

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference into this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request, without charge, from Partners Real Estate Investment Trust at 200-710 Redbrick Street, Victoria, BC V8T 5J3, (250) 592-3395 and are also available electronically at www.sedar.com.

The securities offered herein have not been and will not be registered under the United States Securities Act of 1933, as amended and, subject to certain exceptions, may not be offered or sold within the United States. See "Plan of Distribution".

Preliminary Short Form Prospectus

New Issue

January 24, 2012



PARTNERS REAL ESTATE INVESTMENT TRUST

\$20,000,580

10,753,000 Units

This short form prospectus qualifies the distribution of 10,753,000 units (the “Units”) of Partners Real Estate Investment Trust (the “Trust”) at a price of \$1.86 per Unit (the “Offering”) pursuant to an underwriting agreement (the “Underwriting Agreement”) dated January 24, 2012 between the Trust and National Bank Financial Inc., Canaccord Genuity Corp., Scotia Capital Inc., CIBC World Markets Inc., TD Securities Inc. (“TD Securities”), Desjardins Securities Inc., Macquarie Capital Markets Canada Ltd., Raymond James Ltd. and GMP Securities L.P. (collectively, the “Underwriters”). The offering price of the Units was determined by negotiation between the Trust and the Underwriters.

The Trust is an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario. The currently outstanding Units are listed and posted for trading on the TSX Venture Exchange (the “TSXV”) under the trading symbol “PAR.UN”. On January 17, 2012, the last trading day prior to the announcement of the Offering, the closing price of the Units on the TSXV was \$1.95. On January 23, 2012, the closing price of the Units on the TSXV was \$1.95.

There are risks associated with an investment in the Units. See “Risk Factors” for a discussion of factors that should be considered by prospective investors and their advisors in assessing the appropriateness of an investment in the Units.

Price \$1.86 per Unit

	Price to the Public	Underwriters' Fee ⁽¹⁾	Net Proceeds to the Trust ⁽²⁾
Per Unit	\$1.86	\$0.0837	\$1.7763
Total ⁽³⁾	\$20,000,580	\$900,026	\$19,100,554

Notes:

- (1) Pursuant to the terms of the Underwriting Agreement, the Underwriters will receive a fee equal to 4.5% of the gross proceeds of the Offering.
- (2) Before deducting the expenses of the Offering, estimated to be \$500,000.
- (3) The Trust has granted to the Underwriters an option (the “Over-Allotment Option”) to purchase up to an additional 1,612,950 Units at a price of \$1.86 per Unit on the same terms and conditions as the Offering, exercisable in whole or in part from time to time up to the 30th day following the closing of the Offering for the purposes of covering the Underwriters’ over-allocation position, if any. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters’ fee and net proceeds to the Trust (before deducting expenses of the Offering) will be \$23,000,667, \$1,035,030 and \$21,965,637, respectively. This short form prospectus also qualifies for distribution the grant of the Over-Allotment Option and the issuance of Units pursuant to the exercise of the Over-Allotment Option. See “Plan of Distribution” and the table below. A person who acquires Units forming part of the Underwriters’ over-allocation position acquires such Units under this short form

prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or in secondary market purchases.

The following table sets out the securities issuable to the Underwriters in connection with the Offering:

Underwriters' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Option to acquire up to 1,612,950 Units	Exercisable for a period of 30 days after the closing of the Offering	\$1.86 per Unit

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Trust and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters relating to the Offering on behalf of the Trust by McCarthy Tétrault LLP and on behalf of the Underwriters by Torys LLP.

TD Securities is a wholly-owned subsidiary of a Canadian chartered bank which is a lender to the Trust. Consequently, the Trust may be considered a "connected issuer" of TD Securities within the meaning of applicable securities legislation. See "Plan of Distribution".

Subscription for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about February 8, 2012 or such other date not later than February 15, 2012 or as the Trust and the Underwriters may agree. The Units will be represented by a global certificate issued in registered form to CDS Clearing and Depository Services Inc. ("CDS") or its nominee under the book-based system administered by CDS. No certificates evidencing the Units will be issued to subscribers except in certain limited circumstances, and registration will be made in the depository service of CDS. Subscribers for Units will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Units is purchased.

Subject to applicable laws and policies, the Underwriters may, in connection with the Offering, effect transactions that stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters propose to offer the Units initially at the offering price specified above. After a reasonable effort has been made to sell all of the Units at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the Trust. See "Plan of Distribution".

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

The Trust 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 Trust qualifies as a mutual fund trust for the purposes of the *Income Tax Act* (Canada) (the “Tax Act”) and offers and sells its Units to the public. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that act or any other legislation. See “Canadian Federal Income Tax Considerations” and “Risk Factors – Tax Risks”.

Subject to certain conditions set out under “Eligibility for Investment” below, Units offered hereby will constitute a qualified investment for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, tax-free savings accounts (“TFSA”), registered education savings plans and registered disability savings plans (collectively, “Registered Plans”). As set out under “Eligibility for Investment”, prospective purchasers of Units who intend to hold Units in their TFSA, RRSP or RRIF should consult their own advisors regarding their particular circumstances. See “Eligibility for Investment”.

Investors should be aware that the acquisition or disposition of the securities described in this prospectus may have tax consequences in Canada or elsewhere depending on each particular investor’s specific circumstances. Investors should consult their own tax advisors with respect to such tax considerations. 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 Trust on Units, which may be fully or partially taxable or tax deferred. That composition may change over time, thus affecting a Unitholder’s after-tax return. **See “Canadian Federal Income Tax Considerations” and “Risk Factors – Tax Risks”.**

Investors who are not residents of Canada for tax purposes should consult their own tax advisors concerning the consequences to them of the Offering.

The Trust is not a partnership.

The Trust’s head and registered office is located at 200-710 Redbrick Street, Victoria, BC V8T 5J3, (250) 592-3395.

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NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This preliminary short form prospectus contains forward-looking statements within the meaning of Canadian securities laws that reflect the current expectations of management regarding our future growth, results of operations, performance and business prospects and opportunities. See “Business of the Trust – Business Overview” and “Risk Factors”. Forward-looking statements are only predictions and are not guarantees of performance. Wherever possible, words such as “may”, “would”, “could”, “will”, “believe”, “expect”, “estimate”, “endeavour” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Important assumptions relating to the forward-looking statements contained in this preliminary short form prospectus include expansions, capital expenditures, competitive conditions, general economic conditions and current levels of distributions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, risks and uncertainties related to our previously announced proposed arrangement involving NorRock Realty Finance Corporation (“**NorRock**”) and including the satisfaction of the conditions precedent to consummate the arrangement with NorRock (see “Recent Developments”), risks and uncertainties regarding our status as a “real estate investment trust” as a result of the acquisition of the NorRock assets, risks and uncertainties relating to the closing of the property purchases described in “Recent Developments” (the “**Proposed Purchases**”), our expectations regarding increases in revenue and operating funds available to us as a result of the Proposed Purchases, our expectations regarding the entering into of management agreements in respect of the Proposed Purchases, our expectations regarding future occupancy rates of our properties, and including those risks and uncertainties discussed under the heading “Risk Factors” and elsewhere in our documents incorporated by reference. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this preliminary short form prospectus. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this preliminary short form prospectus are based upon what management currently believes to be reasonable assumptions, we cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.

These forward-looking statements are made as of the date of this preliminary short form prospectus or, in the case of documents incorporated by reference herein, as of the date of such documents, and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by law. We cannot assure you that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

NON-IFRS FINANCIAL MEASURES

Net operating income (“**NOI**”) and funds from operations (“**FFO**”) are non-IFRS measures often used by Canadian real estate investment trusts as measures of operating performance. “**IFRS**” means the International Financial Reporting Standards described and promulgated by the Canadian Institute of Chartered Accountants which are applicable as at the date on which any calculation using IFRS is made.

NOI and FFO are presented herein and in the documents incorporated by reference herein because management believes these non-IFRS measures are relevant measures of the operating performance of the Trust. NOI is defined as gross revenues from income producing properties less operating costs from income producing properties. Operating expenses do not include costs associated with financing, administration, amortization and depreciation, income taxes, realized and unrealized gains and losses, and the equity pickup of an investment’s net earnings. The Trust calculates FFO in accordance with the recommendations of the Real Property Association of Canada. The definition is meant to standardize the calculation and disclosure of FFO across real estate entities in Canada, and is modeled on the definition adopted by the National Association of Real Estate Investment Trusts (“**NAREIT**”) in the United States. NAREIT’s definition of FFO is net income (calculated in accordance with IFRS) excluding gains or losses from the sale of property and fair value increases or decreases in property values, plus depreciation and amortization; adjusted for items that are not indicative of operating performance; and after adjustments for unconsolidated partnerships and joint ventures (which is also calculated to reflect FFO on the same basis).

NOI and FFO are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. NOI and FFO should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with IFRS. Management's method of calculating NOI and FFO may differ from other issuers' methods of calculating NOI and FFO and accordingly, may not be comparable to the NOI or FFO reported by other issuers.

GENERAL MATTERS

In this prospectus, “we”, “us” and “our” refer to the Trust unless the context otherwise requires.

All references in this prospectus to “dollars” or “\$” are to Canadian dollars unless otherwise noted. The Trust’s audited consolidated financial statements for the financial year ended December 31, 2010 have been prepared in accordance with Canadian generally accepted accounting principles. The Trust’s unaudited condensed consolidated financial statements as at and for the three and nine months ended September 30, 2011 have been prepared in accordance with IFRS.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering the Units only in jurisdictions where, and to persons to whom, such offering is lawfully permitted. The information contained in this prospectus is accurate only as of the date of this preliminary short form prospectus, regardless of the time of delivery of this prospectus or of any sale of the Units.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this preliminary short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of documents incorporated herein by reference may be obtained on request without charge from the Trust at 200-710 Redbrick Street, Victoria, BC V8T 5J3, telephone (250) 592-3395, and are also available electronically at www.sedar.com. The following documents, as filed with the various securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the annual information form of the Trust dated March 31, 2011 (“**AIF**”);
- (b) the audited consolidated financial statements of the Trust for the financial years ended December 31, 2010 and 2009 together with the notes thereto and the auditor’s report thereon;
- (c) the management’s discussion and analysis of financial results for the Trust for the financial year ended December 31, 2010, as amended;
- (d) the unaudited condensed consolidated financial statements of the Trust as at and for the three and nine months ended September 30, 2011 together with the notes thereto;
- (e) the management’s discussion and analysis of financial results for the Trust for the three and nine months ended September 30, 2011;
- (f) the management information circular dated May 13, 2011 relating to the annual and special meeting of Unitholders held on June 14, 2011 (the “**2011 Management Information Circular**”);
- (g) the material change report dated February 16, 2011, announcing the Trust’s offering of convertible debentures (the “**Debenture Offering**”) and the acquisition of various Shoppers Drug Mart properties (the “**SDM Acquisition**”);
- (h) the material change report dated March 11, 2011, relating to the closing of the Debenture Offering;
- (i) the material change report dated March 21, 2011 relating to the closing of the over-allotment option exercised in connection with the Debenture Offering and the closing of the SDM Acquisition;
- (j) the material change report dated October 27, 2011 relating to the Acquisition Agreement (as defined below); and

- (k) the joint management information circular dated November 16, 2011 relating to the special meeting of Unitholders held on December 15, 2011 (the “**NorRock Circular**”).

Any document of the types referred to above, any material change reports and business acquisition reports (but excluding confidential material change reports) and any other document referred to in National Instrument 44-101F1, item 11.1 filed by the Trust with any securities regulatory authorities after the date of this short form prospectus and prior to the termination of this distribution will be deemed to be incorporated by reference into this prospectus.

Any statement contained in this preliminary short form prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this preliminary short form prospectus, to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to 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, except as so modified or superseded, be deemed to constitute a part of this preliminary short form prospectus.

THE TRUST

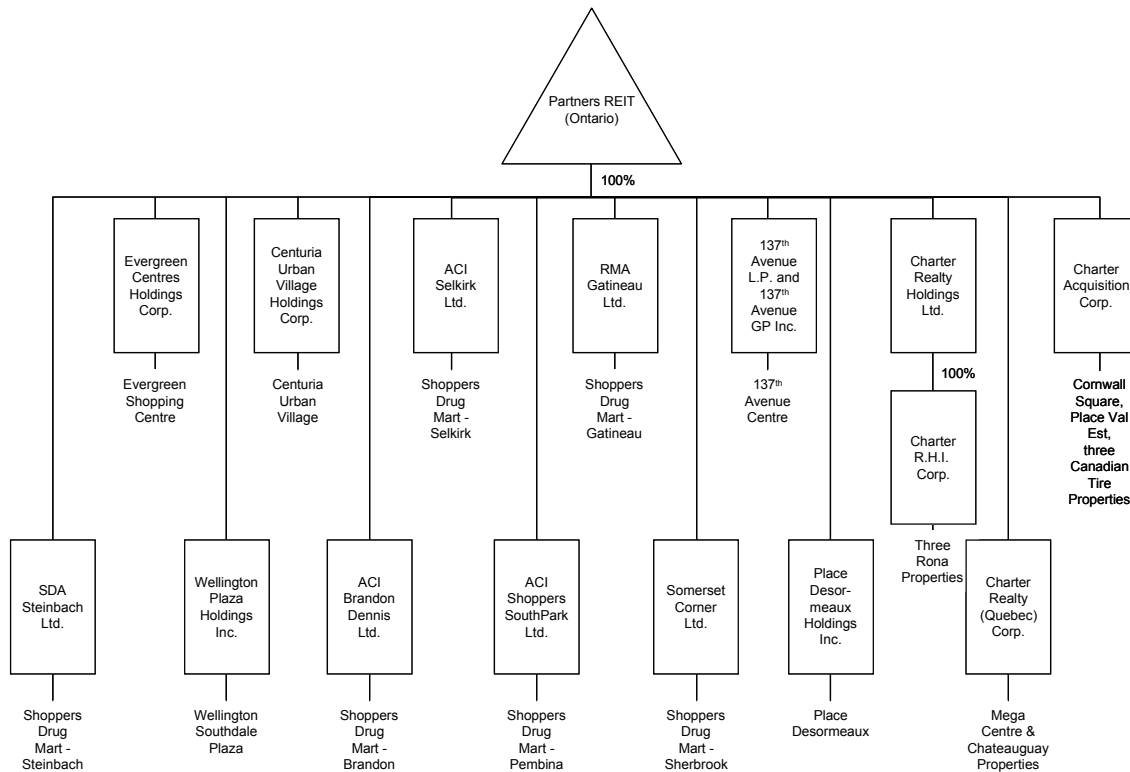
The Trust is an unincorporated open-ended real estate investment trust established by a declaration of trust dated March 27, 2007, as amended and restated with effect as of June 4, 2010 and as further amended and restated with effect as of November 3, 2010 (the “**Declaration of Trust**”), and governed by the laws of the Province of Ontario.

On March 29, 2005, Charter Realty Holdings Ltd. (“**Charter Realty**”), the predecessor to the Trust, was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta). The common shares of Charter Realty were listed and posted for trading on the TSXV commencing on September 2, 2005. On May 10, 2007, Charter Realty completed a plan of arrangement and corporate reorganization pursuant to which its outstanding shares and options were consolidated on a ten-for-one basis and exchanged for Units and Unit options. The Trust continued the business of Charter Realty from and after May 10, 2007.

The Trust’s head and registered office is located at 200-710 Redbrick Street, Victoria, BC V8T 5J3.

Inter-corporate Relationships

The following chart illustrates the relationship of the Trust to those entities that hold the twenty-one properties comprising the current portfolio of properties held by the Trust and its controlled entities, as well as the jurisdiction of incorporation or organization of each entity. The properties listed under each subsidiary of the Trust are held in the name of the applicable subsidiary. However, Charter Realty is the beneficial owner of the three Rona properties pursuant to nominee agreements entered into between Charter Realty and Charter R.H.I. Corp., and the Trust is the beneficial owner of all of the other properties pursuant to nominee agreements entered into between the Trust and the subsidiary that holds each property with the exception of the 137th Avenue Edmonton, Alberta property, which is held by a limited partnership for the benefit of the Trust.



BUSINESS OF THE TRUST

Business Overview

The Trust is a real estate investment trust focused on acquiring and managing a portfolio of retail and mixed-use retail community and neighbourhood centres, generally in the mid-market range of \$10 million to \$50 million, from both primary and secondary markets throughout Canada. The Trust's goal is to generate a reliable and growing tax-efficient return for its Unitholders.

Management is of the view that retail centres are attractive investments because they offer stable cash flow where the majority of rents are derived from national and regional retailers with multi-year leases. These centres typically provide growth opportunities through the lease-up of vacant space, the upward trend in rental rates through contractual escalations and through management's active re-merchandising and re-development of the properties. The Trust will look to create a base of retail assets that provide both a reliable, stable cash flow and an opportunity for yield growth through re-leasing, re-development and/or development of assets which it will use for rental purposes. Currently, the Trust's portfolio consists of 21 retail properties located in British Columbia, Ontario, Manitoba and Québec comprising approximately 1.65 million square feet of leaseable space. We focus on expanding and managing a portfolio of retail and mixed use community and neighbourhood shopping centres located in both primary and secondary markets across Canada.

The Trust is currently managed by the Manager, an affiliate of IGW. Pursuant to the terms of the Management Agreement dated June 4, 2010, the Manager provides strategic, advisory, asset management and administrative services to the Trust. See "Recent Developments".

RECENT DEVELOPMENTS

Management Agreement and Non-Competition Agreement

On June 4, 2010, C.A. Bancorp Inc. ("CAB") sold 6,047,095 Units, representing all of the Units beneficially held by CAB and its affiliates, to IGW Public Limited Partnership ("IGW"), an affiliate of League Assets Corp. On the same date, C.A. Realty Management Inc., an affiliate of CAB, agreed with the Trust to terminate the management agreement that was in place at that time between it and the Trust without penalty to the Trust, and the Trust entered into a management agreement with LAPP Global Asset Management Corp. (the "Manager"), an affiliate of IGW, pursuant to which the Manager provides the Trust with strategic, advisory, asset management and administrative services (the "Management Agreement"). In addition, the Manager, IGW and League Assets LP entered into a non-competition agreement with the Trust on such date (the "Non-Competition Agreement"). For a description of these agreements, see the section entitled "Management Contracts" beginning on page 16 of the 2011 Management Information Circular.

Acquisitions

Kelowna, British Columbia – Centuria Urban Village

On May 18, 2011, we announced we had completed the acquisition of Centuria Urban Village, a food and drug store anchored high-rise mixed use retail and residential property located in Kelowna, British Columbia. The purchase price of approximately \$8.9 million was satisfied with cash from the proceeds of the Debenture Offering and a line of credit. The property currently generates NOI of approximately \$650,000 on an annualized basis.

Longueuil, Quebec – Place Desormeaux

On August 31, 2011, we announced that we had completed the acquisition of Place Desormeaux, a 250,000 square foot enclosed shopping centre in Longueuil, Quebec on the south shore of the Greater Montreal Region. The property is anchored by high quality necessity-based retailers including a Super C grocery store, Pharmaprix, Zellers, Dollarama, an SAQ liquor store, and Canadian chartered banks. It is currently 98.7% occupied. The property currently generates NOI of approximately \$2.4 million on an annualized basis.

The Trust paid approximately \$32.2 million for the property with approximately \$3.6 million in additional acquisition and capital improvement costs to be incurred in the future. The aggregate outlay of funds was funded by a \$23.0 million loan from OMERS Administration Corporation secured by the property with a three year term and bearing interest at a rate of 4.05%. The balance of the purchase price was funded by a 36-month loan facility (the “**FCC Loan Facility**”) from Firm Capital Corporation (“**FCC**”) for \$13.5 million (\$7.5 million of which is revolving) secured against the Trust’s portfolio of properties with a floating interest rate for the first 24 months that is the greater of (a) 9.00% or (b) the TD Canada Trust posted bank prime rate of interest plus 4.00%. From the first day of the 25th month the FCC Loan Facility bears a floating interest rate that is the greater of (x) 14% or (y) the TD Canada Trust posted bank prime rate of interest plus 9.00%. We intend to repay the FCC Loan Facility with the proceeds of this Offering. See “Use of Proceeds”.

In connection with the loan facility, we issued 2,500,000 unit purchase warrants (the “**Lender Warrants**”) to Firm Capital Mortgage Fund Inc. as a funding fee. Each whole warrant entitles the holder to acquire one unit of the Trust at \$1.80 per unit (the “**Exercise Price**”), subject to adjustment, for a period of three years.

Sooke, British Columbia – Evergreen Shopping Centre

On September 1, 2011, we announced that we had completed the acquisition of the Evergreen Shopping Centre, a five building 88,200 square foot open-air shopping centre located in Sooke, British Columbia approximately 37 kilometres west of Victoria. Anchored by a Western Foods grocery store, a newly-constructed Shoppers Drug Mart, a BC Liquor outlet and a branch of a Canadian chartered bank, the property is currently 96.2% occupied. The property currently generates NOI of approximately \$1.2 million on an annualized basis.

The purchase price for the property was approximately \$15.8 million, in part funded by the placement of a new \$10.5 million five-year mortgage on the property incurring an interest rate of 3.8%. The balance of the purchase price was paid in cash from a new secondary loan bearing interest at 7% and the Trust’s lines of credit.

Terrebonne Quebec – Plaza des Seigneurs

On November 15, 2011, we announced that we would be acquiring Plaza des Seigneurs, an existing 20,833 square foot open-air centre anchored by necessity-based tenants, including a SAQ liquor store, a Canadian chartered bank and a recently-renewed Uniprix drug store. The property is located in Terrebonne, Quebec (about 30 minutes north of Montreal). The property currently generates NOI of approximately \$300,000 on an annualized basis.

The Trust will pay approximately \$4.05 million for the property with \$2.25 million funded through a new five-year mortgage that is expected to bear interest at 3.5% and the balance payable in cash.

The closing of the transaction is expected to occur in February, 2012.

The Trust expects that it will enter into a new property management agreement with a third party with respect to Plaza des Seigneurs prior to the closing of the purchase of the property. It is anticipated that the agreement will provide for a management fee of 3% of gross revenues, leasing fees ranging from \$1.50 to \$3.00 per square foot and other customary property management fees on market terms. It is expected that the property management agreement will have a term of one year and will be terminable by either party on 90 days’ notice.

Edmonton, Alberta – 137th Avenue

On December 19, 2011, we announced the closing of the acquisition of an existing Shoppers Drug Mart and PartSource development in the midst of Edmonton’s 137th Avenue retail corridor. The property currently generates NOI of approximately \$300,000 on an annualized basis.

The purchase price was approximately \$4.09 million, which included the assumption of a \$1.63 million mortgage bearing interest at 4.3%. This mortgage was increased to \$2.55 million, with the increase being primarily used for other acquisitions. The balance of the purchase price was satisfied through:

- (a) the issuance of 1.15 million exchangeable limited partnership units, with a value of \$2.07 million or \$1.80 per unit, with each exchangeable limited partnership unit exchangeable on a one-for-one basis into Units, at, among other circumstances, the election of the vendor; and

(b) the remaining balance of the purchase price was paid in cash.

The Trust has entered into a new property management agreement with a third party with respect to the 137th Avenue property. The agreement provides for a management fee of 3% of gross revenues, leasing fees ranging from \$1.50 to \$3.00 per square foot and other customary property management fees on market terms. The property management agreement has a term of one year and is terminable by either party on 90 days' notice.

Stittsville, Ontario – Crossing Bridge Square

On January 18, 2012, we announced that Charter Acquisition Corp. ("**Charter Acquisition**"), a wholly-owned subsidiary of the Trust, entered into an agreement of purchase and sale (as amended) (the "**Crossing Bridge Acquisition Agreement**") with Penreal Property Fund IV Holdings Inc. ("**Penreal IV**") pursuant to which Charter Acquisition will acquire Crossing Bridge Square in Stittsville, Ontario for a purchase price of approximately \$11.2 million, subject to closing adjustments (the "**Crossing Bridge Acquisition**").

Crossing Bridge Square is an existing 45,800 square foot open-air centre located in Stittsville, Ontario, a suburb located 31 kilometres from downtown Ottawa. The centre consists of a retail strip centre and two free-standing pad sites. Nearly 45% of the centre is occupied by Farm Boy grocery store and IDA Drug Mart with other tenancies including Local Heroes, Pet Valu and McDonalds. The centre is almost 91% occupied with one vacancy.

The purchase price for the Crossing Bridge Acquisition will be satisfied by a new one-year bank credit facility of \$5.6 million with an interest rate equivalent to bankers acceptance plus 2.5% or currently 3.6% and the balance with the Trust's available funds on hand. Crossing Bridge Square currently generates NOI of approximately \$750,000 on an annualized basis.

The Crossing Bridge Acquisition Agreement contains representations and warranties of the parties that are customary in arm's length transactions of this nature, and the closing of the Crossing Bridge Acquisition is conditional upon the satisfaction or waiver of customary conditions in favour of each party.

The Trust expects that it will enter into a new property management agreement with a third party with respect to Crossing Bridge Square prior to the closing of the purchase of the property. It is anticipated that the agreement will provide for a management fee of 3% of gross revenues, leasing fees ranging from \$1.50 to \$3.00 per square foot and other customary property management fees on market terms. It is expected that the property management agreement will have a term of one year and will be terminable by either party on 90 days' notice.

The transaction is expected to close in February, 2012.

Grand Bend, Ontario – Grand Bend Towne Centre

On January 18, 2012, we announced that Charter Acquisition entered into an agreement of purchase and sale (as amended) (the "**Grand Bend Acquisition Agreement**") with Penreal Property Fund V Holdings Inc. ("**Penreal V**") pursuant to which Charter Acquisition will acquire Grand Bend Towne Centre in Grand Bend, Ontario for a purchase price of approximately \$9.5 million for the property, subject to closing adjustments and prior to an effective \$200,000 adjustment for the above market interest rate on the assumed mortgage, for an approximate net acquisition price of \$9.3 million (the "**Grand Bend Acquisition**").

Grand Bend Towne Centre is an existing 36,100 square foot centre comprised of a Sobeys grocery store with a lease extending to April 2023 and a Shoppers Drug Mart with a lease extending to September 2017 located on Main Street East in downtown Grand Bend, Ontario. Grand Bend Towne Centre will also include a 6,100 square foot LCBO scheduled for construction completion in May 2013 with a lease extending until May 2028. Penreal V is responsible for completing the LCBO construction and for the cost of the building, and will also provide a rental guarantee.

The purchase price for the Grand Bend Acquisition will be satisfied by the assumption of an existing mortgage of approximately \$3.3 million, maturing in July 2017, with a stated interest rate of 5.44%, but with an effective interest rate of 3.85% taking into consideration the \$200,000 purchase price adjustment. This mortgage will be increased by approximately \$1.6 million at an interest rate of 3.6% and maturing with the original mortgage. The balance of the purchase price will be satisfied by the Trust's available funds on hand. Grand Bend Towne Centre currently generates NOI of approximately \$650,000 on an annualized basis.

The Grand Bend Acquisition Agreement contains representations and warranties of the parties that are customary in arm's length transactions of this nature, and the closing of the Grand Bend Acquisition is conditional upon the satisfaction or waiver of customary conditions in favour of each party.

The Trust expects that it will enter into a new property management agreement with a third party with respect to Grand Bend Towne Centre prior to the closing of the purchase of the property. It is anticipated that the agreement will provide for a management fee of 3% of gross revenues, leasing fees ranging from \$1.50 to \$3.00 per square foot and other customary property management fees on market terms. It is expected that the property management agreement will have a term of one year and will be terminable by either party on 90 days' notice.

The transaction is expected to close in February, 2012.

Brantford, Ontario – King George Square

On January 18, 2012, we announced that Charter Acquisition has entered into an agreement of purchase and sale (as amended) (the "**King George Acquisition Agreement**") with Penreal IV pursuant to which Charter Acquisition will acquire King George Square in Brantford, Ontario for a purchase price of approximately \$16.8 million for the property, subject to closing adjustments and prior to a capital improvement adjustment of \$125,000, for an approximate net acquisition price of \$16.7 million of which \$300,000 will be credited to a rental income guarantee and tenant improvement costs (the "**King George Acquisition**").

King George Square is an existing 67,100 square foot open-air centre comprised of three buildings and located on the west side of King George Road which traverses Brantford, Ontario's traditional retail node. Nearly 50% of the centre is occupied by Shoppers Drug Mart and Dollarama with other tenancies including Bulk Barn, Pet Valu and Casey's Restaurant and the centre is almost 98% economically occupied with 7% of the space covered by a rental guarantee from the vendor along with a related tenant allowance for lease up of the space.

The purchase price for the King George Acquisition will be satisfied by a new one-year bank credit facility of \$8.4 million with an interest rate equivalent to bankers acceptance plus 2.5% (currently 3.6%) and the balance with the Trust's available funds on hand. King George Square currently generates NOI of approximately \$1.2 million on an annualized basis.

The King George Acquisition Agreement contains representations and warranties of the parties that are customary in arm's length transactions of this nature, and the closing of the King George Acquisition is conditional upon the satisfaction or waiver of customary conditions in favour of each party.

The Trust expects that it will enter into a new property management agreement with a third party with respect to King George Square prior to the closing of the purchase of the property. It is anticipated that the agreement will provide for a management fee of 3% of gross revenues, leasing fees ranging from \$1.50 to \$3.00 per square foot and other customary property management fees on market terms. It is expected that the property management agreement will have a term of one year and will be terminable by either party on 90 days' notice.

The transaction is expected to close in February, 2012.

Edmonton, Alberta – Manning Crossing

On January 18, 2012, we announced that Charter Acquisition has entered into an agreement of purchase and sale (as amended) (the "**Manning Crossing Acquisition Agreement**") with BG Preeco 8 Ltd. pursuant to which Charter Acquisition will acquire Manning Crossing in Edmonton, Alberta for approximately \$21.3 million for the property, subject to closing adjustments and prior to an effective \$300,000 adjustment for the above market interest rate on the assumed mortgage, for an approximate net acquisition price of \$21.0 million of which \$100,000 will be credited to a rental income guarantee and tenant improvement costs (the "**Manning Crossing Acquisition**").

Manning Crossing is an existing 64,500 square foot centre comprised of a retail strip, five restaurant pads and shadow-anchored by a corporately-owned Safeway grocery store located in Edmonton, Alberta. The centre is located at the intersection of 137th Avenue Northwest, the primary east-west artery, and Manning Drive, the primary north-south entrance into the city of Edmonton. The centre is over 95% occupied with key tenants such as Liquor Depot, a Canadian chartered bank, Smitty's, Tim Hortons and A&W. There is also a rental guarantee by the vendor on 4.5% of the space along with a tenant allowance to lease up the space.

The purchase price for the Manning Crossing Acquisition will be satisfied by the assumption of an existing mortgage of approximately \$4.6 million maturing August 2014, with a stated interest rate of 6.59%, but with an effective interest rate of 3.5% taking into consideration the \$300,000 purchase price adjustment. This mortgage will be increased by approximately \$8.0 million at an interest rate of 3.6% and maturing with the original mortgage. The balance of the purchase price will be paid from the Trust's available funds on hand. Manning Crossing currently generates NOI of approximately \$1.45 million on an annualized basis.

The Manning Crossing Acquisition Agreement contains representations and warranties of the parties that are customary in arm's length transactions of this nature, and the closing of the Manning Crossing Acquisition is conditional upon the satisfaction or waiver of customary conditions in favour of each party.

The Trust expects that it will enter into a new property management agreement with a third party with respect to Manning Crossing prior to the closing of the purchase of the property. It is anticipated that the agreement will provide for a management fee of 3% of gross revenues, leasing fees ranging from \$1.50 to \$3.00 per square foot and other customary property management fees on market terms. It is expected that the property management agreement will have a term of one year and will be terminable by either party on 90 days' notice.

The transaction is expected to close in February, 2012.

Tecumseh, Ontario – St. Clair Beach Towne Centre

On January 18, 2012, we announced that Charter Acquisition has entered into an agreement of purchase and sale (as amended) (the "**St. Clair Beach Acquisition Agreement**") with Sunrise Properties Ltd. ("**Sunrise**") pursuant to which Charter Acquisition will acquire St. Clair Beach Towne Centre in Windsor, Ontario for approximately \$12.1 million for the property, subject to closing adjustments and prior to an effective \$300,000 adjustment for the above market interest rate on the assumed mortgage, for an approximate net acquisition price of \$11.8 million of which \$200,000 will be credited to a rental income guarantee and tenant improvement costs (the "**St. Clair Beach Acquisition**").

St. Clair Beach Towne Centre is an existing 40,100 square foot centre comprised of two buildings located in the suburb of Tecumseh near Windsor, Ontario. St. Clair Beach Towne Centre is anchored by Shoppers Drug Mart occupying 50% of the centre with a lease that runs through July 2025. Swiss Chalet occupies almost 15% of the centre and the centre is 95% economically occupied with 5% of the space covered by a rental guarantee from Sunrise.

The purchase price of the St. Clair Beach Acquisition will be satisfied by the assumption of an existing mortgage of approximately \$4.4 million, originally maturing November 2014, with a stated interest rate of 6.1%, but with an effective interest rate of 3.5% taking into consideration the \$300,000 purchase price adjustment. This mortgage will be increased by approximately \$1.8 million at an interest rate of 3.6% and its maturity will be extended until July 2017 with the original amount bearing interest at the same interest rate as the increase after the original maturity date. The balance of the purchase price will be paid from the Trust's available funds on hand. St. Clair Beach Towne Centre currently generates NOI of approximately \$900,000 on an annualized basis.

The St. Clair Beach Acquisition Agreement contains representations and warranties of the parties that are customary in arm's length transactions of this nature, and the closing of the St. Clair Beach Acquisition is conditional upon the satisfaction or waiver of customary conditions in favour of each party.

The Trust expects that it will enter into a new property management agreement with a third party with respect to St. Clair Beach Towne Centre prior to the closing of the purchase of the property. It is anticipated that the agreement will provide for a management fee of 3% of gross revenues, leasing fees ranging from \$1.50 to \$3.00 per square foot and other customary property management fees on market terms. It is expected that the property management agreement will have a term of one year and will be terminable by either party on 90 days' notice.

The transaction is expected to close in February, 2012.

Thunder Bay, Ontario – Thunder Centre

On January 18, 2012, we announced that Charter Acquisition has entered into an agreement of purchase and sale (as amended) (the "**Thunder Centre Acquisition Agreement**") with Newvest/PPFV Holdings Inc. ("**Newvest**") pursuant to which Charter Acquisition will acquire Thunder Centre in Thunder Bay, Ontario for approximately \$39.3 million for the property, subject to closing adjustments and prior to an effective \$1.1 million adjustment for the above market interest rate on

the assumed mortgage, for an approximate net acquisition price of \$38.2 million of which \$200,000 will be credited to a rental income guarantee and tenant improvement costs (the “**Thunder Centre Acquisition**”).

Thunder Centre is an existing 168,000 square foot power centre comprised of two big-box stores and five multi-tenant retail strips located in the primary retail node of Thunder Bay, Ontario. Thunder Centre is shadow-anchored by a Canadian Tire and Home Depot and is adjacent to Intercity Shopping Centre which will have a newly converted Target store. Over 60% of the centre is occupied by Home Outfitters, Michaels, Old Navy, Mark’s Work Wearhouse, Dollarama and LCBO and the centre is 100% economically occupied with 2.5% of the space covered by a rental guarantee from Newvest.

The purchase price for the Thunder Centre Acquisition will be satisfied by the assumption of an existing mortgage of approximately \$14.8 million, originally maturing October 2015, with a stated interest rate of 5.74%, but with an effective interest rate of 3.5% taking into consideration the \$1.1 million purchase price adjustment. This mortgage will be increased by approximately \$4.9 million at an interest rate of 3.6% and its maturity will be extended until July 2017 with the original amount bearing interest at the same interest rate as the increase after the original maturity date. The balance of the purchase price will be paid from the Trust’s available funds on hand. Thunder Centre currently generates NOI of approximately \$2.75 million on an annualized basis.

The Thunder Centre Acquisition Agreement contains representations and warranties of the parties that are customary in arm’s length transactions of this nature, and the closing of the Thunder Centre Acquisition is conditional upon the satisfaction or waiver of customary conditions in favour of each party.

The Trust expects that it will enter into a new property management agreement with a third party with respect to Thunder Centre prior to the closing of the purchase of the property. It is anticipated that the agreement will provide for a management fee of 3% of gross revenues, leasing fees ranging from \$1.50 to \$3.00 per square foot and other customary property management fees on market terms. It is expected that the property management agreement will have a term of one year and will be terminable by either party on 90 days’ notice.

The transaction is expected to close in February, 2012.

NorRock Acquisition

On October 17, 2011, we announced that we had entered into an acquisition agreement (the “**Acquisition Agreement**”) with NorRock whereby we will acquire all the assets of NorRock, consisting of cash, cash equivalents, mortgages and other assets from NorRock in exchange for the issuance of Units, certain rights to acquire Units and cash. The proposed transaction (the “**NorRock Acquisition**”) will be carried out by NorRock as a plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (Ontario).

It is anticipated that, at closing of the NorRock Acquisition, holders of NorRock preferred shares will receive \$23.75 per share in the form of Units (based on an agreed issue price of \$1.73 per Unit), and holders of NorRock Class A shares will receive \$5.94 per share in Units together with Rights (described below) to receive additional value of approximately \$1.47 per share, resulting in proceeds potentially totalling approximately \$7.41 per NorRock Class A share. The Rights will represent the right to receive a pro rata share of the net value (determined as described below) of the mortgages and other non-cash assets that the Trust will purchase from NorRock at closing, to the extent that such net value exceeds \$12.6 million. If the net value of those assets so determined reflects NorRock’s current book value for those assets, then the Rights will have a value of approximately \$1.47 per NorRock Class A share. The Trust expects that NorRock’s expenses in the transaction will be higher than anticipated which will reduce the amounts payable to the NorRock Class A shareholders. The final calculation of the amounts payable to the NorRock Class A shareholders will be announced in connection with the closing of the Arrangement.

On the closing of the NorRock Acquisition, the Trust will pay for the cash and cash equivalents held by NorRock, currently valued at approximately \$38.3 million (the “**Cash at Closing Payment**”). In addition, we will pay for the non-cash assets of NorRock through an initial payment of \$12.6 million (the “**Assets at Closing Payment**”), subject to adjustment as described below. To the extent that assets are sold prior to closing, the amount of the net proceeds will be deducted from the Assets at Closing Payment and added to the Cash at Closing Payment.

After such closing, we may retain or may sell the non-cash assets acquired from NorRock.

We will make the Cash at Closing Payment and Assets at Closing Payment by transferring to NorRock the following Units and cash (excluding the accrued dividend and payments to stock appreciation rights holders which will be funded by NorRock), which would, under the Arrangement, be distributed to NorRock shareholders on the following basis:

- (a) for each NorRock preferred share, 13.72824 Units, a number derived by dividing \$23.75 (the implied selling price of the NorRock preferred shares) by \$1.73 (the agreed issue price per Unit) together with cash equal to any accrued dividend, or, at the option of a holder, 12.71676 Units and \$1.75 in cash together with cash equal to any accrued dividend;
- (b) for each NorRock Class A share, that number of Units calculated by determining the amount of the Cash at Closing Payment and Assets at Closing Payment, less an amount equal to the number of issued and outstanding NorRock preferred shares multiplied by \$23.75, and dividing the result by the number of outstanding NorRock Class A shares (the amount per share being the “**NorRock Class A Share Consideration**”) and then dividing by \$1.73 (the agreed issue price per Unit); and
- (c) for each of the 150,000 NorRock stock appreciation rights outstanding, an amount in cash equal to the NorRock Class A Share Consideration minus \$5.11.

The NorRock preferred shares will be cancelled in connection with the distribution under the Arrangement. The holders of NorRock Class A shares and the holder of the NorRock Class J share will continue to hold their shares and be the sole shareholders of NorRock following closing of the transaction.

The number of Units that holders of NorRock shares will receive at closing is based on an agreed price of \$1.73 per Unit.

As holders of the Units, the current holders of the NorRock preferred and NorRock Class A shares will be entitled to monthly distributions on the Units received by them. In addition, the holders of NorRock Class A shares and the holders of stock appreciation rights may be entitled to receive additional Units as described below.

At closing of the NorRock Acquisition, we will issue non-transferable rights (“**Rights**”) to NorRock and such Rights will be distributed pro rata to the holders of Class A shares and stock appreciation rights as part of the Arrangement. These Rights will entitle the holder to receive Units (or, in our discretion, a cash payment in lieu of all or a portion of such Units) corresponding to that holder’s pro rata share of the Deferred Payment described below. The number of Units to be issued will be calculated based on the five day volume weighted average trading price of the Units determined at the time of issue.

It is expected that holders of NorRock Class A shares and stock appreciation rights will receive additional payments after closing pursuant to the Rights, which will be paid on a pro rata basis based upon the number of Class A shares and stock appreciation rights held by them at closing. The aggregate of such payments (the “**Deferred Payment**”) will be equal to (A) the Liquidated Value, plus (B) the Retained Value, less (C) the Assets at Closing Payment less (D) 20% of the amount (if any) by which the Liquidated Value exceeds the Assets at Closing Payment. The Deferred Payment will be at least \$0.01 per Right.

After closing, we may choose to sell the mortgages and other non-cash assets we have purchased from NorRock. If we choose to sell any of such assets before July 1, 2012, such assets will be valued at the net sale price (in the case of a sale to parties that are arm’s-length to us, or at a price equal to or above an independent valuation if such asset is sold to a party that is not arm’s-length to us) (the “**Liquidated Value**”). If we continue to hold any such assets on July 1, 2012, we will have such assets valued as of July 1, 2012 by two independent and qualified valuers by August 1, 2012. The average valuation will be considered to be the “**Retained Value**” for such assets.

In accordance with the terms of the Rights, the Deferred Payment will be made up to 90 days following the earlier of (i) the liquidation of all non-cash assets acquired by us from NorRock and (ii) August 1, 2012. If the Deferred Payment reflected the full principal amount of the mortgages and non-cash assets, then it is estimated that this will result in additional net value of approximately \$1.47 per NorRock Class A share and stock appreciation right.

At closing of the NorRock Acquisition, we anticipate that approximately 29,432,120 Units will be issued at closing (representing approximately 92% of the pre-Offering issued and outstanding Units). In addition, in payment of the Deferred Payment (and assuming that in calculating the number of Units to be issued in payment of the Deferred Payment that the five day volume weighted average trading price of the Units is \$1.73), up to approximately another 3,000,000 Units will be issued at the closing of the NorRock Acquisition (representing approximately 97% of the pre-Offering issued and outstanding Units). The final calculation of the number of Units to be issued will be announced in connection with the closing of the Arrangement.

As previously disclosed, we received Unitholder approval of the proposed transaction on December 15, 2011, and NorRock received shareholder approval of the proposed transaction and a final order approving the statutory plan of arrangement from the Ontario Superior Court of Justice on January 18, 2012.

It is expected that the proposed transaction will close on or about February 1, 2012.

Proposed Consolidation

On November 8, 2011, we announced a proposed consolidation of our Units on the basis of one post-consolidation unit for every four pre-consolidation units held as of the record date for such consolidation. Unitholders voted to approve the consolidation at our special meeting of Unitholders on December 15, 2011. The exercise price and number of Units issuable upon the exercise of outstanding options, warrants and convertible debentures will be proportionally adjusted upon the implementation of the consolidation. The consolidation is subject to approval of the TSXV.

The trustees of the Trust may implement the consolidation at any time. The consolidation is expected to be completed in February 2012 after the closing of the Offering.

USE OF PROCEEDS

The estimated net proceeds to the Trust from the Offering, after deducting the Underwriters' fee of \$900,026 and the expenses of the Offering estimated to be approximately \$500,000, will be approximately \$18,600,554. The net proceeds from the Offering are expected to be used by the Trust to:

- pay out the FCC Loan Facility (approximately \$13.5 million) (which was used in connection with certain property purchases as described under the heading "Recent Developments – Acquisitions – Longueuil, Quebec – Place Desormeaux"); and
- to pay down the Acquisition Facility (approximately \$5 million) (as described below under the heading "Plan of Distribution") put in place for a property purchase completed in 2011.

If the Underwriters exercise the Over-Allotment Option in full, the estimated net proceeds to the Trust from the Offering, after deducting the Underwriters' fee of \$1,035,030 and the estimated expenses of the Offering of \$500,000, will be approximately \$21,466,000. The Trust intends to use the additional funds to further pay down the acquisition lines of credit and for general Trust purposes.

The Trust intends to spend the funds available to the Trust as stated in this short form prospectus; however, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Trust as at September 30, 2011:

	As at September 30, 2011	As adjusted as at September 30, 2011 ⁽¹⁾	As adjusted as at September 30, 2011 ⁽²⁾
Indebtedness			
Mortgages Payable	\$ 165,220,332	\$ 151,720,332	\$ 213,920,332
Bank Credit Facility	5,645,387	544,833	544,833
Other	4,407,360	8,807,360	8,807,360
Debentures	<u>26,693,521</u>	<u>26,693,521</u>	<u>26,693,521</u>
Total Indebtedness	<u>201,966,600</u>	<u>187,766,046</u>	<u>249,966,046</u>
Unitholders' Equity			
Units	70,038,337	136,956,458	136,956,458
Contributed Surplus	569,830	569,830	569,830
Deficit and Accumulated Other Comprehensive Loss	<u>(16,088,044)</u>	<u>(16,088,044)</u>	<u>(16,088,044)</u>
Total Unitholders' Equity	<u>54,520,123</u>	<u>121,438,244</u>	<u>121,438,244</u>
Total Capitalization	<u>\$ 256,486,723</u>	<u>\$ 309,204,290</u>	<u>\$ 371,404,290</u>
Number of outstanding Units	31,020,937	71,206,057	71,206,057

Notes:

- (1) Adjusted to give effect to the receipt of net proceeds of this Offering (assuming the Underwriters' fee of \$900,026 and expenses of the Offering of approximately \$500,000 and assuming the Over-Allotment Option is not exercised) and to the NorRock Acquisition (assuming the issuance of 29,432,120 Units in connection with the NorRock Acquisition, as more particularly described in the NorRock Circular).
- (2) Adjusted to give effect to the receipt of net proceeds of this Offering (assuming the Underwriters' fee of \$900,026 and expenses of the Offering of approximately \$500,000 and assuming the Over-Allotment Option is not exercised), to the NorRock Acquisition (assuming the issuance of 29,432,120 Units in connection with the NorRock Acquisition, as more particularly described in the NorRock Circular) and to the one completed and seven proposed property acquisitions described under "Recent Developments". See "Risk Factors – Risks Relating to the Business of the Trust".

PRIOR SALES

The Trust has not sold any Units or securities convertible into Units for the 12-month period before the date of this prospectus, other than as noted in the table below.

Date of Issuance	Securities	Number of Securities	Price per Security
February 15, 2011	Units	11,167	\$1.71 (dividend reinvestment plan ("DRIP"))
March 8, 2011	Debentures	\$25,000,000 aggregate principal amount of 8.0% extendible convertible unsecured subordinated debentures	\$1,000
March 15, 2011	Debentures	\$3,750,000 aggregate principal amount of 8.0% extendible convertible unsecured subordinated debentures	\$1,000
March 15, 2011	Units	10,264	\$1.77 DRIP
April 15, 2011	Units	10,210	\$1.79 DRIP
May 16, 2011	Units	10,229	\$1.80 DRIP
June 15, 2011	Units	9,543	\$1.83 DRIP
July 15, 2011	Units	14,522	\$1.81 DRIP
August 15, 2011	Units	15,661	\$1.69 DRIP
September 15, 2011	Units	16,838	\$1.64 DRIP
September 28, 2011	Warrants to acquire Units ⁽¹⁾	2,500,000	\$1.80 per Unit
October 17, 2011	Units	14,822	\$1.67 DRIP
November 15, 2011	Units	13,958	\$1.74 DRIP
December 9, 2011	Agreement to issue Units ⁽²⁾	1,150,000	\$1.80 per Unit
December 15, 2011	Units	12,696	\$1.80 DRIP
January 16, 2012	Units	11,973	\$1.87 DRIP

Notes:

- (1) In connection with the FCC Loan Facility, the Trust issued 2,500,000 Lender Warrants to Firm Capital Mortgage Fund Inc. as a funding fee. See "Recent Developments – Acquisitions – Longueuil, Quebec – Place Desormeaux".
- (2) In connection with the issuance of exchangeable limited partnership units, the Trust has agreed to issue 1,150,000 Units at a value of \$1.80 per Unit. See "Recent Developments – Acquisitions – Edmonton, Alberta - 137th Avenue".
In connection with the NorRock Acquisition, the Trust has agreed to issue Units at a price of \$1.73 per Unit and a deferred payment at a price equal to the five day volume weighted average trading price of the Units. The number of Units to be issued will depend on a number of factors but it is expected that approximately 3,000,000 Units will be issued. See "Recent Developments – NorRock Acquisition" and "Risk Factors – Risks Related to the Arrangement".

TRADING PRICE AND VOLUME

The Units are listed and posted for trading on the TSXV under the symbol “PAR.UN”. The following table sets forth, for the periods indicated, the reported high and low closing sales prices and aggregate volume of trading of the Units on the TSXV.

Period	High (\$)	Low (\$)	Volume (#)
2011			
January	1.79	1.68	859,854
February	1.80	1.65	813,662
March	1.85	1.69	1,144,487
April	1.83	1.76	1,122,317
May	1.85	1.75	1,203,382
June	1.84	1.80	572,069
July	1.81	1.75	359,435
August	1.80	1.59	1,865,294
September	1.72	1.60	934,369
October	1.81	1.58	695,993
November	1.90	1.67	1,179,334
December	1.84	1.79	706,925
2012			
January 1-23	1.99	1.82	1,071,774

The Debentures are listed and posted for trading on the TSXV under the symbol “PAR.DB”. The following table sets forth, for the periods indicated, the reported high and low closing sales prices and aggregate volume of trading of the Debentures on the TSXV.

Period	High (\$)	Low (\$)	Volume (\$)
2011			
March	103.50	99.50	8,293,500
April	103.51	102.50	1,253,000
May	105.75	103.75	394,000
June	105.00	101.00	848,000
July	104.00	103.00	196,000
August	103.50	90.00	372,000
September	100.15	95.00	203,000
October	100.75	93.50	384,000
November	101.50	100.50	167,000
December	101.00	100.25	377,000
2012			
January 1-23	102.75	101.00	252,000

DESCRIPTION OF THE UNITS

The following is a summary of the material attributes and characteristics of the Units. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Declaration of Trust filed under the Trust’s profile at www.sedar.com.

General

The rights of holders of Units are based primarily on the Declaration of Trust. A holder of a Unit does not hold a share of a body corporate. There is no statute governing the affairs of the Trust equivalent to the *Business Corporations Act* (Ontario) (“**OBCA**”) or the *Canada Business Corporations Act* which sets out the rights and entitlements of shareholders of corporations in various circumstances. As such, holders of Units do 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 Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act*, nor are they insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

The beneficial interests in the Trust are divided into interests of two classes, described and designated as Units and “**Special Voting Units**”, respectively. An unlimited number of Units and Special Voting Units (collectively, “**Voting Units**”) are issuable pursuant to the Declaration of Trust. Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees without the approval of the holders of Voting Units (the “**Voting Unitholders**”). Fractions of Units may be issued, including pursuant to distributions of additional Units to all Unitholders. No certificates will be issued for fractional Units. Fractional Units shall not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holder thereof to notice of, or to attend or to vote at meetings of Unitholders.

Units

Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Trust whether of net income, net realized capital gains or other amounts and in the net assets of the Trust in the event of a termination or winding-up of the Trust. Units are not subject to future calls or assessments and entitle a holder thereof to one vote for each whole Unit held at all meetings of Voting Unitholders. Except as set out under “Redemption Right” below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Special Voting Units

Special Voting Units may be issued only in connection with or in relation to securities exchangeable, directly or indirectly, for Units (“**Exchangeable Securities**”), in each case for the purpose of providing voting rights with respect to the Trust to the holders of such securities. Currently, there are no Special Voting Units outstanding. However, if the Trustees so determine, Special Voting Units may be issued in the future in conjunction with, and will be attached to Exchangeable Securities to which they relate, and will be evidenced only by the certificates representing such Exchangeable Securities. Special Voting Units will not be transferable separately from the Exchangeable Securities to which they are attached. Each Special Voting Unit will entitle the holder thereof to that number of votes at any meeting of Voting Unitholders that is equal to the number of Units that may be obtained upon the exchange (direct or indirect) of the Exchangeable Security to which it is attached. Upon the exchange, redemption or conversion of an Exchangeable Security for Units, the Special Voting Unit that is attached to such Exchangeable Security will immediately be cancelled without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

Purchases of Units

The Trust may from time to time purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies.

Redemption Right

Each Unitholder is entitled to require the Trust to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices and in the form determined and payable in accordance with the conditions provided in the Declaration of Trust.

It is anticipated that the redemption right will not be the primary mechanism for holders of Units to liquidate their investments. The entitlement of Unitholders to receive cash upon the redemption of their Units will not be applicable to Units tendered for redemption if: (i) the total amount payable by the Trust in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000 (the “**Monthly Limit**”) (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on any stock exchange or market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date or for more than five trading days during the 10 day trading period prior to the redemption date; or (iv)

the redemption of Units would result in the delisting of the Units on the principal stock exchange on which the Units are listed.

If a Unitholder is not entitled to receive cash upon the redemption of the Units as a result of the Monthly Limit, then the redemption price in respect of such redemption will, subject to all necessary regulatory approvals, be paid and satisfied by the Trust issuing redemption notes (“**Redemption Notes**”) in accordance with the terms of the Declaration of Trust. Redemption Notes will not be listed on any stock exchange and no established market is expected to develop for such securities, and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Redemption Notes so distributed may not be qualified investments for trusts governed by RRSPs, RRIFs, registered education savings plans, deferred profit sharing plans, registered disability savings plans and TFSAs (each as defined in the Tax Act), depending upon the circumstances at the time. Regulatory approvals will be required in connection with the distribution of Redemption Notes in specie to holders of Units in connection with any redemption.

Because the Trust expects to make regular cash distributions, the Trust may have to rely on third-party sources of capital in order to satisfy its obligations in respect of any Redemption Notes that are issued in connection with a redemption. Such third-party sources of capital may or may not be available on favourable terms, if at all. The Trust’s access to third-party sources of capital depends on a number of things, including the current state of capital markets, the market’s perception of the Trust’s growth potential and its current and potential future earnings. If the Trust is unable to obtain third-party sources of capital, it may not be able to satisfy its obligations in respect of any Redemption Notes.

Issuance of Units

Subject to the investment guidelines and operating policies of the Trust, the Trust may issue new Units and other securities of the Trust (including Special Voting Units issued in conjunction with the issuance of Exchangeable Securities) from time to time, in such manner, for such consideration and to such person, persons or class of persons as the Trustees shall determine. Unitholders do not have any pre-emptive rights whereby securities proposed to be issued are first offered to existing Unitholders.

Limitation on Ownership

A trust will not be considered a “mutual fund trust” under the Tax Act if, among other things, it is established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act unless all or substantially all of its property is property other than “taxable Canadian property” as defined in the Tax Act. Accordingly, the Declaration of Trust provides that the Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. The Trustees may require the Trust to refuse to accept a subscription for securities of the Trust from, or issue or register a transfer of securities of the Trust to, a person (defined in the Declaration of Trust to include a partnership) unless the person provides a declaration that the securities of the Trust to be issued or transferred to such person will not when issued or transferred be beneficially owned by a “**Non-resident**” (defined in the Declaration of Trust to mean a person who is a non-resident of Canada or a partnership that is not a Canadian partnership for purposes of the Tax Act). The Trustees may send a notice to Non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a period of not less than 60 days, unless otherwise specified by the Trustees. If the Unitholders receiving such notice have not sold the specified number of such Units or provided the Trustees with satisfactory evidence that such Units are not beneficially owned by Non-residents within such period, the Trustees may, on behalf of such registered Unitholder, sell such Units and, in the interim and to the extent applicable, suspend the voting and distribution rights attached to such Units of the Trust and make any distribution in respect of such securities by depositing such amount in a separate bank account in a Canadian chartered bank (net of any applicable taxes). The Trustees may delist any listed Units of the Trust from any non-Canadian stock exchange, and may take such other actions as the Trustees determine, in their sole discretion, are appropriate in the circumstances that will reduce or limit the number of securities of the Trust held by Non-residents. These restrictions may limit or remove the rights of certain Unitholders, including Non-residents. 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.

Book-Based System

Although the Trust may issue Units directly to Unitholders in registered certificate form, the Units held by most Unitholders will be represented in the form of one or more fully registered global unit certificates (the “**Global Unit Certificates**”) held by, or on behalf of, CDS, as depository for the participants of CDS, registered in the name of CDS or its nominee, and

registration of ownership and transfers of such Units will be effected only through the book-based system administered by CDS. No holder of a beneficial interest in a Unit (a “**Beneficial Owner**”) represented by a Global Unit Certificate will be entitled to a certificate or other instrument from the Trust evidencing that holder’s ownership thereof, and no Beneficial Owner will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of the Beneficial Owners. CDS will be responsible for establishing and maintaining book-entry accounts for its participants having interests in the Global Unit Certificates. Sales of interests in the Global Unit Certificates can only be completed through participants in the depository services of CDS.

The Trust has the option to terminate registration of the Units through the CDS book-based system, in which case certificates for the Units in fully registered form would be issued to beneficial owners of those Units or their nominees.

Information and Reports

The Trust will furnish to Voting 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 Voting Unitholders’ tax returns under the Tax Act and equivalent provincial legislation. Prior to each annual or special meeting of Voting Unitholders, the Trustees will provide the Voting Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the OBCA. In preparing its management’s discussion and analysis of financial results, the Trust will provide, to the extent possible, comparative financial information.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by special resolution at a meeting of the Voting Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast in respect of the amendment at a meeting of the Voting Unitholders called for such purpose. The Trustees may, without the approval of the Voting Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) the Trustees or the Trust, (ii) the status of the Trust as a “mutual fund trust” under the Tax Act, or (iii) the distribution of Voting Units, and to the extent reasonably practicable, ensuring the Trust will not be a SIFT trust for the purposes of the SIFT Rules (all as defined in “Canadian Federal Income Tax Considerations”);
- (b) which, in the opinion of the Trustees, provide additional protection or added benefits for the Voting Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the Declaration of Trust and the disclosure in the management information circular dated April 3, 2007 in respect of the special meeting of shareholders held on May 3, 2007 to approve, among other things, the Arrangement;
- (e) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;
- (f) which, in the opinion of the Trustees, are necessary or desirable to enable the Trust to issue Units for which the purchase price is payable on an instalment basis; or
- (g) for any purpose (except one in respect of which a vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Voting Unitholders and is necessary or desirable.

Term of the Trust

The Trust has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on March 27, 2007. On a date selected by the Trustees that is not more than two years prior to the expiry of the term of the Trust, the Trustees are obligated to commence to wind-up the affairs of the Trust so that it will terminate on the expiration of the term. In addition, at any time prior to the expiry of the term of the Trust, the Voting Unitholders may, by special resolution, require the Trustees to commence the termination, liquidation or wind-up of the affairs of the Trust.

The Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the Trust, the Trustees will give notice thereof to the Voting Unitholders, which notice shall designate the time or times at which Voting Unitholders may surrender their Units and Special Voting Units for cancellation and the date at which the register of Units and Special Voting Units will be closed. After the date the register is closed, the Trustees will proceed to wind-up the affairs of the Trust as soon as may be reasonably practicable and for such purpose will, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Voting Unitholders, cause the Trust to fulfill or discharge the contracts of the Trust, perform or cause the auditor of the Trust to perform any final audit of the Trust's assets, cause the Trust to collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of its remaining assets, to one or more persons in one transaction or a series of transactions at public or private sale for consideration that may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and do all other acts appropriate to liquidate the Trust. After paying, retiring, discharging or making provision for payment, retirement or discharge of all known liabilities and obligations of the Trust and providing for indemnity against any other outstanding liabilities and obligations, the Trustees will distribute the remaining part of the proceeds of the sale of the assets comprising the Trust together with any cash forming part of the assets of the Trust among the Unitholders in accordance with their pro rata interests. If the Trustees are unable to sell all or any of the assets of the Trust by the date set for termination, the Trustees may distribute the remaining assets in specie directly to the Unitholders in accordance with their pro rata interests subject to obtaining all required regulatory approvals.

Transfer and Exchange of Units

Transfers of beneficial ownership of Units represented by Global Unit Certificates will be effected through records maintained by the depository for such Global Unit Certificates or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the Trust elects, in its sole discretion, to prepare and deliver definitive Unit certificates, Beneficial Owners who are not participants in the depository's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Unit Certificates, may do so only through participants in the depository's system.

Distribution Policy

The amount of the Trust's cash distributions is determined by, or in accordance with, guidelines established from time to time by the Trustees. It is the intention of the Trustees that the aggregate amount of cash distributions made in respect of a calendar year not be less than the amount necessary to ensure that the Trust will not be liable to pay income tax under Part I of the Tax Act for such year. Distributions are paid monthly. The Trustees of the Trust have discretion in declaring distributions and review these distributions on a regular basis. The monthly distributions declared by the Trust in each month during the fiscal years 2008, 2009, 2010, 2011 and 2012 are shown below. Distributions are paid in the month following declaration.

Month	2008 (\$/unit)	2009 (\$/unit)	2010 (\$/unit)	2011 (\$/unit)	2012 (\$/unit)
January	\$0.02587	\$0.01333	\$0.01333	\$0.01333	\$0.01333
February	\$0.02587	\$0.01333	\$0.01333	\$0.01333	—
March	\$0.02587	\$0.01333	\$0.01333	\$0.01333	—
April	\$0.02587	\$0.01333	\$0.01333	\$0.01333	—
May	\$0.02587	\$0.01333	\$0.01333	\$0.01333	—

Month	2008 (\$/unit)	2009 (\$/unit)	2010 (\$/unit)	2011 (\$/unit)	2012 (\$/unit)
June	\$0.02587	\$0.01333	\$0.01333	\$0.01333	–
July	\$0.02587	\$0.01333	\$0.01333	\$0.01333	–
August	\$0.02587	\$0.01333	\$0.01333	\$0.01333	–
September	\$0.01333	\$0.01333	\$0.01333	\$0.01333	–
October	\$0.01333	\$0.01333	\$0.01333	\$0.01333	–
November	\$0.01333	\$0.01333	\$0.01333	\$0.01333	–
December	\$0.01333	\$0.01333	\$0.01333	\$0.01333	–
TOTAL:	\$0.26028	\$0.15996	\$0.15996	\$0.15996	\$0.01333 (January only)

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, the Trust has agreed to issue and sell and the Underwriters have agreed to purchase on or about February 8, 2012, or on such later date as the Trust and the Underwriters may agree, but in any event not later than February 15, 2012, an aggregate of 10,753,000 Units at a price of \$1.86 per Unit, payable in cash to the Trust against delivery, for total gross proceeds to the Trust of \$20,000,580. The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Units are joint (and not several or joint and several). The terms of the Offering and the prices of the Units have been determined by negotiation between the Trust and the Underwriters.

Under the Underwriting Agreement, the Trust has agreed to pay the Underwriters a fee of \$0.0837 per Unit for an aggregate fee payable by the Trust of \$900,026 in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Units is payable on closing of the Offering. Subscriptions for Units will be received subject to rejection or allocation in whole or in part and the right is reserved to close the subscription books at any time without notice.

The Trust has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part for a period of 30 days from the date of the closing of the Offering, to purchase up to 1,612,950 additional Units on the same terms set forth above, to cover over-allotments, if any, and for market stabilization purposes. This short form prospectus also qualifies the granting of the Over-Allotment Option and the distribution of any Units issuable on the exercise of such option. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires those Units under this short form prospectus, regardless of whether the Underwriters' over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Underwriters exercise the Over-Allotment Option in full, the total price to the public relating to the Offering, the Underwriters' fee and the net proceeds to the Trust before deducting the expenses of the Offering will be \$23,000,667, \$1,035,030 and \$21,965,637, respectively.

Under the Underwriting Agreement, the Trust has agreed to indemnify and hold harmless the Underwriters and their respective officers, directors, employees, shareholders, partners, advisors and agents against certain liabilities, including civil liabilities under Canadian securities legislation, and to contribute to payments the Underwriters may be required to make in respect thereof.

Subject to certain exceptions, the Trust, its trustees and officers, IGW and their respective affiliates have agreed that they will not issue or sell any Units or other securities convertible into Units for a period of 90 days subsequent to the closing of the Offering without the consent of the Underwriters, which consent may not be unreasonably withheld.

This Offering is being made in each of the provinces of Canada except Quebec. The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any state securities laws and may not be offered or sold within the United States, or to, or for the account or benefit of, a U.S. person (as defined in Regulation S of the U.S. Securities Act). Accordingly, the Units may not be offered, sold or delivered within the United States, and each Underwriter has agreed that it will not offer, sell or deliver the Units within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, until 40 days after the commencement of this Offering of the Units, any offer or sale of the Units offered hereby within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act.

Pursuant to policy statements of certain regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, Units. These exceptions include a bid or purchase permitted under the bylaws and rules of the TSXV relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first-mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Units to the public initially at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Units at the offering price specified on the cover page, the offering price for the Units may be decreased and may be further changed from time to time to amounts not greater than those set forth in the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Units is less than the amount paid by the Underwriters to the Trust.

The Trust has applied to list the Units issuable pursuant to the Offering on the TSXV. Listing will be subject to the Trust fulfilling all listing requirements of the TSXV. Closing of the Offering is conditional on the Units issuable pursuant to the Offering being approved for listing on the TSXV.

The Trust may be considered to be a “connected issuer” of TD Securities, which is a wholly-owned subsidiary of a Canadian chartered bank that is a lender to the Trust and/or its subsidiaries (the “**Bank**”). The Trust was indebted to the Bank for an aggregate principal amount of approximately \$5,700,000 million as at January 24, 2012 under a revolving operating and acquisition facility credit agreement between the Trust, as borrower, and the Bank, as initial lender and administrative agent, dated as of May 16, 2011 (the “**Acquisition Facility**”). Approximately \$5 million of the proceeds of this Offering are intended to be applied to reduce the indebtedness to the Bank. See “Use of Proceeds”. The Acquisition Facility is currently secured by a charge against Centuria Urban Village. The Trust has notified the Bank that it inadvertently registered a second mortgage against the property, on which the Bank has a first charge. The Bank has advised the Trust that it has until February 15, 2012, to remove the second mortgage. The Trust is in the process of having the second mortgage charge removed and has an agreement in place to effect the removal prior to February 15, 2012. In all other respects, the Trust is in compliance with the terms of the Acquisition Facility and no breach thereunder has been waived by the Bank under the Acquisition Facility since the execution of the Acquisition Facility. There has been no material change in the financial position of the Trust since the execution of the Acquisition Facility, except as described elsewhere in this short form prospectus and in the documents incorporated by reference herein. The decision by TD Securities to purchase Units was made independently of the Bank, which had no influence as to the determination of the terms of the distribution of the Units. The offering price of the Units and the other terms and conditions of the Offering were established through negotiations between the Trust and the Underwriters, without involvement of the Bank. In addition, neither TD Securities nor the Bank will receive any benefit from the Offering, other than TD Securities’ portion of the Underwriters’ fee payable by the Trust.

RISK FACTORS

An investment in securities of the Trust involves risk. Any prospective investor should carefully consider the risk factors set forth below and in the information incorporated by reference herein, and all of the other information contained in this short form prospectus (including, without limitation, the documents incorporated by reference), before purchasing any of the securities distributed under this short form prospectus. The risks described herein and in the documents incorporated by reference are not the only risks facing the Trust. The business, financial condition, revenues or profitability of the Trust could be materially adversely affected by any of these risks. The trading price of the Units could decline due to any of these risks. Additional risks and uncertainties not currently known to the Trust, or that the Trust currently deems immaterial, may also materially and adversely affect its business.

Tax Risks

“Real Estate Investment Trust” Status

Unless the REIT Exception applies to the Trust, the SIFT Rules (as defined, together with “REIT Exception”, under the heading “Canadian Federal Income Tax Considerations”) may have an adverse impact on the taxation of the Trust and on the taxation of distributions to Unitholders.

In the event the SIFT Rules apply to the Trust, the impact to Unitholders will depend on the status of the Unitholder, and in part, on the amount of income distributed which would not be deductible by the Trust in computing its income in a particular year and what portions of the distributions constitute “non-portfolio earnings”, other income and returns of capital. Furthermore, the likely effect of the SIFT Rules on the market for the Units, and on the Trust’s ability to finance acquisitions through the issue of Units or other securities, is unclear. In the event that the SIFT Rules apply to the Trust, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the portion of distributions that is treated as a non-taxable return of capital.

Management of the Trust believes that the Trust, as structured immediately prior to the completion of the NorRock Acquisition, would meet the requirements of the REIT Exception. Assuming the December 16, 2010 Proposals (as defined below under the heading “Canadian Federal Income Tax Considerations”) in relation to the REIT Exception are enacted as proposed, Management of the Trust believes that the Trust will be able to meet the requirements of the REIT Exception throughout 2012 and the completion of the NorRock Acquisition will not affect the ability of the Trust to comply with the REIT Exception. We cannot assure you that the December 16, 2010 Proposals will be enacted in the form proposed or at all.

If the December 16, 2010 Proposals are not enacted in their current form, the SIFT Rules are expected to apply to the Trust during its 2012 taxation year as a result of the nature of certain assets to be acquired as part of the NorRock Acquisition. Management of the Trust believes that the application of the SIFT Rules would have no impact on the Trust or Unitholders and that no financial statement liability for taxes would be required as the Trust should have no taxable income in 2012 taking into consideration available tax deductions. Furthermore, to the extent that the Trust is subject to the SIFT Rules during its 2012 taxation year due solely to the acquisition of certain assets from NorRock, Management of the Trust expects to dispose of such assets in 2012 so that the Trust would not be subject to the SIFT Rules in 2013. Management of the Trust expects that the Trust will meet the requirements of the REIT Exception in 2013 and in future years.

No assurances can be given that the Trust will be able to qualify for the REIT Exception throughout 2012 or in future years, nor that adverse consequences to the Trust and/or Unitholders will not arise as a consequence of the application of the SIFT Rules to the Trust.

“Mutual Fund Trust” Status; Financing; Expenses

Management of the Trust believes that it currently qualifies as a “mutual fund trust” for purposes of the Tax Act and will continuously so qualify at all material times. If the Trust were not to so qualify, the income tax consequences could be materially and adversely different, including, in this regard, that the Units may not be qualified investments for purposes of Registered Plans.

Interest on the debt of subsidiaries of the Trust accrues at the Trust level for Canadian federal income tax purposes, whether or not actually paid such that the Trust could realize income not supported by cash distributions. The Declaration of Trust generally provides that a sufficient amount of the Trust’s net income and net realizable capital gains will be distributed each

year to Unitholders in cash or otherwise to eliminate the Trust's liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be generally distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units (excluding an amount corresponding to the non-taxable portion of any net realized capital gains) in their taxable income. In such circumstances, a Unitholder may realize income without a corresponding cash distribution.

Real estate investment trust structures often involve significant amounts of debt. The structure of the Trust and its subsidiaries may involve significant amounts of such debt. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed, it could adversely affect the amount of cash available to the Trust for distribution to Unitholders. On October 31, 2003 the Department of Finance (Canada) announced certain Tax Proposals relating to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004 (the "**October 31 Proposals**"). Under the October 31 Proposals, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. Management of the Trust believes that the October 31 Proposals would not have a material effect on its tax position in this regard. On February 23, 2005, the Minister announced that an alternative proposal to replace the October 31 Proposals would be released for comment. This alternative proposal has not been released as of the date hereof. There can be no assurance that any alternative proposal to the October 31 Proposals will not adversely affect the Trust or Unitholders.

Although management of the Trust is of the view that all expenses to be claimed by the Trust will be reasonable and that the cost amount and capital cost allowance claims of the Trust and the price at which non-arm's length transfers of property have taken or will take place have been or will be correctly determined, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the Canada Revenue Agency ("**CRA**") will agree. If the CRA successfully challenges the deductibility of such expenses or the proceeds realized on a non-arm's length transfer of property, the taxable income of the Trust (or its subsidiaries) and indirectly the Unitholders may increase or change. The extent to which distributions will be non-taxable in the future will depend in part on the extent to which the Trust is able to deduct capital cost allowance relating to its properties.

For additional discussion of these and other tax risks, refer to "Canadian Federal Income Tax Considerations".

Risks Relating to Reliance on Key Personnel

The Trust and the Manager depend on the services of certain key personnel, including Adam Gant, Patrick Miniutti and Dionne Barnes. These individuals perform the management functions of the Manager of the Trust pursuant to the terms of the Management Agreement. The loss of the services of any of these key personnel (as a result of, among other things, resignation, termination of employment, or termination of the Management Agreement) could have an adverse effect on the Trust. In addition, neither Adam Gant nor Patrick Miniutti currently devote their time exclusively to the affairs of the Trust.

Risks Relating to Current Economic Conditions

Canadian real estate investment trusts are subject to risks generally incident to the Canadian real estate, credit, capital and financial markets. The global recessionary economic conditions and the global financial liquidity crisis that existed in 2008, 2009, 2010 and 2011 have resulted in persistent interruptions in the credit and capital markets, devaluations of assets directly or indirectly linked to the Canadian real estate finance markets and the concurrent elimination of long and short-term liquidity from the capital markets. These conditions have had, and the Trust expects will continue to have, an adverse effect on the Trust as well as the assets the Trust has invested in. Sensitivity to the global economic conditions, and their impact in Canada, may negatively affect the income received from the Trust's real property assets. Inherent illiquidity may limit the Trust's ability to vary its portfolio in response to changes in the global, national and/or local economic conditions and may ultimately prevent the Trust from implementing its acquisition and investment strategies. Increased vacancy rates and difficulties re-leasing properties, commonly associated with recessionary economic conditions, may occur and may adversely affect the income received from the Trust's real property assets. All of these conditions could have an adverse effect on the Trust including causing an event of default under any of the Trust's mortgage indebtedness and/or credit facilities. Finally, the extent to which the Trust relies on debt or equity financing and the difficulty associated with obtaining such financing increases the likelihood the Trust will be unable to raise equity capital for its ongoing operations or its acquisition and

investment strategies, refinance existing indebtedness or result in the Trust receiving less favourable terms than that of existing financing arrangements.

Risks Relating to Real Property Ownership

General

The Trust is subject to risks generally incident to the ownership of real property. The underlying value of its properties and the Trust's income and ability to make distributions to Unitholders will depend on the ability of the Trust to maintain or increase revenues from its properties and to generate income in excess of operating expenses. Income from the Trust's properties may be adversely affected by changes in national or local economic conditions, changes in interest rates and in the availability, cost and terms of mortgage financing, the impact of present or future environmental legislation and compliance with environmental laws, the ongoing need for capital improvements, particularly in older structures, changes in real estate assessed values and taxes payable on such values (including as a result of possible increased assessments caused by the acquisition of properties by the Trust) and other operating expenses, changes in governmental laws, regulations, rules and fiscal policies, changes in zoning laws, civil unrest, acts of God, including earthquakes and other natural disasters and acts of terrorism or war (which may result in uninsured losses). Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing income.

When interest rates increase, the cost of acquiring, developing, expanding or renovating real property increases and real property values may decrease as the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult to both acquire and to sell real property. Finally, governments can expropriate or take real property for less compensation than an owner believes a property is worth. Almost all of these factors are beyond the Trust's control.

Government Regulation and Environmental Matters

The Trust is subject to federal, provincial and local environmental regulations that apply generally to the ownership of real property. If it fails to comply with those laws, the Trust could be subject to significant fines or other governmental sanctions. Under various federal, provincial and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean up costs incurred by such parties in connection with contamination. Such liability may be imposed whether or not the owner or operator knew of, or was responsible for, the presence of these hazardous or toxic substances. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In addition, in connection with the ownership, operation and management of real properties, the Trust could potentially be liable for property damage or injuries to persons and property.

In order to assess the potential for liabilities arising from the environmental condition at its properties, the Trust is required to obtain or examine environmental assessments prepared by environmental consulting firms. The environmental assessments received in respect of the properties did not reveal, nor is the Trust aware of, any environmental liability that the Trust believes will have a material adverse effect on it. However, the Trust cannot assure Unitholders that any environmental assessments performed have identified or will identify all material environmental conditions, that any prior owner of any property did not create a material environmental condition not known to the Trust or that a material environmental condition does not or will not otherwise exist with respect to its properties.

Illiquidity

Real estate investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Trust were to need to sell a property, the proceeds to the Trust might be significantly less than the aggregate carrying value of such property.

Uninsured Losses

The Declaration of Trust requires that the Trust obtain and maintain at all times insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars, acts of terrorism or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the Trust could lose its investment in, and anticipated profits and cash flows from, the affected property, but the Trust would continue to be obliged to repay any recourse mortgage indebtedness on such property. There can be no assurance that a claim in excess of the insurance coverage or claims not covered by insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the Trust not covered by, or in excess of, the insurance coverage could have a material adverse effect on the Trust's business, financial condition or results of operations and distributions.

Risks Relating to the Business of the Trust

Investment Concentration

Place Desmoreaux, Méga Centre and Cornwall Square account for approximately 44% of the Trust's base rental revenues on an annualized basis. As a result, the Trust is particularly susceptible to adverse market conditions in the areas of greater Montréal, Québec (where Méga Centre is located) and Cornwall, Ontario (where Cornwall Square is located), such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Any adverse economic or real estate developments in the area of greater Montréal, Québec or Cornwall, Ontario, or in the future in any of the other markets in which the Trust operates, or any decrease in demand for commercial retail real estate space resulting from the local economic or business climate could adversely affect the Trust's rental revenues, which could impair its ability to satisfy its debt service obligations and generate stable positive cash flow from its operations. In addition, because the Trust's investments will consist mainly of commercial retail real estate interests, it will be subject to risks inherent in investments in a single industry and will not benefit from diversification by property type. Demand for commercial retail real estate space could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing properties in an area and the excess amount of commercial retail real estate space in a particular market. In addition, under certain circumstances, Sears and Loblaws (No Frills) at Cornwall Square are permitted under the terms of their leases to cease business operations at the premises leased to them provided that they continue to pay the same rent for such premises. While such clauses are not uncommon in leases with key tenants of commercial retail properties, if any key tenant were to cease business operations at the premises leased to them, it could have a material adverse effect on the relevant property. To the extent that any of these conditions occur, they are likely to affect market rents for space, which could cause a decrease in the Trust's rental revenue from any of its properties at the expiry of the initial terms of any leases. Any such decrease could impair the Trust's ability to satisfy any debt service obligations and generate stable positive cash flow from its operations.

Competition

The Trust competes with numerous developers, owners and operators in the commercial retail real estate industry, some of which own or may in the future own, facilities that compete directly with the Trust's properties, and some of which may have greater capital resources. If the Trust's competitors build new facilities that compete with the Trust's properties or offer space at rental rates below current market rates or below the rental rates the Trust charges its tenants, the Trust may lose existing and potential tenants and it may be pressured to discount its rental rates below those it would otherwise charge in order to retain tenants. As a result, the Trust's rental revenues may decrease, which could impair the Trust's ability to satisfy its debt service obligations and to pay distributions to Unitholders. In addition, increased competition for tenants may require the Trust to make capital improvements to facilities that it would not have otherwise made. Any unbudgeted capital improvement the Trust undertakes may reduce cash available for distributions to Unitholders.

Acquisition Strategy

The Trust's business strategy involves expansion of its rental property asset base through acquisitions and, potentially in the future, development of projects for rental purposes. These activities require the Trust to identify acquisition or development candidates or investment opportunities that meet its criteria and are compatible with its growth strategy. The Trust may not be successful in identifying commercial retail real estate facilities that meet its acquisition or development criteria or in

completing acquisitions, developments or investments on satisfactory terms. Failure to identify or complete acquisitions or developments will slow the Trust's growth.

The Trust may also not be able to raise the funds necessary to complete an acquisition, development or investment. This will slow the Trust's growth. In particular, if for any reason the NorRock Acquisition does not close, the Trust will not realize the amount of funds it expects from the NorRock Acquisition (or any at all), which may result in the Trust not being able to acquire some or all of the properties described under "Recent Developments".

The Trust could also face significant competition for acquisitions and development opportunities. Some of the Trust's competitors have greater financial resources than the Trust and, accordingly, have a greater ability to borrow or raise funds to acquire properties. These competitors may also be willing and/or able to accept more risk than the Trust can prudently manage, including risks with respect to the geographic concentration of investments and the payment of higher prices to acquire properties. This competition for investments may reduce the number of suitable investment opportunities available to the Trust, may increase acquisition costs and may reduce demand for commercial retail real estate space in certain areas where the Trust's real estate properties are located and, as a result, may adversely affect the Trust's operating results.

In addition, even if the Trust were successful in identifying suitable acquisitions or development projects, newly acquired real estate properties may fail to perform as expected and management of the Trust may underestimate the costs associated with the integration of the acquired facilities. Any property expansions the Trust undertakes in the future are subject to a number of risks, including, but not limited to, construction delays or cost overruns that may increase project costs, financing risks, the failure to meet anticipated occupancy or rent levels, failure to receive required zoning, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. If any of these problems occur, expansion costs for a project will increase, and there may be significant costs incurred for projects that are not completed.

In deciding whether to acquire or expand a particular property, the Trust will make certain assumptions regarding the expected future performance of that property. If the Trust's acquisition or expansion facilities fail to perform as expected or incur significant increases in projected costs, the Trust's rental revenues could be lower, and its operating expenses higher, than expected.

Integration of Additional Properties

The Trust cannot assure securityholders that it will be able to successfully integrate any additional properties it may purchase, including those described under "Recent Developments", into its existing portfolio without operating disruptions or unanticipated costs. As the Trust acquires or develops additional properties, the Trust will be subject to risks associated with managing new properties, including tenant retention and mortgage default. In addition, acquisitions or developments may cause disruptions in the Trust's operations and divert management's attention away from day-to-day operations. Furthermore, the Trust's profitability may suffer because of acquisition related costs or amortization costs for acquired intangible assets. The Trust's failure to successfully integrate any future properties into its portfolio could have an adverse effect on the Trust's operating costs and its ability to generate stable positive cash flow from its operations.

Occupancy and Rental Rates

Delays in re-leasing properties and/or units of properties as vacancies arise would reduce the Trust's revenues and could adversely affect its operating performance. In addition, lower than expected rental rates could adversely affect the Trust's rental revenues and impede its growth. At December 31, 2011, the Trust has vacancies of approximately 31,572 square feet. As well, the Trust has 168,481 square feet of lease expiries in the balance of 2012.

Dependence on and Relationship with the Manager

The Manager provides management and administrative services to the Trust pursuant to the Management Agreement and the Trust depends on the Manager for all aspects of the day-to-day management of its business and the execution of its business plan. There can be no assurance that if the Manager stopped providing these services, a suitable replacement would be found in a timely manner or at all. The Manager will not be required to provide services exclusively to the Trust and may in some circumstances, subject to a non-competition agreement, manage real estate properties for others.

Debt Financing

The Trust has incurred both unsecured debt and mortgage debt by obtaining loans secured by some or all of the properties. In addition, the Trust may borrow funds if necessary to make distributions to Unitholders. Future debt may harm its business and operating results by:

- (a) requiring the Trust to use a substantial portion of its cash flow from operations to pay principal and interest, which will reduce the amount available for distributions;
- (b) making the Trust more vulnerable to economic and industry downturns and reducing its flexibility in responding to changing business and economic conditions; and
- (c) limiting the Trust's ability to borrow more money for operating or capital needs or to finance acquisitions in the future.

In addition to the risks discussed above and those normally associated with debt financing, including the risk that the Trust's cash flow will be insufficient to meet required payments of principal and interest, the Trust will also be subject to the risk that it will not be able to refinance the existing indebtedness on its facilities and that the terms of any refinancing it could obtain would not be as favourable as the terms of its existing indebtedness. If the Trust is not successful in refinancing debt when it becomes due, it may be forced to dispose of facilities or assets on disadvantageous terms, which will adversely affect its ability to service other debt and to meet its other obligations.

Restrictive Covenants

Mortgage indebtedness and/or other credit facilities obtained by the Trust will contain covenants, including limitations on the Trust's ability to incur secured and unsecured indebtedness, sell all or substantially all of its assets and engage in mergers and consolidations and various acquisitions. In addition, mortgage indebtedness and other credit facilities will contain limitations on the Trust's ability to transfer or encumber the mortgaged properties without lender consent. These provisions may restrict the Trust's ability to pursue business initiatives or acquisition transactions that may be in its best interests. They also may prevent the Trust from selling properties at times when, due to market conditions, it may be advantageous to do so. In addition, failure to meet any of the covenants could cause an event of default under and/or acceleration of some or all of the Trust's indebtedness, which would have an adverse effect on the Trust.

Potential Conflicts of Interest

The Trust is subject to various potential conflicts of interest because of the fact that its officers and trustees are engaged in a wide range of business activities.

Litigation

The Trust may become subject to disputes with tenants, or other commercial parties with whom it maintains relationships or other parties with whom it does business. Any such dispute could result in litigation between the Trust and the other parties. Whether or not any dispute actually proceeds to litigation, the Trust may be required to devote significant resources, including management time and attention, to its successful resolution (through litigation, settlement or otherwise), which would detract from management's ability to focus on the Trust's business. Any such resolution could involve the payment of damages or expenses by the Trust, which may be significant. In addition, any such resolution could involve the Trust's agreement to certain settlement terms that restrict the operation of its business.

Joint Venture Investments

Although the Trust does not presently have any joint venture investments, it may in the future co-invest with third parties through joint ventures, including with the Manager and certain affiliates of the Manager if permitted or required by the terms of the Non-Competition Agreement. In any such joint venture, the Trust may not be in a position to exercise sole decision making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the Trust's business interests or goals and may be in a position to take

actions contrary to the Trust's policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, because neither the Trust nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the Trust and its joint venture partners could result in litigation or arbitration that could increase the Trust's expenses and distract its officers and/or trustees from focusing their time and effort on the Trust's business. In addition, the Trust might in certain circumstances be liable for the actions of its joint venture partners.

Potential Undisclosed Liabilities Associated with Acquisitions

The Trust expects to acquire properties that are subject to existing liabilities, some of which may be unknown at the time of the acquisition or which the Trust may fail to uncover in its due diligence. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims by tenants, vendors or other persons dealing with the vendor or predecessor entities (that have not been asserted or threatened to date), tax liabilities, and accrued but unpaid liabilities incurred in the ordinary course of business. While in some instances the Trust may have the right to seek reimbursement against an insurer or another third party for certain of these liabilities, the Trust may not have recourse to the vendor of the properties for any of these liabilities.

Risks Related to the Structure of the Trust

Reliance on External Sources of Capital

Because the Trust expects to make regular cash distributions, it may not be able to fund all of its future capital needs, including capital for acquisitions and property development, with income from operations. The Trust therefore will have to rely on third-party sources of capital, which may or may not be available on favourable terms, if at all. The Trust's access to third-party sources of capital depends on a number of things, including the current state of capital markets, the market's perception of the Trust's growth potential and its current and potential future earnings. If the Trust is unable to obtain third-party sources of capital, it may not be able to acquire or develop assets when strategic opportunities exist, satisfy its debt obligations or make regular distributions to Unitholders.

Cash Distributions Are Not Guaranteed and May Fluctuate with the Trust's Performance

Although the Trust currently intends, to the extent possible, to make equal monthly cash distributions of income to the Unitholders, such cash distributions are not guaranteed and may fluctuate with its performance. The Trust will depend on revenue generated from its properties to make such distributions. There can be no assurance regarding the amount of revenue that will be generated by its properties. The amount of distributions may exceed actual cash available to the Trust from time to time and will depend upon numerous factors, including the profitability of its properties, funds used to fund the Trust's growth initiatives, fluctuations in working capital, interest rates, capital expenditures, principal repayments, redemption of Units, if any, and other factors which may be beyond the control of the Trust. The Trust may be required to borrow funds in order to accommodate any such items, including distributions. If the Trustees determine that it would be in the best interests of the Trust, they may reduce for any period the distributions to be made to the Unitholders.

Structural Subordination of Units

In the event of a bankruptcy, liquidation or reorganization of the Trust 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 Trust and those subsidiaries before any assets are made available for distribution to the Unitholders. The Units will be effectively subordinated to most of the indebtedness and other liabilities of the Trust and its subsidiaries. Neither the Trust nor any of its subsidiaries will be limited in its ability to incur additional secured or unsecured indebtedness.

Unitholder Liability

The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with a holding of Units. However, in certain jurisdictions, there remains a risk, which is considered by the Trust to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Declaration of Trust to the contrary, for the obligations of the Trust to the extent that claims are not satisfied out of the assets of the Trust. The affairs of the Trust will be conducted to seek to minimize such risk wherever possible.

Nature of Investment

A Unit is not a share of a body corporate. Holders of Units do 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 holders of Units will be based primarily on the Declaration of Trust. There is no statute governing the affairs of the Trust equivalent to the OBCA or the *Canada Business Corporations Act* which sets out the rights and entitlements of shareholders of corporations in various circumstances. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act*, nor are they insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Dilution

The number of Units the Trust is authorized to issue is unlimited. The Trust may, in its sole discretion, issue additional Units from time to time, and the interests of the holders of Units may be diluted thereby.

Potential Volatility of Unit Price

The market price of the Units may be volatile and could be subject to wide fluctuations due to a number of factors, including but not limited to: actual or anticipated fluctuations in the Trust’s results of operations; changes in estimates of the Trust’s future results of operations by management or securities analysts; and general industry changes. In addition, the financial markets have in the past experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many TSXV and real estate issuers and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the real estate industry specifically, may adversely affect the market price of the Units.

Limited Prior Public Market

The Trust cannot predict at what price the Units will trade and there can be no assurance that an active trading market will be maintained or, if maintained, that such a market will be sustained. A publicly traded trust will not necessarily trade at values determined solely by reference to the underlying value of its assets.

Restriction on Ownership of Units

Pursuant to the terms of the Declaration of Trust, the Trust must not be established or maintained primarily for the benefit of Non-residents of Canada for purposes of the Tax Act. As a result, the Declaration of Trust contains provisions limiting the ownership of Units by Non-residents. These restrictions may limit or remove the rights of certain Unitholders, including Non-residents. 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.

Restrictions on Redemptions

It is anticipated that the redemption right will not be the primary mechanism for holders of Units to liquidate their investments. Redemption Notes (as defined in the Declaration of Trust) which may be distributed in specie to holders of Units in connection with a redemption will not be listed on any stock exchange and no established market is expected to develop for such securities, and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Redemption Notes so distributed may not be qualified investments for Registered Plans, depending upon the circumstances at the time. Regulatory approvals will be required in connection with the distribution of Redemption Notes in specie to holders of Units in connection with a redemption.

The entitlement of Unitholders to receive cash upon the redemption of their Units will not be applicable to Units tendered for redemption if: (i) the total amount payable by the Trust in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units are not listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date or for more than five trading days during the 10 day trading period prior to the redemption date; and (iv) the redemption of Units would result in the delisting of the Units on the principal stock exchange on which the Units are listed.

Risks Related to the Arrangement

The issuance of Units under the Arrangement and their subsequent sale may cause the market price of the Units to decline.

As of January 24, 2012, 31,074,386 Units were issued and outstanding and an aggregate of 4,600,000 Units were issuable upon the exercise or conversion of outstanding Trust convertible securities. In addition, the Trust’s 8% convertible secured debentures may, in certain circumstances, be converted into Units as described in the AIF. The Trust currently expects that, in connection with the Arrangement it will issue approximately 29,432,120 Units (See “Recent Developments – NorRock Acquisition”) and approximately 2,543,352 Rights which may be issuable into a further 2,543,352 Units (assuming that in calculating the number of Units to be issued in payment of the Deferred Payment that the five day volume-weighted average trading price of the Units is \$1.73). The issuances of these new Units will not be subject to any “lock-up” agreements and therefore may become eligible for sale in the public market from time to time and could depress the market price of the Units.

If the Arrangement is not completed, the Trust will incur significant costs.

If the Arrangement is not completed because the Trust has breached a covenant or representation and warranty in the Acquisition Agreement, the Trust may be required to pay NorRock an expense reimbursement amount of up to \$500,000 for NorRock’s out-of-pocket costs and expenses incurred in connection with the transactions contemplated by the Acquisition Agreement.

Moreover, the Trust is responsible for its own legal, financial, advisory, accounting and other costs and expenses incurred in connection with the Acquisition Agreement.

The completion of the Arrangement is subject to the satisfaction of conditions.

The obligations of the Trust and NorRock to complete the Arrangement are subject to the satisfaction or mutual waiver, where permissible, of certain conditions set forth in the Acquisition Agreement. By law, some of these conditions must be satisfied in order to consummate the Arrangement. If the conditions provided for in the Acquisition Agreement are not satisfied (or waived, as applicable), the Arrangement will not be completed.

Effects on the Trust if the Arrangement is not completed

If the Arrangement is not completed for any reason, in order to make additional acquisitions, including those acquisitions described under “Recent Developments”, the Trust will need to seek additional sources of funds which may not be readily available or attainable. This may jeopardize our ability to complete the property acquisitions described under “Recent Developments”. See also “– Risks Relating to the Business of the Trust – Acquisition Strategy”.

Risks Related to the Consolidation

The total market capitalization of the Trust immediately after the proposed Consolidation may be lower than immediately before the proposed Consolidation.

There are numerous factors and contingencies that could affect the trading price of the Units following the Consolidation, including the status of the market for the Units at the time, the reported results of the Trust's operations in future periods, and general economic, geopolitical, stock market and industry conditions.

A decline in the market price of the Units after the Consolidation may result in a greater percentage decline than would occur in the absence of a Consolidation, and the liquidity of the Units could be adversely affected following the Consolidation. The market price of the Units will, however, also be based on the Trust's performance and other factors, which are unrelated to the number of Units outstanding. Furthermore, the reduced number of Units that would be outstanding after the Consolidation could adversely affect the liquidity of the Units.

The Consolidation may result in some of the Unitholders owning "odd lots" of less than 100 Units on a post-Consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per Unit to sell, than Units in "board lots" of even multiples of 100 Units.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Trust, and Torys LLP, counsel to the Underwriters, the following is a summary as at the date hereof of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units to a Unitholder that acquires such Units pursuant to this Offering. This summary is applicable to a Unitholder who, for purposes of the Tax Act at all relevant times is resident in Canada, deals at arm's length and is not affiliated with the Trust, and holds Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired the Units in one or more transactions considered to be an adventure in the nature of trade.

Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities", as defined in the Tax Act, owned or subsequently acquired by the Unitholder, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Unitholders interested in making this election should consult their own tax advisors for advice as to whether the election is available and advisable, having regard to their own particular circumstances.

This summary is not applicable to a Unitholder: (i) that is a "financial institution" for purposes of the "mark-to-market" rules, (ii) that is a "specified financial institution", (iii) an interest in which is a "tax shelter investment", (iv) that has elected to report Canadian tax results in a currency other than Canadian dollars, or (v) that holds Units acquired upon the exercise of rights to acquire such Units received in respect of, in the course of, or by virtue of employment with the Trust or any corporation or "mutual fund trust" not dealing at arm's length for purposes of the Tax Act with the Trust (all within the meaning of the Tax Act). Any such Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units.

This summary does not address the deductibility of interest by a Unitholder who has borrowed money to acquire Units.

This summary is based on the facts set out in this prospectus and in a certificate provided to counsel by an officer of the Trust (the "**Officer's Certificate**"). The Officer's Certificate assumes that the Tax Proposals (defined below), including the proposals in relation to the REIT Exception (defined below), are enacted in their current form. This summary assumes that the representations made in the Officer's Certificate are true and correct, including the representations that (i) the Trust has at all times qualified and currently qualifies as a "mutual fund trust" and a "real estate investment trust" for purposes of the Tax Act, (ii) the Trust should continue to qualify as a "mutual fund trust" and a "real estate investment trust" for the purposes of the Tax Act while the Units remain outstanding, and (iii) the Trust has complied and will at all times comply with the Declaration of Trust. This summary is also based upon the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), taking into account proposed amendments to the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and counsel's understanding of the current administrative and assessing policies and practices published in writing by the CRA prior to the date hereof. This

summary assumes the Tax Proposals will be enacted in the form proposed. There can be no assurance that the Tax Proposals will be implemented in their current form or at all.

This summary does not otherwise take into account or anticipate any changes of law or practice, whether by judicial, governmental or legislative decision or action or changes in the administrative and assessing policies and practices of the CRA. There can be no assurance that such changes, if made, might not be retroactive. Modifications or amendments of the Tax Act or Tax Proposals could significantly alter the tax status of the Trust and the tax consequences of investing in Units. This summary also does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding, or disposing of Units will vary depending on the particular circumstances of the Unitholder, including the province or provinces in which the Unitholder resides or carries on business. Accordingly, this summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any prospective Unitholder. Consequently, prospective Unitholders should consult their own tax advisors for advice with respect to the tax consequences to them of an investment in Units based on their particular circumstances.

For the purposes of this summary and the opinion given under the heading “Eligibility for Investment”, references to the Trust are to Partners Real Estate Investment Trust and not to any of its subsidiaries or other entities in which it holds an interest.

Status of the Trust

Qualification as a “Mutual Fund Trust”

This summary is based on the assumption that the Trust qualifies as a “mutual fund trust” as defined in the Tax Act and will continuously so qualify at all material times. If the Trust were to not qualify as a mutual fund trust at any time, the income tax considerations would, in some respects, be materially and adversely different.

Currently, a trust will not be considered to be a mutual fund trust if, among other things, it is established or maintained primarily for the benefit of Non-residents of Canada unless certain conditions are met. This summary assumes that the Trust was not established and is not maintained primarily for the benefit of Non-residents. Counsel is of the view that this assumption is reasonable in light of the Officer’s Certificate and the restrictions on the ownership of Units by Non-residents contained in the Declaration of Trust.

Qualification as a “Real Estate Investment Trust”

As discussed below, the SIFT Rules do not apply to a trust that qualifies as a “real estate investment trust” for the year (the “**REIT Exception**”). If the Trust does not satisfy the REIT Exception throughout the year, the SIFT Rules will apply to the Trust for that year. No assurances can be given that adverse consequences to the Trust and/or Unitholders will not arise as a consequence of the application of the SIFT Rules to the Trust.

The Trust’s ability to comply with the REIT Exception during 2012 is predicated upon certain Tax Proposals being enacted, as described below. If the December 16, 2010 Proposals (as defined below) are not enacted in their current form, the SIFT Rules are expected to apply to the Trust during its 2012 taxation year as a result of the nature of certain assets to be purchased from NorRock. Management of the Trust believes that the application of the SIFT Rules would have no impact on the Trust or Unitholders and that no financial statement liability for taxes would be required as the Trust should have no taxable income in 2012 taking into consideration available tax deductions. Furthermore, to the extent that the Trust is subject to the SIFT Rules during its 2012 taxation year due solely to the acquisition of certain assets from NorRock, Management of the Trust expects to dispose of such assets in 2012 so that the Trust would not be subject to the SIFT Rules in 2013. Refer also to “Risk Factors – Tax Risks”.

SIFT Rules

The Tax Act contains rules (the “**SIFT Rules**”), which tax certain publicly-traded or listed trusts and partnerships in a manner similar to corporations and which tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation.

The SIFT Rules apply to any trust or partnership that is a “specified investment flow-through” (“SIFT”) and its investors. A SIFT includes a Canadian resident trust (a “SIFT trust”) where investments in the trust are listed or traded on a stock exchange or other public market, and the trust holds one or more “non-portfolio properties” (as defined in the Tax Act). “Non-portfolio properties” include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada.

Pursuant to the SIFT Rules, a SIFT cannot deduct any part of the amounts payable to Unitholders in respect of (i) aggregate net income from businesses it carries on in Canada; (ii) aggregate net income (other than taxable dividends received by the SIFT) from its non-portfolio properties; and (iii) aggregate net taxable capital gains from its disposition of non-portfolio properties. Distributions which a SIFT is unable to deduct will be taxed in the SIFT at rates of tax designed to emulate the combined federal and provincial corporate tax rates.

Distributions of a SIFT’s income that are not deductible to the SIFT will be treated as dividends payable to Unitholders from a taxable Canadian corporation. Such dividends deemed to be received by an individual (other than certain trusts) will be included in computing the individual’s income for tax purposes and will be subject to the enhanced gross-up and dividend tax credit rules normally applicable to eligible dividends received from taxable Canadian corporations. Such dividends deemed to be received by a Unitholder that is a corporation generally will be deductible in computing the corporation’s taxable income. Certain corporations, including “private corporations” or “subject corporations” (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act of 33 1/3% on dividends received or deemed to be received to the extent that such dividends are deductible in computing taxable income.

REIT Exception

Trusts that satisfy the REIT Exception are not subject to the SIFT Rules.

On December 16, 2010 the Department of Finance released, for public comment, certain Tax Proposals to amend the Tax Act concerning the income tax treatment of real estate investment trusts and, in particular, the conditions which must be met in order for a trust to qualify for the REIT Exception (the “**December 16, 2010 Proposals**”). Assuming that such Tax Proposals, which are generally relieving in nature, are enacted as proposed they will be effective for the 2011 and subsequent taxation years and, on an elective basis, for earlier taxation years.

Assuming that the December 16, 2010 Proposals are enacted as proposed, the following conditions must be met (in addition to the trust being resident in Canada throughout the taxation year) in order for a trust to qualify for the REIT Exception in a year subsequent to 2010:

- (a) at each time in the taxation year, the total fair market value at that time of all non-portfolio properties that are “qualified REIT properties” (as described below) held by the trust must be at least 90% of the total fair market value at that time of all non-portfolio properties held by the trust;
- (b) not less than 90% of the trust’s “gross REIT revenue” (as described below) for the taxation year must be derived from one or more of the following: “rent from real or immovable properties” (as described below), interest, capital gains from dispositions of “real or immovable properties” (as described below), dividends, royalties and gains from dispositions of “eligible resale properties” (as described below);
- (c) not less than 75% of the trust’s gross REIT revenue for the taxation year must be from one or more of the following: rent from real or immovable properties, interest from mortgages or hypothecs on real or immovable properties, and capital gains from dispositions of real or immovable properties;
- (d) at no time in the taxation year can the total fair market value of, stated generally, properties comprised of real or immovable properties, cash, deposits in a bank or credit union, indebtedness of Canadian corporations represented by bankers’ acceptances and debt issued or guaranteed by governments in Canada be less than 75% of the “equity value” of the trust at that time; and
- (e) investments in the trust must be, at any time in the taxation year, listed or traded on a stock exchange or other public market.

Generally, the SIFT Rules contain look-through rules under which a trust could qualify for the REIT Exception where it holds its real properties indirectly through intermediate entities.

Under the SIFT Rules (assuming that the December 16, 2010 Proposals are enacted as proposed):

- (a) “eligible resale property” means real or immovable property (other than capital property) of an entity, in which a trust the investments in which are listed or traded on a stock exchange or other public market holds a security, (i) that is contiguous to a particular real or immovable property that is capital property of the entity or of another entity in which the trust holds a security, and (ii) the holding of which is necessary, and incidental, to the holding of the particular real or immovable property;
- (b) “gross REIT revenue”, of an entity for a taxation year, means the total of all amounts each of which is (i) an amount received in the taxation year or receivable in the taxation year (depending on the method regularly followed by the entity in computing the entity’s income) by the entity otherwise than as or on account of capital, or (ii) a capital gain of the entity for the taxation year;
- (c) “qualified REIT property” of a trust at any time means, generally, a property held by the trust that is at that time:
 - (i) a real or immovable property that is capital property of the trust;
 - (ii) a security of a “subject entity” (as described below) all or substantially all of the gross REIT revenue of which (for the subject entity’s taxation year that ends in the trust’s taxation year that includes that time) is from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the trust or of an entity of which the trust holds a share or interest or that are eligible resale properties of each such subject entity (other than the trust);
 - (iii) a security of a subject entity if the entity holds no property other than (A) legal title to real or immovable properties of the trust or of another subject entity all of the securities of which are held by the trust and (B) property described in (iv) below; and
 - (iv) tangible personal property (or for civil law corporeal moveable property) ancillary to the earning by the trust of rents from, and capital gains from the dispositions of, real or immovable property;
- (d) “real or immovable property” includes generally a security of a trust that satisfies (or of any other entity that would, if it were a trust, satisfy) the criteria in (a), (b), (c) and (d) required to qualify for the REIT Exception discussed above and an interest in certain real property or a real right in immovables, but excludes any depreciable property other than a depreciable property included (otherwise than by an election) in capital cost allowance (“CCA”) Class 1, 3 or 31, a property ancillary to the ownership or utilization of such depreciable property and a lease or leasehold interest in respect of land or such depreciable property;
- (e) “rent from real or immovable properties” includes rent or similar payments for the use of or right to use real or immovable properties, payment for services ancillary to the rental of real or immovable properties and customarily supplied or rendered in connection therewith, but does not include any other payments for services supplied or rendered, fees for managing or operating such properties, payment for the occupation, use or right to use a room in a hotel or other similar lodging facility, or rent based on profits; and
- (f) “subject entity” means (i) a corporation resident in Canada, (ii) a trust resident in Canada, (iii) a Canadian resident partnership or (iv) a non-resident person, or a partnership that is not a Canadian resident partnership, the principal source of income of which is one or more sources in Canada.

The REIT Exception contains a number of technical tests and the determination as to whether the Trust qualifies for the REIT Exception in any particular taxation year can only be made at the end of the taxation year. Based on representations as to factual matters set out in the Officer’s Certificate, the Trust believes that it has satisfied the requirements under the REIT Exception throughout each taxation year since its inception and that it intends to continue to operate in a manner so that the Trust should continue to qualify for the REIT Exception throughout 2012 and in each subsequent taxation year, in reliance on the December 16, 2010 Proposals. No assurance can be provided in this regard. The Trust has not obtained, nor sought, an advance tax ruling from the CRA in respect of the non-application to the Trust of the SIFT Rules, including the availability of the REIT Exception. There can be no assurance that subsequent investments or activities undertaken by the Trust will not result in the Trust failing to comply with the REIT Exception. The Declaration of Trust provides that the Trust shall use its

reasonable best efforts not to be a SIFT trust. Counsel will not review the Trust's compliance with the conditions for the REIT Exception.

The summary assumes that the Trust has and will continue to qualify for the REIT Exception at all times. Should the Trust cease to qualify under the REIT Exception for a taxation year, the income tax considerations could be materially different from those described in this summary – in particular, non-deductible distribution amounts, as previously described, could be taxable to the Trust (with the result that the amount of cash available for distribution by the Trust would be reduced) and could also be included in the income of Unitholders for purposes of the Tax Act as taxable dividends. The REIT Exception is applied on a taxation year basis. Accordingly, even if the Trust does not qualify for the REIT Exception in a particular taxation year, it may be able to do so in a subsequent taxation year.

Taxation of the Trust

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

In computing its income for purposes of the Tax Act, the Trust may generally deduct reasonable administrative costs, interest and other expenses of a current nature incurred by it for the purpose of earning income. The Trust may also deduct on a five-year straight line basis (subject to pro-ration for short taxation years) reasonable expenses incurred by it in the course of issuing Units. Counsel has been advised that in computing its taxable income, except as the Trustees otherwise determine, the Trust shall claim the maximum of CCA and other discretionary deductions available to the Trust under the Tax Act.

Generally, under the Declaration of Trust, unless the Trustees otherwise determine, an amount equal to all of the net income (including taxable capital gains) of the Trust (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act), together with the non-taxable portion of any net capital gains realized by the Trust, but excluding income and capital gains arising in connection with a distribution in specie on the redemption of Units which are designated by the Trust to redeeming Unitholders, and capital gains the tax on which may be offset by capital losses carried forward from prior years or is recoverable by the Trust, will be payable in the year to Unitholders by way of cash distributions, subject to the following exception. Where income of the Trust in a taxation year exceeds the total cash distributions for that year, such excess income may be distributed to Unitholders in the form of additional Units.

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

The Trust will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the “**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Trust's tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Units. The Declaration of Trust provides that all or a portion of any income (including taxable capital gains) realized by the Trust as a result of that redemption may, at the discretion of the Trustees, be treated as income paid or payable to the redeeming Unitholder, and will be deductible by the Trust in computing its income.

Counsel has been advised that the Trust intends to make sufficient distributions in each year of its net income for tax purposes and net realized capital gains so that the Trust generally should not be liable in that year for tax under Part I of the Tax Act.

Taxation of Unitholders

Distributions

A Unitholder will generally be required to include in computing income for a particular taxation year the portion of the net income for tax purposes of the Trust for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether such portion is received in cash, additional Units or otherwise.

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

Provided that appropriate designations are made by the Trust, such portion of the net taxable capital gains and taxable dividends received or deemed to be received on shares of taxable Canadian corporations as are paid or payable, or deemed to be paid or payable, to a Unitholder, will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as having been paid to Unitholders out of the net taxable capital gains of the Trust, such designated amounts will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains. To the extent that amounts are designated as having been paid to Unitholders out of taxable dividends received or deemed to be received on shares of taxable Canadian corporations, the normal (or in the case of eligible dividends, the enhanced) gross-up and dividend tax credit rules will apply to individuals, the deduction in computing taxable income will be available to corporations, and the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are “private corporations” or “subject corporations” (as such terms are defined in the Tax Act). Unitholders should consult their own tax advisors for advice with respect to the potential application of these provisions.

The non-taxable portion of any net realized capital gains of the Trust that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any other amount in excess of the net income of the Trust that is paid or payable to a Unitholder or deemed to be paid or payable to a Unitholder in that year will generally not be included in the Unitholder’s income for the taxation year. However, where such an amount is paid or payable to a Unitholder (other than as proceeds of disposition or deemed disposition of Units or any part thereof), the Unitholder will generally be required to reduce the adjusted cost base of the Unitholder’s Units by that amount (except to the extent it represents the Unitholder’s share of the non-taxable portion of the net realized capital gains of the Trust for the year, the taxable portion of which was designated by the Trust in respect of the Unitholder). To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit to the Unitholder will immediately thereafter be nil. Refer to the discussion of “Taxation of Capital Gains and Capital Losses” below.

Dispositions of Units

On the disposition or deemed disposition of a Unit, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or sustain a capital loss) equal to the amount by which the Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Trust that is otherwise required to be included in the Unitholder’s income, including any capital gain or income realized by the Trust in connection with a redemption which has been designated by the Trust to the redeeming Unitholder. Refer to the discussion of “Taxation of Capital Gains and Capital Losses” below.

The adjusted cost base of a Unit to a Unitholder will include all amounts paid by the Unitholder for the Unit, subject to certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income (including net capital gains) will be the amount of income (together with the applicable non-taxable portion of net capital gains) distributed by the issue of those respective Units. For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before the acquisition.

Where Units are redeemed by the distribution by the Trust of notes or other property of the Trust, the proceeds of disposition to the redeeming Unitholder will be equal to the fair market value of the notes or other property of the Trust so distributed less any income or capital gain realized by the Trust in connection with such redemption which is paid or payable by the Trust to the redeeming Unitholder. Where income (including a taxable capital gain) is realized by the Trust upon or in connection with an in specie distribution of property on a redemption of Units and such income is paid or payable by the Trust to the redeeming Unitholder, the Unitholder will be required to include in the Unitholder’s income such income as is paid or payable to the Unitholder. The cost of any property distributed in specie by the Trust to a Unitholder upon redemption of Units will be equal to the fair market value of that property at the time of the distribution. The Unitholder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

Consolidation of Units

The consolidation of Units will not be regarded as a disposition of Units. The aggregate adjusted cost base to a Unitholder of all the Unitholder's Units will not change as a result of the consolidation; however, the adjusted cost base per Unit will increase.

A Unitholder that receives fractional post-consolidation Units on the consolidation and who then disposes of such fractional post-consolidation Units through the Trust's transfer agent, Computershare Investor Services Inc., will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition received in respect of such fractional post-consolidation Units, net of any reasonable costs of disposition, are greater (or less) than the adjusted cost base to the holder of such fractional post-consolidation Units. For a discussion regarding the treatment of capital gains and losses, see "*Taxation of Capital Gains and Capital Losses*" below.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Unitholder on a disposition of a Unit and the amount of any net taxable capital gains designated by the Trust in respect of a Unitholder will generally be included in the Unitholder's income for the year. One-half of any capital loss (an "**allowable capital loss**") sustained by the Unitholder on the disposition of a Unit may generally be deducted by such Unitholder against taxable capital gains for the year. Any excess allowable capital losses over taxable capital gains of the Unitholder for that year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, subject to the detailed provisions of the Tax Act.

The amount of any capital loss otherwise realized by a Unitholder that is a corporation or a trust (other than a mutual fund trust) on the disposition of a Unit may be reduced by the amount of dividends received by the Trust and previously designated by the Trust to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by such amounts. Similar rules may apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units. **Unitholders to whom these rules may be relevant should consult their own tax advisors.**

Special Tax on Certain Corporations

A Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" (as defined in the Tax Act), including taxable capital gains.

Alternative Minimum Tax

In general terms, net income of the Trust paid or payable to a Unitholder who is an individual (other than certain trusts) that is designated as taxable dividends or as net taxable capital gains and capital gains realized on a disposition of Units by such Unitholder may increase the Unitholder's liability for alternative minimum tax.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Trust, and Torys LLP, counsel to the Underwriters, based on the provisions of the Tax Act and the Regulations in effect on the date hereof, provided that the Trust at all relevant times qualifies as a "mutual fund trust" for purposes of the Tax Act and the Regulations, or the Units are listed on the TSXV (or other designated stock exchange), the Units will on the date of the closing of the Offering be qualified investments for trusts governed RRSPs, RRIFs, TFSAs, registered disability savings plans, deferred profit sharing plans, and registered education savings plans.

Notwithstanding that Units may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant of an RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Units are a "prohibited investment" for the TFSA, RRSP or RRIF. Units will generally be a "prohibited investment" for such Registered Plan if the holder or annuitant thereof does not deal at arm's length (for purposes of the Tax Act) with the Trust or has a "significant interest" (within the meaning of the Tax Act) in the Trust or a corporation, partnership or trust with which the Trust does not deal at arm's length for purposes of the Tax Act. Unitholders who intend to hold Units in a TFSA, RRSP, or RRIF should

consult with their own tax advisors regarding the application of the foregoing prohibited investment rules having regard to their particular circumstances.

INTERESTS OF EXPERTS

Certain legal matters in connection with the issuance of the Units offered by this preliminary short form prospectus will be passed upon at the date of closing on behalf of the Trust by McCarthy Tétrault LLP and on behalf of the Underwriters by Torys LLP. Further, each of McCarthy Tétrault LLP and Torys LLP are named as having provided certain legal opinions included in this short form prospectus. As of the date hereof, the partners and associates of each of McCarthy Tétrault LLP, as a group, and Torys LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Units.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Deloitte & Touche LLP of Calgary, Alberta are the Trust's auditors.

Computershare Investor Services Inc. is the Trust's transfer agent and registrar at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts which the Trust has entered into since the beginning of the most recently completed financial year, or before the most recently completed financial year but still in effect, are as follows:

- (a) the Declaration of Trust;
- (b) the Management Agreement;
- (c) the Non-Competition Agreement;
- (d) the Acquisition Agreement;
- (e) the Acquisition Facility;
- (f) the trust indenture between the Trust and Computershare Trust Company of Canada dated March 8, 2011 relating to the issuance of 8% convertible unsecured subordinated debentures by the Trust (the Debenture Offering);
- (g) a mortgage realization back-stop letter dated 2011;
- (h) the Lender Warrants; and
- (i) the Underwriting Agreement.

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. This 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, 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 such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. You should refer to applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal advisor.

CONSENT OF DELOITTE & TOUCHE LLP

We have read the short form prospectus of Partners Real Estate Investment Trust (the “**Trust**”, formerly Charter Real Estate Investment Trust) dated ●, 2012 relating to the issue and sale of Units of the Trust. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the Unitholders of the Trust on the consolidated balance sheets of the Trust as at December 31, 2010 and 2009 and the consolidated statements of operations and comprehensive loss, Unitholders’ equity and cash flows for the years then ended. Our report is dated March 9, 2011.

(to be signed)

Chartered Accountants
Calgary, Alberta
●, 2012

CERTIFICATE OF THE TRUST

January 24, 2012

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

(signed) "*Adam Gant*"
Chief Executive Officer

(signed) "*Dionne Barnes*"
Chief Financial Officer

On behalf of the Trustees
of the Trust

(signed) "*Paul Dykeman*"
Trustee

(signed) "*John van Haastrecht*"
Trustee

CERTIFICATE OF THE UNDERWRITERS

January 24, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

NATIONAL BANK FINANCIAL INC.

By: (signed)

“Andrew Wallace”

CANACCORD GENUITY CORP.

By: (signed)

“Justin Bosa”

SCOTIA CAPITAL INC.

By: (signed)

“Bryce Stewart”

CIBC WORLD MARKETS INC.

By: (signed)

“Mark Johnson”

TD SECURITIES INC.

By: (signed)

“Andrew Phillips”

DESJARDINS SECURITIES INC.

By: (signed)

“Mark A. Edwards”

**MACQUARIE CAPITAL
MARKETS CANADA LTD.**

By: (signed)

“John Bartkiw”

RAYMOND JAMES LTD.

By: (signed)

“Graham Fell”

GMP SECURITIES L.P.

By: (signed)

“Andrew Kiguel”