the date of this Prospectus, the closing price of the Units on the TSX was \$14.86.

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

The market value of the Securities may deteriorate if the REIT is unable to maintain current levels of cash distributions in the future, and that deterioration may be material. An investment in the Securities is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See “Risk Factors and Investment Considerations”.

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

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

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## ABOUT THIS PROSPECTUS

In this Prospectus (as defined below), unless otherwise specified, all references to “dollars” or “\$” are to Canadian dollars. Unless otherwise specified, all references to properties of the REIT (as defined below) take into account the reclassification by the REIT from time to time of certain mixed-use, multi-tower, multi-building and multi-phase properties.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus, and in certain documents incorporated by reference therein, constitute forward-looking statements. These statements relate to future events or the REIT’s 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 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, 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 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 and the access of the REIT to capital and debt markets. The REIT’s actual results could differ materially from those anticipated in forward-looking statements, as applicable, including as a result of the risks associated with the ownership of immovable property, access to capital, current global financial conditions, competition in the real estate sector, acquisitions, the REIT’s development program, dependence on key personnel, potential conflicts of interest, general uninsured losses, governmental regulation, and risks associated to reliance on credit ratings, credit risks related to the REIT, risks related to the prior ranking indebtedness of the REIT and the structural subordination of the Unsecured Debentures

(as defined below), and limits on activities of the REIT. See “Risk Factors and Investment Considerations” in this Prospectus. While the REIT believes that the expectations reflected in the forward-looking statements contained in this Prospectus, and in its documents incorporated by reference therein, are reasonable, no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included in, or incorporated by reference in, such documents should not be unduly relied upon. These statements speak only as of the date of this Prospectus or as of the date specified in the documents incorporated by reference herein, as the case may be. The REIT does not assume any obligation to update the aforementioned forward-looking statements except as required by applicable laws.

## NON-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 funds from operations”, “recurring adjusted funds from operations” and “proportionate share in joint ventures adjustments”, 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 and in the documents incorporated by reference in this Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar regulatory authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT, 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](http://www.sedar.com).

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

- (i) the annual information form (“**AIF**”) of the REIT dated March 29, 2016 (the “**2015 AIF**”);
- (ii) the audited consolidated financial statements of the REIT for the year ended December 31, 2015, together with the notes thereto and the auditor’s report thereon (the “**2015 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, 2015 (the “**2015 MD&A**”);
- (iv) the unaudited condensed interim consolidated financial statements of the REIT for the nine-month period ended September 30, 2016, together with the notes thereto (the “**September 2016 Financial Statements**”);
- (v) the MD&A of the REIT for the nine-month period ended September 30, 2016 (the “**September 2016 MD&A**”);
- (vi) the management information circular of the REIT dated March 31, 2016 (the “**March 2016 Circular**”) in connection with the annual and special meeting of Unitholders (as defined below) held on May 10, 2016;
- (vii) the material change report of the REIT dated May 26, 2016 with respect to the sale of the 4.247% Series 10 senior unsecured debentures of the REIT due May 23, 2023 (the “**Series 10 Debentures**”) in the principal amount of \$225 million; and
- (viii) the material change report of the REIT dated September 19, 2016 with respect to the offering by the REIT of 12,780,000 Units (as defined below) from treasury for gross proceeds to the REIT of approximately \$200 million (the “**September 2016 Unit Offering**”).

Any documents of the type referred to above and any material change reports (excluding confidential material change reports) filed by the REIT with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada subsequent to the date of this Prospectus and prior to the termination of

the distribution under any prospectus supplement to this Prospectus (a “**Prospectus Supplement**”) shall be deemed to be incorporated by reference into this Prospectus.

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

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

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

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute part of this Prospectus.**

## GLOSSARY

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

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

“**2015 AIF**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**2015 Financial Statements**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**2015 MD&A**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

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

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

“**annuitant**” has the meaning ascribed thereto under “Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Securities – Unitholder liability”.

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

“**Atlantic Provinces**” means, collectively, the Provinces of New Brunswick, Nova Scotia and Newfoundland and Labrador.

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

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

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

“**DBRS**” means DBRS Limited.

“**Debenture Trustee**” has the meaning ascribed thereto under “Description of Debt Securities”.

“**Debt Securities**” means the unsecured debt securities of the REIT.

“**Distributable Income**” means the amount of cash available to be distributed by the REIT, calculated in the manner set forth under the heading “Computation of Distributable Income for Distribution Purposes” on page 63 of the 2015 AIF.

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

“**DRIP**” means the distribution reinvestment plan of the REIT, as amended and restated, as described under “Distribution Reinvestment Plan” on page 65 of the 2015 AIF.

“**Equity Incentive Plan**” means the equity incentive plan of the REIT, as amended and restated, as described in Exhibit 1 to Schedule “A” of the March 2016 Circular.

“**Escrowed Funds**” has the meaning ascribed thereto under “Description of Subscription Receipts”.

“**Holder**” means 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 Units as capital property and applies only to the

section “Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Securities – 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.

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

“**March 2016 Circular**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**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.

“**NCIB**” means the normal course issuer bid of the REIT, which expired on September 1, 2016.

“**Prospectus**” means this short form base shelf prospectus of the REIT dated January 10, 2017.

“**Prospectus Supplement**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

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

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

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

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

“**Securities**” means, collectively, the Units, the Debt Securities, the Warrants and the Subscription Receipts.

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

“**September 2016 Financial Statements**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**September 2016 MD&A**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**September 2016 Unit Offering**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**Series 7 Debentures**” means the 3.62% Series 7 senior unsecured debentures of the REIT due June 21, 2019.

“**Series 8 Debentures**” means the 4.25% Series 8 senior unsecured debentures of the REIT due December 8, 2021.

“**Series 9 Debentures**” means the 4.164% Series 9 senior unsecured debentures of the REIT due June 1, 2022.

“**Series 10 Debentures**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

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

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

“**Subscription Receipt**” means a subscription receipt that entitles the holder thereof to receive upon satisfaction of certain release conditions, and for no additional consideration, Units, Debt Securities or Warrants.

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

“**Trust Indenture**” has the meaning ascribed thereto under “Description of Debt Securities”.

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

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

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

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

“**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, the Series 7 Debentures, the Series 8 Debentures, the Series 9 Debentures and the Series 10 Debentures.

“**Unsecured Revolving Credit Facility**” means the REIT’s operating and acquisition credit facility entered into on August 4, 2014, in the initial stated amount of \$350 million, which was increased to \$550 million on September 17, 2014, and which was further increased to \$700 million on October 7, 2015.

“**Warrant**” means a warrant to purchase Units or Debt Securities.

“**Western Canada**” means, collectively, the provinces of Alberta and Manitoba.



## **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 January 9, 2017, the REIT owned a diversified portfolio of 539 office, retail, industrial and mixed-use properties, of which 417 are located in the Province of Québec, 48 in the Province of Ontario (which includes the Gatineau area), 60 in the Atlantic Provinces and 14 in Western Canada. The portfolio comprises approximately 14.6 million square feet of office space, 12.3 million square feet of retail space, 18.1 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 44.9 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. 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 seeks to pursue acquisition and development opportunities that allow for economies of scale benefiting both tenants and the REIT in terms of operating cost savings and efficient property management operations.

In accordance with the REIT's financial management policies on maintaining a sound and strong financial position over the long-term, the REIT has developed a capital optimization strategy through asset dispositions. The net proceeds on disposition of assets shall be used to pay down debt. The REIT targets a long-term debt to gross book value ratio of assets that should generally be about 50%.

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 September 30, 2016, being the last day of the period in respect of which the REIT has filed the September 2016 Financial Statements and the September 2016 MD&A.

On December 13, 2016, the REIT granted 3,424,200 options to purchase Units pursuant to the Equity Incentive Plan at an exercise price of \$14.90. No other options to purchase Units were granted by the REIT in the 12 months preceding the date of this Prospectus.

Consistent with its past practice and in the normal course, the REIT 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 or dispositions of 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 or a disposition and, if they do, what the final terms or timing of any acquisition or disposition would be.

## USE OF PROCEEDS

The use of proceeds from the sale of Securities will be described in Prospectus Supplements relating to specific issuances of Securities.

The REIT may elect to apply certain of the net proceeds from the issuance of Securities against amounts outstanding from time to time under any of its secured or unsecured loans or credit facilities, or under the Unsecured Debentures. Indebtedness incurred by the REIT was used by the REIT to acquire real estate properties, to finance real estate developments of the REIT, to repurchase Units under the NCIB and for general trust purposes.

The REIT may also elect to apply certain of the net proceeds against the repayment of its senior unsecured debentures from time to time.

In addition, the REIT may also elect to apply certain of the net proceeds for general trust purposes, including to fund future acquisitions and developments. See “Plan of Distribution”.

## CONTRACT OF TRUST AND DESCRIPTION OF UNITS

### General

The REIT is an unincorporated closed-end investment trust created pursuant to the Contract of Trust and governed by the laws of the Province of Québec. The Contract of Trust is available for inspection during regular business hours at the head office of the REIT, Complexe Jules-Dallaire, 2820 Laurier Blvd., Suite 850, Québec City, Québec, G1V 0C1, without charge, during the distribution of the Securities being offered under this Prospectus, and is also available electronically under the REIT’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### Units

The ownership interests in the REIT constitute a single class of Units. Units represent a Unitholder’s proportionate undivided ownership interest in the REIT. The aggregate number of Units which the REIT may issue is unlimited. As at January 9, 2017, there were 182,334,562 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. See “Distribution Policy”.

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. Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued are first offered to existing Unitholders. In addition to Units which may be issued pursuant to the Equity Incentive Plan, the DRIP or other distribution or issuance plans, new Units may be issued for cash through public offerings, through rights offerings to existing Unitholders (i.e., in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of the Units, which rights may be exercised or sold to other investors) or through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Unitholders). In certain instances, the REIT may also issue new Units as consideration for the acquisition of new properties or assets. In connection with the offering of Units, the price or the value of the consideration for which Units may be issued will be determined by the Trustees, generally in consultation with investment dealers or brokers who may act as underwriters or agents in connection with such offerings of Units.

### **Limitation on Non-Resident Ownership**

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

their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificate representing such Units.

### **Information and Reports**

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

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

### **Amendments to Contract of Trust**

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

- (i) any amendment to change a right with respect to any outstanding Units of the REIT, to reduce the amount payable thereon upon termination of the REIT or to diminish or eliminate any voting rights pertaining thereto;
- (ii) any amendment to the duration or term of the REIT;
- (iii) any amendment to increase the maximum number of Trustees (to more than 11 Trustees) or to decrease the minimum number of Trustees (to less than nine Trustees), 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;
- (iv) any amendment to the provisions relating to staggered terms of the Trustees; and
- (v) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees.

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

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

- (i) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the REIT, its status as a "unit trust", a "mutual fund trust" and a "registered investment" under the Tax Act or the distribution of Units;
- (ii) which, in the opinion of the Trustees, provide additional protection for the Unitholders;
- (iii) to remove any conflicts or inconsistencies in the Contract of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (iv) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws;
- (v) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable; and
- (vi) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to issue Units for which the purchase price is payable on an instalment basis.

## Sale of Assets

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

## Term of the REIT

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

## Determination of Trustees

The Contract of Trust provides that all determinations of the Trustees which are made in good faith with respect to any matters relating to the REIT, including whether any particular investment or disposition meets the requirements of the Contract of Trust, shall be final and conclusive and shall be binding upon the REIT and all Unitholders (and, where the Unitholder is a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan or registered pension fund or plan as defined in the Tax Act, or such other fund or plan registered under the Tax Act, upon plan beneficiaries and plan holders past, present and future) and Units of the REIT shall be issued and sold on the condition and understanding that any and all such determinations shall be binding as aforesaid.

## DESCRIPTION OF DEBT SECURITIES

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

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

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

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Debt Securities being offered thereby, including without limitation:

- (i) the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- (ii) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- (iii) the percentage of the principal amount or the price at which such Debt Securities will be issued or whether such Debt Securities will be issued on a non-fixed price basis;
- (iv) the date or dates on which such Debt Securities will mature;
- (v) the rate or rates per annum (which may be fixed or variable) at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- (vi) the dates on which such interest will be payable and the record dates for such payments;
- (vii) the credit rating assigned to the Debt Securities by rating agencies (if any);
- (viii) the general terms or provisions pursuant to which the Debt Securities are to be issued;

- (ix) the Debenture Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued;
- (x) any mandatory or optional redemption, or call terms or terms under which such Debt Securities may be defeased;
- (xi) whether such Debt Securities are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (xii) any exchange or conversion terms;
- (xiii) whether such Debt Securities will be subordinated to other liabilities of the REIT;
- (xiv) any material covenants included for the benefit of holders of Debt Securities;
- (xv) material Canadian tax consequences of owning Debt Securities; and
- (xvi) any other material terms, preferences, rights or limitations of, or restrictions on, the Debt Securities.

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

## **DESCRIPTION OF WARRANTS**

The REIT may issue Warrants to purchase Units or Debt Securities. A Warrant will entitle the holder to purchase for cash a number of securities at an exercise price that will be stated in, or that will be determinable as described in, the applicable Prospectus Supplement. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the securities for which the Warrants are exercisable.

The REIT may issue Warrants independently or together with other securities, and Warrants sold with other securities may be attached to or separate from the other securities. Original purchasers of Warrants will be granted a contractual right of rescission against the REIT in respect of the conversion, exchange or exercise of such Warrants, entitling the purchasers to receive the amount paid for the Warrants upon surrender of the Units, Debt Securities or Warrants, as applicable, if this Prospectus, the relevant Prospectus Supplement, and any amendment thereto, contains a misrepresentation, provided such remedy for rescission is exercised within 180 days of the date the Warrants are issued.

Unless the Prospectus Supplement otherwise indicates, Warrants will be issued under, and governed by the terms of, one or more indentures that the REIT will enter into with a warrant trustee or trustees that will be named in the applicable Prospectus Supplement.

The following sets forth certain general terms and provisions of the Warrants offered under this Prospectus. The specific terms of the Warrants, and the extent to which the general terms described in this section apply to these Warrants, will be set out in the applicable Prospectus Supplement.

The Prospectus Supplement relating to any Warrants the REIT offers will describe the Warrants and include specific terms relating to the offering. The Prospectus Supplement will include some or all of the following:

- (i) the designation and aggregate number of Warrants offered;
- (ii) the price, if any, at which Warrants will be offered;
- (iii) the currency or currencies in which the Warrants will be offered;
- (iv) the number or principal amount, as applicable, of Units or Debt Securities purchasable on exercise of the Warrants, and procedures that will result in the adjustment of that number or amount;

- (v) if applicable, the designation and terms of the Debt Securities purchasable on exercise of the Warrants;
- (vi) the exercise price of the Warrants;
- (vii) the dates or periods on, after or during which the Warrants are exercisable;
- (viii) the designation and terms of any securities with which the Warrants are issued and the number of Warrants that will be issued with each such security;
- (ix) if the Warrants are issued as a unit with another security, the date on and after which the Warrants and the other security will be separately transferable;
- (x) any minimum or maximum amount of Warrants that may be exercised at any one time;
- (xi) any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- (xii) whether the Warrants will be subject to redemption or call and, if so, the terms of such redemption or call provisions;
- (xiii) provisions as to modification, amendment or variation of the warrant indenture or any rights or terms attaching to the Warrants;
- (xiv) material Canadian tax consequences of owning Warrants; and
- (xv) any other material terms, preferences, rights or limitations of, or restrictions on, the Warrants.

The REIT may amend the warrant indenture(s) and the Warrants, without the consent of the holders of the Warrants, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision, or in any other manner that will not prejudice the rights of the holders of outstanding Warrants, as a group.

## **DESCRIPTION OF SUBSCRIPTION RECEIPTS**

The REIT may issue Subscription Receipts that entitle the holder to receive upon satisfaction of certain release conditions, and for no additional consideration, Units, Debt Securities or Warrants or any combination thereof. The Subscription Receipts may be offered separately or together with other securities, and Subscription Receipts sold with other securities may be attached to or separate from the other securities.

The Subscription Receipts will be issued under one or more subscription receipt agreements, that the REIT will enter into with one or more escrow agents. If underwriters or agents are involved in the sale of Subscription Receipts, one or more of such underwriters or agents may also be parties to the subscription receipt agreement governing those Subscription Receipts. The relevant subscription receipt agreement will establish the terms of the Subscription Receipts. Under the subscription receipt agreement, original purchasers of Subscription Receipts will have a contractual right of rescission against the REIT following the issuance of Units, Debt Securities or Warrants, as the case may be, to such purchasers, entitling the purchasers to receive the amount paid for the Subscription Receipts upon surrender of the Units, Debt Securities or Warrants, as applicable, if this Prospectus, the relevant Prospectus Supplement, and any amendment thereto, contains a misrepresentation, provided such remedy for rescission is exercised within 180 days of the date the Subscription Receipts are issued.

The particular terms and provisions of any Subscription Receipts offered by the REIT, and the extent to which the general terms and provisions described in this section apply to those Subscription Receipts, will be set out in the applicable Prospectus Supplement. All such terms will comply with any applicable requirements of the TSX relating to Subscription Receipts. The Prospectus Supplement will include some or all of the following:

- (i) the number of Subscription Receipts offered;
- (ii) the price at which the Subscription Receipts will be offered;
- (iii) the currency or currencies in which the Subscription Receipts will be offered;
- (iv) the designation, number and terms, as applicable, of the Units, Debt Securities or Warrants to be received by holders of Subscription Receipts upon satisfaction of the release conditions, and the anti-dilution provisions that will result in the adjustment of those numbers;

- (v) the release conditions that must be met in order for holders of Subscription Receipts to receive for no additional consideration, Units, Debt Securities or Warrants, as applicable;
- (vi) the procedure for the issuance and delivery of Units, Debt Securities or Warrants, as applicable, to holders of Subscription Receipts upon satisfaction of the release conditions;
- (vii) whether any payments will be made to holders of Subscription Receipts upon delivery of the Units, Debt Securities or Warrants, as applicable, upon satisfaction of the release conditions;
- (viii) the terms and conditions under which the escrow agent will hold in escrow all or a portion of the proceeds from the sale of the Subscription Receipts together with any interest income earned thereon (collectively, the “**Escrowed Funds**”), pending satisfaction of the release conditions;
- (ix) the terms and conditions under which the escrow agent will hold Units, Debt Securities or Warrants, as applicable, pending the satisfaction of the release conditions;
- (x) the terms and conditions under which the escrow agent will release all or a portion of the Escrowed Funds to us upon satisfaction of the release conditions;
- (xi) if the Subscription Receipts are sold to or through underwriters or agents, the terms and conditions under which the escrow agent will release a portion of the Escrowed Funds to such underwriters or agents in payment of all or a portion of their fees or commission in connection with the sale of the Subscription Receipts;
- (xii) procedures for the refund by the escrow agent to holders of Subscription Receipts of all or a portion of the subscription price for their Subscription Receipts, plus any *pro rata* entitlement to interest earned or income generated on such amount, if the release conditions are not satisfied;
- (xiii) any entitlement of the REIT to purchase the Subscription Receipts in the open market by private agreement or otherwise;
- (xiv) whether the REIT will issue the Subscription Receipts as global securities and, if so, who the depository will be;
- (xv) provisions as to modification, amendment or variation of the subscription receipt agreement or any rights or terms attaching to the Subscription Receipts;
- (xvi) material Canadian tax consequences of owning Subscription Receipts; and
- (xvii) any other material terms, preferences, rights or limitations of, or restrictions on, the Subscription Receipts.

## CREDIT RATINGS

On May 15, 2012, the REIT was assigned an Issuer Rating of BBB (low), with a Stable trend, by DBRS, which rating was confirmed by DBRS on July 9, 2013. On August 26, 2014, DBRS confirmed a credit rating of BBB (low), with a Stable trend, in respect of the Unsecured Debentures (except for the Series 7 Debentures, the Series 8 Debentures, the Series 9 Debentures and the Series 10 Debentures which had not yet been created nor issued by the REIT as of such date). On September 18, 2014, DBRS assigned a credit rating of BBB (low), with a Stable trend, to the Series 7 Debentures. On December 8, 2014, DBRS assigned a credit rating of BBB (low), with a Stable trend, to the Series 8 Debentures. On May 28, 2015, DBRS assigned a credit rating of BBB (low), with a Stable trend, to the Series 9 Debentures. On May 18, 2016, DBRS assigned a credit rating of BBB (low), with a Stable trend, to the Series 10 Debentures. The requests for such credit ratings were initiated by the REIT. On August 12, 2016, DBRS confirmed the credit rating of BBB (low) in respect of the Unsecured Debentures, but changed the trend to Negative from Stable.

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 Negative trend, rating assigned by DBRS to the REIT and the Unsecured Debentures 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. See "Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Securities – Credit rating".

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. See "Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Securities – Credit rating".

The credit rating assigned by DBRS to the REIT and the Unsecured Debentures 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 Securities – 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 for purposes of this Prospectus and Prospectus Supplements, or in connection with credit ratings to be assigned to Debt Securities, if any, which may be offered for sale from time to time in the future under this Prospectus and Prospectus Supplements, 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 September 30, 2016, there were 180,993,626 Units outstanding. As at January 9, 2017, there were 182,334,562 Units outstanding. The only changes in the number of outstanding Units since September 30, 2016 resulted from the issuance by the REIT of 1,265,157 Units pursuant to the DRIP and 75,779 Units pursuant to the settlement of deferred units granted under the Equity Incentive Plan.

As at September 30, 2016, the consolidated indebtedness of the REIT was approximately \$4,296.7 million, excluding accounts payable and accrued liabilities, deferred tax liabilities and distributions payable to Unitholders. As at January 9, 2017, the consolidated indebtedness of the REIT was approximately \$4,330.2 million, excluding accounts payable and accrued liabilities and deferred tax liabilities.

Additional information regarding material indebtedness of the REIT is provided in the 2015 Financial Statements, the 2015 MD&A, the September 2016 Financial Statements and the September 2016 MD&A. See “Documents Incorporated by Reference”.

## **EARNINGS COVERAGE RATIOS**

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

## **DISTRIBUTION POLICY**

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

From January 2016 to December 2016, the REIT made monthly distributions of \$0.1225 per Unit.

## **PLAN OF DISTRIBUTION**

The REIT may sell Securities (i) to underwriters or dealers purchasing as principal, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions, or (iii) through agents for cash or other consideration. The Securities may be sold from time to time in one or more transactions at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of Securities in a specified market, at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of Securities. The Prospectus Supplement for any Securities being offered will set forth the terms of the offering of those Securities, including the name or names of any underwriters, dealers or agents, the purchase price of Securities, the proceeds to the REIT from the sale if determinable, any underwriting or agency fees or discounts and other items constituting underwriters’ or agents’ compensation, any public offering price including the manner of determining such public offering price in the case of a non-fixed price distribution, and any discounts or concessions allowed or re-allowed or paid to dealers or agents. Only underwriters named in the relevant Prospectus Supplement are deemed to be underwriters in connection with Securities offered by that Prospectus Supplement.

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

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

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

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

Underwriters, dealers or agents involved in a particular offering of Securities may distribute this Prospectus or any Prospectus Supplement electronically.

The outstanding Units are listed and posted for trading on the TSX under the symbol "CUF.UN". On January 9, 2017, the last trading day prior to the date of this Prospectus, the closing price of the Units on the TSX was \$14.86.

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

As regards restrictions on the issue and transfer of Units outside of Canada, see "Contract of Trust and Description of Units – Limitation on Non-Resident Ownership" in this Prospectus and "Capital Structure – Restrictions on the Issue and Transfer of Units" in the 2015 AIF.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

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

## **RISK FACTORS AND INVESTMENT CONSIDERATIONS**

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

*Prospective investors in a particular offering of the Securities should carefully consider, in addition to information contained in the Prospectus Supplement relating to that particular offering of Securities and the information incorporated by reference herein, the risk factors and investment considerations described below and the risk factors and investment considerations described in the REIT's then current AIF, as well as the REIT's then current*

*annual MD&A and interim MD&A, if applicable, to the extent incorporated by reference herein for purposes of that particular offering of Securities.*

## **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 requires 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, 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 or conditions in its debt instruments. The REIT's access to the unsecured debenture market and the cost of the REIT's borrowings under the Unsecured Revolving Credit Facility are also dependent on its credit rating. A negative change in its credit rating could materially adversely impact the REIT. See "Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Securities – Credit rating". Market events and conditions, including disruptions in international and regional credit markets and in other financial systems and global economic conditions, could impede the REIT's access to capital (including debt financing) or increase the cost of such capital. The Canadian economy, including the Province of Alberta, is currently being adversely impacted by volatile oil prices.

Failure to raise or access capital in a timely manner or under favourable terms could have a material adverse effect on the REIT's financial position and results of operations, including on its acquisition and development 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 provide that, upon an event of default, such indebtedness becomes immediately due and payable and distributions that may be made by the REIT may be restricted. 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 \$700.0 million is repayable in one tranche in August 2019. As at January 9, 2017, \$315.1 million was drawn down under the Unsecured Revolving Credit Facility.

The REIT is exposed to debt financing risks, including the risk that the existing hypothecary borrowings secured by its properties and the Unsecured Revolving 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.

In the event the credit rating assigned by DBRS to the REIT and the Unsecured Debentures were to be downgraded, the REIT could be materially adversely impacted. See “Risk Factors and Investment Considerations – Risk Factors Related to the Ownership of Securities – Credit rating”.

#### *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. Due to difficult conditions in the Canadian retail environment, certain retailers have announced the closure of their stores, including Target Canada Co. and other retailers, who were or are, as the case may be, tenants of the REIT. Other retailers may follow. The existing difficult retail environment is also impacting certain retail tenants of the REIT. The REIT has also been impacted by vacancies in the Montréal Area’s suburban office market and the Ottawa office market. The Calgary office market is also adversely impacted by volatile oil prices. 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 REIT’s properties cannot be leased on economically favourable lease terms, or simply re-leased. 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 REIT’s properties will be affected by many factors, including the level of general economic activity and competition for tenants by other properties. Significant 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 and operating 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.

#### *Environmental matters*

Environmental and ecological legislation and 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 its 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 its properties, nor is the REIT aware of any environmental condition with respect to any of its properties that it believes would involve material expenditures by the REIT, other than in respect of remediation expenditures taken into consideration as part of the acquisition of properties.

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 11 and 12 of the 2015 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, pension funds and other 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, 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 Distributable Income. 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. See "Risk Factors and Investment Considerations – Risk Factors Related to the Business of the REIT – Environmental matters".

### *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 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.

### *Potential conflicts of interest*

The REIT may be subject to conflicts of interest because of the fact that the Dallaire Family and related entities are engaged in a wide range of real estate and other business activities. Mr. Michel Dallaire is also Chairman and Chief Executive Officer of Dallaire Group Inc., an affiliate of the Dallaire Family which operates a real estate business in the Québec City Area. Dalcon Inc. is a wholly-owned subsidiary of Dallaire Group Inc. The REIT rents premises to Dallaire Group Inc. and to Dalcon Inc. Dalcon Inc. also performs leasehold improvements and carries out construction and development projects, all on behalf of the REIT. Finally, the REIT owns two participations of 50% and two participations of 75% in joint ventures with Dallaire Group Inc. The business objective of these four joint ventures is the ownership, management and development of real estate projects. The Dallaire Family and related entities may become involved in transactions or leasing opportunities which conflict with the interests of the REIT.

The Contract of Trust contains “conflicts of interest” provisions requiring Trustees to disclose material interests in material contracts and transactions and refrain from voting thereon.

### *Cybersecurity events*

The REIT faces various security threats, including cybersecurity threats to gain unauthorized access to sensitive information, to render data or systems unusable, or otherwise affect the REIT’s ability to operate. Cybersecurity attacks in particular are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The occurrence of one of these events could cause a substantial decrease in revenues, increased costs to respond or other financial loss, damage to reputation, increased regulation or litigation or inaccurate information reported from the REIT’s operations. These developments may subject the REIT’s operations to increased risks, as well as increased costs, and, depending on their ultimate magnitude, could have a material adverse effect on the REIT’s financial position and results of operations.

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

### *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 by DBRS to the REIT and the Unsecured Debentures 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.

On August 12, 2016, DBRS confirmed the credit rating of BBB (low) in respect of the Unsecured Debentures, but changed the trend to Negative from Stable. See "Credit Ratings". DBRS' revision reflected its concern that the REIT achieved slower-than-expected progress to reduce debt and bring its leverage metrics back to levels that were achieved prior to the \$1.527 billion acquisition of a property portfolio from Ivanhoé Cambridge in August 2014. During the three-month period ended September 30, 2016, the REIT accelerated its debt reduction efforts to reduce its debt ratio to 51.8%, notably by completing the September 2016 Unit Offering earlier than Management would have wanted.

A "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. In the event the credit rating assigned by DBRS to the REIT and the Unsecured Debentures were to be downgraded, the REIT could be materially adversely impacted. Real or anticipated changes in the credit rating in respect of the Unsecured Debentures may affect the market value of the Unsecured Debentures. In addition, real or anticipated changes in such credit rating can affect the ability of the REIT to access debt capital markets and increase the cost at which the REIT can do so. Any failure or inability on the REIT's part to access debt capital markets on satisfactory terms, or at all, could have a material adverse effect on the REIT's financial position and results of operations, including on its acquisition and development program. See "Risk Factors and Investment Considerations – Risk Factors Related to the Business of the REIT – Access to capital and debt financing, and current global financial conditions" and "Risk Factors and Investment Considerations – Risk Factors Related to the Business of the REIT – Debt financing".



### *Absence of market for Debt Securities*

There is currently no trading market for any Debt Securities that may be offered. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which these securities trade may be adversely affected. Whether or not these securities will trade at lower prices depends on many factors, including liquidity of these securities, prevailing interest rates and the markets for similar securities, the market price of the Units, general economic conditions and the REIT's financial condition, historic financial performance and future prospects.

### *Structural subordination of Securities*

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 holders of Securities. The Securities 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. 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 and results of operations, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from anchor tenants and capital expenditure requirements. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

#### *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 trust qualifies as a "real estate investment trust" for the year (the "**Real Estate Investment Trust Exception**"). 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 2016 or any other subsequent year.

### **LEGAL MATTERS**

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

### **TRANSFER AGENT AND REGISTRAR FOR THE UNITS AND DEBENTURE TRUSTEE**

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

Computershare Trust Company of Canada, at its principal offices in Montréal, Québec, is the Debenture Trustee for the Unsecured Debentures under the Trust Indenture under which same were issued.

### **INTEREST OF EXPERTS**

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

### **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.

In an offering of Warrants or Subscription Receipts, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the Warrants or the Subscription Receipts, as the case may be, are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon exercise or exchange of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages or consult with a legal adviser.

## **CERTIFICATE OF THE REIT**

Dated: January 10, 2017

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

### **COMINAR REAL ESTATE INVESTMENT TRUST**

(signed) MICHEL DALLAIRE  
Chairman of the Board and Chief Executive Officer

(signed) GILLES HAMEL  
Executive Vice-President and Chief Financial Officer

On behalf of the Trustees

(signed) ALBAN D'AMOURS  
Trustee

(signed) JOHANNE M. LÉPINE  
Trustee