

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. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws and may not be offered or sold in the United States, except pursuant to an exemption from the registration requirements of those laws. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of PRO Real Estate Investment Trust at 2000 Peel Street, Suite 758, Montréal, Québec, H3A 2W5, telephone (514) 933-9552, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

September 25, 2014



PRO REAL ESTATE INVESTMENT TRUST

\$20,010,000

8,700,000 Offered Units

This short form prospectus qualifies the distribution (the "Offering") of 8,700,000 units (the "Offered Units") of PRO Real Estate Investment Trust (the "REIT") at a price of \$2.30 per Offered Unit (the "Offering Price") pursuant to an underwriting agreement (the "Underwriting Agreement") dated September 25, 2014 between the REIT and Canaccord Genuity Corp. ("Canaccord"), National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc. and Dundee Securities Ltd. (collectively, the "Underwriters"). Each Offered Unit consists of one trust unit in the capital of the REIT (a "Trust Unit") and one half of one (the "Fraction") Trust Unit purchase warrant of the REIT (each whole warrant being a "Warrant"). Each whole Warrant shall entitle the holder thereof to acquire one Trust Unit (each a "Warrant Unit") at an exercise price of \$2.65 per Warrant Unit (the "Exercise Price"), subject to customary adjustments, at any time following closing of the Offering (the "Closing") and prior to 5:00 p.m. (Montréal time) on March 31, 2017 (the "Expiry Date"). The Offering Price of the Offered Units was determined by negotiation between the REIT and the Underwriters.

Unless otherwise indicated, the disclosure in this short form prospectus is based upon certain stated assumptions regarding the Offering Price and the number of Offered Units included in the Offering, pending the final determination by mutual agreement of the REIT and the Underwriters.

The REIT is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario. The REIT has been established to own a portfolio of diversified commercial real estate properties in Canada, and has a focus on primary and secondary markets across Canada. The currently outstanding Trust Units are listed and posted for trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "PRV.UN". The closing price of the Trust Units on the TSXV on September 24, 2014, the last trading day prior to the date of this short form prospectus, was \$2.22. The TSXV has conditionally approved the listing of the Trust Units, Warrant Units and the Warrants distributed under this short form prospectus on the TSXV. Listing will be subject to the REIT fulfilling all the listing requirements of the TSXV.

There are risks associated with an investment in the Offered 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 Offered Units.

Price: \$2.30 Per Offered Unit

	<u>Price to the Public</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Net Proceeds to the REIT⁽²⁾</u>
Per Offered Unit	\$ 2.30	\$ 0.1380	\$ 2.1620
Total Offering ⁽³⁾	\$20,010,000	\$1,200,600	\$18,809,400

Notes:

- Pursuant to the terms of the Underwriting Agreement, the Underwriters will receive a fee equal to \$0.1380 per Offered Unit, or 6.0% of the gross proceeds of the Offering (the "Underwriters' Fee"), but excluding therefrom proceeds from the sale of Offered Units sold to purchasers introduced by the REIT directly (the "President's List"), for which the Underwriters will be paid a commission of \$0.0690 per Offered Unit, or 3.0% of the gross proceeds of such sales. See "Plan of Distribution".
- After deducting the Underwriters' Fee but before deducting the expenses of the Offering, which are estimated to be \$900,000.
- The REIT has granted to the Underwriters an option (the "Over-Allotment Option") to purchase (i) up to an additional 1,305,000 Offered Units (the "Additional Offered Units") at a price of \$2.30 per Additional Offered Unit, (ii) up to an additional 1,305,000 Trust Units (the "Additional Trust Units") at a price of \$2.25 per Additional Trust Unit, (iii) up to an additional 652,500 Warrants (the "Additional Warrants") at a price of \$0.10 per Additional Warrant, or (iv) any combination of Additional Trust Units and/or Additional Warrants so long as the aggregate number of Additional Trust Units and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 15% of the aggregate number of such securities sold pursuant to the Offering, exercisable in whole or in part from time to time up to 30 days following the Closing for the purpose of covering the Underwriters' over-allocation position, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' Fee and net proceeds to the REIT (before deducting expenses of the Offering) will be \$23,011,500, \$1,380,690 and \$21,630,810, respectively. This short form prospectus qualifies the distribution of the Over-Allotment Option and any Additional Offered Units, Additional Trust Units or Additional Warrants (and Trust Units issuable upon the exercise of Additional Warrants) issuable on the exercise thereof. See "Plan of Distribution" and the table below. A purchaser who acquires securities forming part of the Underwriters' over allocation position acquires those securities under this short form prospectus, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

(continued on next page)

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<u>Underwriters' Position</u>	<u>Maximum Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	Option to acquire up to 1,305,000 Additional Offered Units and/or 1,305,000 Additional Trust Units and/or 652,500 Additional Warrants	Exercisable for a period of 30 days following the Closing	\$2.30 per Offered Unit \$2.25 per Additional Trust Unit \$0.10 per Additional Warrant

The Underwriters, as principals, conditionally offer the Offered Units, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters relating to the Offering on behalf of the REIT by Osler, Hoskin & Harcourt LLP, and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

Concurrent with the closing of the Offering, the REIT intends to complete a private placement (the "**Concurrent Private Placement**") with Lotus Crux (as defined herein), pursuant to which Lotus Crux will purchase on a private placement basis approximately \$5.0 million worth of units of the REIT (each, a "**Placement Unit**") at the Offering Price per Placement Unit, with each Placement Unit consisting of one Trust Unit (each, a "**Placement Trust Unit**") and a Fraction of one Trust Unit purchase warrant of the REIT (each whole warrant being a "**Placement Warrant**"). Each whole Placement Warrant shall entitle the holder thereof to purchase one Trust Unit (each a "**Placement Warrant Unit**") at the Exercise Price per Placement Warrant Unit, subject to customary adjustment, at any time following closing of the Offering and prior to 5:00 p.m. (Montréal time) on the Expiry Date. The Placement Warrants will be created and issued pursuant to the terms of the Warrant Indenture (defined herein). This Prospectus does not qualify the distribution of the Placement Units issuable pursuant to the Concurrent Private Placement. The Placement Units issued pursuant to the Concurrent Private Placement will be subject to a statutory four-month hold period. The Concurrent Private Placement is subject to a number of conditions including completion of definitive documentation, the concurrent closing of the Offering, the waiver by the REIT of the conditions under the Eighth Acquisition Agreement (defined herein) and the approval of the TSXV. The TSXV has conditionally approved the listing of the Placement Trust Units, the Placement Warrant Units and the Placement Warrants on the TSXV. Listing of such securities is subject to the REIT fulfilling all of the requirements of the TSXV. See "Concurrent Private Placement".

Canaccord has provided the Bridge Loan (as defined herein) to the REIT and TD Securities Inc. is an affiliate of a Canadian chartered bank that has provided the Revolving Credit Facility (as defined herein) to the REIT. Consequently, the REIT may be considered a "connected issuer" of each of Canaccord and TD Securities Inc. within the meaning of applicable securities legislation. The REIT intends to use a portion of the net proceeds to repay approximately \$2.6 million of the indebtedness owed to a Canadian chartered bank that is an affiliate of TD Securities Inc. and to repay the Bridge Loan. See "Plan of Distribution" and "Use of Proceeds".

Subscriptions for Offered 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 will occur on September 30, 2014 or such other date not later than 42 days after the date of the receipt of the final short form prospectus, as the REIT and the Underwriters may agree. It is anticipated that the Trust Units and Warrants forming the Offered Units will be issued in "book-entry only" form and may be represented by one or more global certificates or be represented by uncertificated securities, issued in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee. No certificates evidencing the Trust Units or Warrants forming the Offered Units will be issued to subscribers except in certain limited circumstances, and registration will be made in the depository service of CDS. Subscribers for Offered 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 Offered Units is purchased.

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

A return on an investment in Offered Units is not comparable to the return on an investment in a fixed income security. The recovery of an initial investment in Offered Units is at risk and the anticipated return on such investment is based on many performance assumptions. **Although the REIT intends to make distributions of a portion of its available cash to Unitholders (defined herein), these cash distributions may be reduced or suspended.** The ability of the REIT to make distributions and the actual amount distributed, if any, will depend on numerous factors, including the financial performance of the subsidiaries of the REIT, debt obligations, contractual obligations, working capital requirements, future capital requirements and risks associated with the REIT's business which include the ability of the REIT to complete acquisitions consistent with its business plan, having sufficient access to capital and on terms favourable to the REIT and other such risks. In addition, the market value of the Trust Units and the Warrants may decline if the REIT's cash distributions are reduced and/or suspended in the future, and that decline may be material. See "Risk Factors".

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of such Warrants, and the extent of issuer regulation. The TSXV has conditionally approved the listing of the Trust Units, Warrant Units and the Warrants distributed under this short form prospectus on the TSXV. Listing will be subject to the REIT fulfilling all the listing requirements of the TSXV. See "Risk Factors".

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The REIT currently qualifies as a mutual fund trust for the purposes of the Tax Act (as defined herein) and offers and sells its Trust Units to the public. The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act (Canada)* and are not insured under the provisions of that act or any other legislation.

Investors should be aware that the acquisition, holding or disposition of the securities described in this short form 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 Offered Units to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the REIT on Trust 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 "Certain Canadian Federal Income Tax Considerations" and "Risk Factors".

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

There are limits on ownership of Trust Units by non-residents of Canada, as described in the REIT's amended and restated declaration of trust made as of March 11, 2013. See "Description of the Trust and Description of the Units – Limitation on Non-Resident Ownership" in the AIF (as defined below).

The principal, registered and head office of the REIT is located at 2000 Peel Street, Suite 758, Montréal, Québec, H3A 2W5.

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NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This 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. Forward-looking statements are only management's beliefs, expectations and intentions and are not guarantees of performance. Wherever possible, words such as "may", "would", "could", "will", "believe", "expect", "estimate", "intend" and similar expressions have been used to identify these forward-looking statements. Some of the specific forward-looking statements in this short-form prospectus include, but are not limited to, statements with respect to the following:

- the intention and the ability of the REIT to complete the Offering and the Concurrent Private Placement;
- the intention of the REIT to distribute a portion of its available cash to securityholders and the amount of such distributions;
- the ability of the REIT to execute its growth strategies;
- the expected tax treatment of the REIT's distributions to Unitholders;
- statements relating to the Acquisitions (as defined herein) and the performance of the Acquisition Properties (as defined herein);
- the REIT's capital expenditure requirements for the Acquisition Properties;
- the ability of the REIT to qualify for the REIT Exception (as defined herein);
- the expected completion and method of financing of the Acquisitions;
- the expected occupancy of the Acquisition Properties;
- the intention of the REIT to enter into the Strategic Investment Agreement (as defined herein) and the Support Agreement (as defined herein);
- the effect of the Acquisitions on the financial performance of the REIT; and
- the use of the net proceeds of the Offering and the Concurrent Private Placement including in the event that certain of the Acquisitions are not completed and/or in the event the Over-Allotment Option is exercised.

These forward-looking 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 short form prospectus include the REIT's future growth potential, expected capital expenditures, competitive conditions, results of operations, future prospects and opportunities, the acquisition of each of the Acquisition Properties, industry trends remaining unchanged, future levels of indebtedness, the ability to secure equity and debt financing on terms acceptable to the REIT, the tax laws as currently in effect remaining unchanged and the current economic conditions remaining unchanged. 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 relating to the properties of the REIT, 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 in this short form prospectus. 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 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 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 short form prospectus or, in the case of documents incorporated by reference herein, as of the date of, or specified in, 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**”), funds from operations (“**FFO**”) and adjusted funds from operations (“**AFFO**”) are performance measures that are often used by real estate investment trusts. The REIT believes that NOI and FFO are important measures of operating performance, while AFFO is an important measure of economic performance and is indicative of the REIT’s ability to pay distributions. NOI, FFO and AFFO are not measures recognized under International Financial Reporting Standards (“**IFRS**”) and do not have standardized meanings prescribed by IFRS. NOI of the REIT is equal to net rental income, which is an IFRS measurement. The IFRS measurement most directly comparable to FFO and AFFO is net income.

“**NOI**” is defined as revenues from income-producing properties less property operating expenses such as taxes, utilities, property level general administrative costs, salaries, advertising, repairs and maintenance. NOI does not include charges for interest and other amortization.

“**FFO**” is defined as net income of the REIT calculated in accordance with IFRS, excluding: (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) fair value adjustments and other effects of redeemable units classified as liabilities; (iv) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; and (v) deferred income tax expense, plus depreciation and amortization and certain other non-cash adjustments, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.

“**AFFO**” is defined as FFO of the REIT, subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired, amortization of deferred financing costs, amortization of tenant incentives and leasing costs, straight-line adjustments to rent and compensation expense related to unit-based incentive plans; and (ii) deducting a reserve for normalized maintenance capital expenditures and normalized leasing costs, as determined by the REIT. Other adjustments may be made to AFFO as determined by the Trustees (as defined herein) in their discretion.

Management believes that the AFFO of the REIT is a useful performance measure that may assist prospective investors in assessing an investment in the REIT. In particular, management considers AFFO to be a meaningful measure of cash flow performance because it more clearly measures normalized and stabilized cash flow, as opposed to cash flow from operating activities calculated in accordance with IFRS, which reflects seasonal fluctuations in working capital and other items. The REIT intends to analyze its cash distributions against AFFO to assess the stability of its cash distributions to Unitholders.

NOI, FFO and AFFO should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS. Management’s method of calculating NOI, FFO and AFFO may differ from other issuers’ methods of calculating NOI, FFO and AFFO, and accordingly, may not be comparable to the NOI, FFO or AFFO reported by other issuers.

MARKET AND INDUSTRY DATA

This short form prospectus and the documents incorporated by reference include market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information. The REIT believes that such market and industry data is accurate. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although the REIT believes it to be reliable, neither the REIT nor the Underwriters have independently verified any of the data from third-party sources referred to in this short form prospectus, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the REIT, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and subject to the provisions of any particular plan, provided the REIT qualifies at all times as a “mutual fund trust” (as defined in the Tax Act) or the Trust Units are listed on a designated stock exchange (which currently includes Tier 1 and Tier 2 of the TSXV), the Trust Units (including Trust Units acquired on the exercise of a Warrant) will be a qualified investment for trusts governed by an RRSP (as defined herein), RRIF (as defined herein), deferred profit sharing plan, TFSA (as defined herein), registered education savings plan and registered disability savings plan (collectively, the “Plans”). In addition, provided that the Warrants are listed on a designated stock exchange for the purposes of the Tax Act or the REIT is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of the governing plan of a Plan, the Warrants will also be qualified investments for the Plans.

Notwithstanding the foregoing, if the Trust Units and Warrants are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA, or the annuitant of a RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. Trust Units (including Trust Units acquired on the exercise of a Warrant) and Warrants will generally be a “prohibited investment” for a TFSA, RRSP or RRIF if the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, (i) does not deal at arm’s length with the REIT for purposes of the Tax Act or (ii) has a “significant interest” (as defined in the Tax Act) in the REIT. Generally, a holder of a TFSA, or the annuitant of a RRSP or RRIF will have a significant interest in the REIT if the holder or annuitant and/or persons not dealing at arm’s length with the holder or annuitant own, directly or indirectly, 10% or more of the fair market value of the Trust Units. In addition, the Trust Units will generally not be a “prohibited investment” if the Trust Units are “excluded property” (as defined in the Tax Act). Prospective purchasers who intend to hold their Trust Units, Warrant Units and Warrants in a TFSA, RRSP or RRIF should consult their own tax advisors with regard to the application of these rules in their particular circumstances.

Shares of a Canadian corporation owning Subsidiary Securities received as a result of an *in specie* redemption of Trust Units by the REIT may not be qualified investments for Plans, which could give rise to adverse consequences to the Plan or the beneficiary or annuitant thereunder. Accordingly, Plans that own Trust Units (including Warrant Units) should consult with their own tax advisors before deciding to exercise the redemption rights attached to the Trust Units.

GENERAL MATTERS

Certain terms used in this short form prospectus are defined under “Glossary”. References to dollars or “\$” are to Canadian currency and references to “US\$” are to the currency of the United States. Unless otherwise indicated, the disclosure in this short form prospectus assumes that the Over-Allotment Option will not be exercised.

Unless the context otherwise requires, all references in this short form prospectus to the “REIT”, “we”, “us” and “our” refer to the REIT and its subsidiary entities, including PRO REIT LP (as defined herein), on a consolidated basis; and in the case of references to matters undertaken by a predecessor in interest to the REIT or its subsidiary entities, include each such predecessor in interest.

Notwithstanding the foregoing, for the purposes of the opinions given under the heading “Certain Canadian Federal Income Tax Considerations” and the opinion given under the heading “Eligibility for Investment”, a reference to the “REIT” is a reference to PRO Real Estate Investment Trust only and is not a reference to any of its subsidiary entities or predecessors in interest.

References to “management” in this short form prospectus means the persons acting in the capacity of the REIT’s Chief Executive Officer, the REIT’s Chief Financial Officer, and the persons who are the REIT’s executive officers or who are acting in the capacities of the executive officers of the REIT and are officers or employees of the Manager. Any statements in this short form prospectus made by or on behalf of management are made in such persons’ capacities as officers of the REIT and not in their personal capacities.

You should rely only on the information contained in this short form prospectus and in the documents incorporated by reference herein. The REIT and the Underwriters have not authorized anyone to provide you with additional or different information from that contained in this short form prospectus. The REIT and the Underwriters

are offering the Offered Units only in jurisdictions where, and to persons to whom, such offering is lawfully permitted. The information contained in this short form prospectus (including documents incorporated by reference herein) is accurate only as of the date of this short form prospectus (or the date of, or specified in, the documents incorporated by reference, as applicable), regardless of the time of delivery of this short form prospectus or of any sale of the Offered Units. The REIT's business, financial condition, results of operations and prospects may have changed since the date of this short form prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of documents incorporated herein by reference may be obtained on request without charge from the REIT at 2000 Peel Street, Suite 758, Montréal, Québec, H3A 2W5, telephone (514) 933-9552, 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 of Canada are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- (a) the template version of the roadshow presentation dated September 10, 2014 (the **"Roadshow Presentation"**);
- (b) the template version of an indicative term sheet dated September 10, 2014 (the **"Indicative Term Sheet"**);
- (c) the unaudited condensed consolidated interim financial statements of the REIT as at and for the three and six month periods ended June 30, 2014 together with the notes thereto;
- (d) the management's discussion and analysis of financial condition and results of operations for the REIT for the three and six month periods ended June 30, 2014;
- (e) the management information circular of the REIT dated May 12, 2014 sent to Unitholders in connection with the annual and special meeting of Unitholders held on June 10, 2014;
- (f) the annual information form of the REIT dated April 29, 2014 for the year ended December 31, 2013 (the **"AIF"**);
- (g) the audited consolidated financial statements of the REIT as at and for the thirteen month period ended December 31, 2013 together with the notes thereto and the auditor's report thereon;
- (h) the management's discussion and analysis of financial condition and results of operations for the REIT for the thirteen month period ended December 31, 2013 (the **"Annual MD&A"**); and
- (i) the business acquisition report of the REIT dated February 13, 2014 in respect of the acquisition of the two commercial properties located at 370 Connell Street, Woodstock, New Brunswick and 3200-3260 Guénette Street, St-Laurent, Québec.

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

Notwithstanding anything herein to the contrary, any statement contained in this 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 short form prospectus, to the extent that a statement contained in this short form prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement 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 short form prospectus.

MARKETING MATERIALS

The Roadshow Presentation and Indicative Term Sheet are not part of this prospectus to the extent that the contents of the template version of such marketing materials have been modified or superseded by a statement contained in this prospectus.

Any “template version” of any other “marketing materials” (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) filed with the securities commission or similar authority in each of the provinces of Canada in connection with the Offering, after the date hereof, but prior to the termination of the distribution of the securities under this prospectus, is deemed to be incorporated by reference herein.

GLOSSARY

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

“**Acquisition**” has the meaning given to such term under “The Acquisitions – Acquisition Agreements”.

“**Acquisition Agreements**” has the meaning given to such term under “The Acquisitions – Acquisition Agreements”.

“**Acquisition Properties**” means, collectively, the 14 income-producing properties described under “The Acquisitions – Description of Acquisition Properties”, which are proposed to be acquired by the REIT pursuant to the Acquisition Agreements.

“**Additional Offered Units**” means the additional Offered Units, if any, issued pursuant to the Over-Allotment Option.

“**Additional Trust Units**” means the additional Trust Units, if any, issued pursuant to the Over-Allotment Option.

“**Additional Warrants**” means the additional Warrants, if any, issued pursuant to the Over-Allotment Option.

“**Adjusted Cost Base**” means the book value of the assets of the REIT, as shown on its most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization shown thereon, less excess cash that is not yet invested in properties or other assets.

“**AFFO**” has the meaning given to such term under “Non-IFRS Financial Measures”.

“**AIF**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**Annual MD&A**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**Appraisers**” has the meaning given to such term under “Assessment and Valuation of the Acquisition Properties – Appraisals”.

“**Assumed Mortgage**” has the meaning given to such term under “The Acquisitions – Financing of the Acquisitions – Assumed Mortgage”.

“**Board**” or “**Board of Trustees**” means the board of Trustees of the REIT.

“**Bridge Loan**” has the meaning given to such term under “Plan of Distribution”.

“**CANMARC**” means CANMARC Real Estate Investment Trust.

“**CBRE**” has the meaning given to such term under “Assessment and Valuation of the Acquisition Properties – Appraisals”.

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

“**Class B LP Units**” means the Class B limited partnership units in the capital of PRO REIT LP as described in “Description of PROREIT LP – Partnership Units” in the AIF, and “**Class B LP Unit**” means any one of the foregoing.

“**Class B Warrants**” means warrants to acquire Class B LP Units, each whole warrant entitling the holder thereof to acquire one Class B LP Unit at the Exercise Price prior to the Expiry Date.

“**Colliers**” has the meaning given to such term under “Assessment and Valuation of the Acquisition Properties – Appraisals”.

“**Concurrent Private Placement**” has the meaning given to such term on the cover page.

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

“**Crux**” means Crux Capital Corporation.

“**Declaration of Trust**” means the declaration of trust of the REIT made as of February 7, 2013, as amended and restated on March 11, 2013 and as it may be further amended, supplemented or amended and restated from time to time.

“**Deferred Units**” means the deferred units under the LTIP.

“**DRIP**” means the distribution reinvestment plan of the REIT.

“**Exercise Price**” has the meaning given to such term on the cover page.

“**Expiry Date**” has the meaning given to such term on the cover page.

“**FFO**” has the meaning given to such term under “Non-IFRS Financial Measures”.

“**Fraction**” has the meaning given to such term on the cover page.

“**GBV**” means at any time, the book value of the assets of the REIT and its consolidated Subsidiaries, as shown on the REIT’s then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization on buildings shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the REIT shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the REIT and its consolidated Subsidiaries may be used instead of book value.

“**GDP**” means gross domestic product.

“**Gilbert**” has the meaning given to such term under “Assessment and Valuation of the Acquisition Properties – Appraisals”.

“**GLA**” means gross leasable area.

“**Glen Cowan**” has the meaning given to such term under “Assessment and Valuation of the Acquisition Properties – Appraisals”.

“**Gross Book Value**” means, at any time, the book value of the assets of the REIT and its Subsidiaries, as shown on its then most recent consolidated balance sheet, plus accumulated depreciation and amortization in respect of the REIT’s properties (and related intangible assets) shown thereon or in the notes thereto, less (a) the amount of any receivable reflecting interest rate subsidies on any debt assumed by the REIT and (b) the amount of future income tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties; provided however that, if approved by a majority of the Trustees, the appraised value of the assets of the REIT and its Subsidiaries may be used instead of book value.

“**IFRS**” means the International Financial Reporting Standards established by the International Accounting Standards Board and as adopted by CPA Canada.

“**Indicative Term Sheet**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**Investment Property**” means an investment property described under “Relationship with Lotus Crux and Lotus Crux Acquisition – Strategic Investment Agreement”.

“**Independent Trustee**” means a Trustee who, in relation to the REIT or any of its related parties, is “independent” within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as amended or replaced from time to time (including any successor rule or policy thereto), and is not “related” within the meaning of the Tax Act.

“**Lotus Crux**” means Lotus Crux REIT LP or Lotus Crux Acquisition, as applicable.

“**Lotus Crux Acquisition**” means Lotus Crux Acquisition LP.

“**Lotus Crux Related Parties**” means any person (i) directly or indirectly controlled by, affiliated with or related to LPI or Crux, or (ii) who is a vendor of a Prospective Property or a shareholder or limited partner of such vendor, and in each case, who has a voting arrangement with Lotus Crux with respect to rights in the REIT, and “**Lotus Crux Related Party**” means any one of them.

“**LPI**” means Lotus Pacific Investments Inc.

“**LTIP**” means the long term incentive plan of the REIT adopted by the Trustees.

“**Management Agreement**” means the first amended and restated management agreement dated March 11, 2013 entered into between, *inter alia*, the REIT, through one of its Subsidiaries, Taggart, and the Manager pursuant to which

the Manager provides property and asset management, administrative and other services to the REIT and its Subsidiaries, including the services of certain management individuals, as such agreement may be amended and restated from time to time, as described under “Arrangements with the Manager”.

“**Manager**” means Labec Realty Advisors Inc., a company incorporated under the laws of Canada, in its capacity as the property and asset manager of the REIT and its Subsidiaries pursuant to the Management Agreement, as well as its successors and permitted assigns.

“**New Mortgages**” has the meaning given to such term under “The Acquisitions – Financing of the Acquisitions – New Mortgages”.

“**NOI**” has the meaning given to such term under “Non-IFRS Financial Measures”.

“**Offered Unit**” means a unit of the REIT, with each unit comprised of one Trust Unit and one half of one Warrant.

“**Offering**” means the offering of the Offered Units pursuant to this short form prospectus.

“**Operating Facility**” means the short term operating facility of the REIT which can be drawn up to a maximum amount of \$4.0 million.

“**Over-Allotment Option**” has the meaning given to that term on the face page of this short form prospectus.

“**Person**” means an individual, firm, trust, trustee, syndicate, corporation, partnership, limited partnership, association, government, governmental agency or other entity.

“**Placement Trust Unit**” has the meaning given to such term on the cover page.

“**Placement Unit**” has the meaning given to such term on the cover page.

“**Placement Warrant Unit**” has the meaning given to such term on the cover page.

“**Placement Warrant**” has the meaning given to such term on the cover page.

“**Pro Forma Portfolio**” means the real estate portfolio described under the heading “The Pro Forma Portfolio”.

“**Properties**” means the properties described under the heading “The Pro Forma Portfolio – Overview of the Pro Forma Portfolio”.

“**PRO REIT GP**” means PRO REIT GP Inc., a wholly-owned Subsidiary of the REIT incorporated under the laws of Canada.

“**PRO REIT LP**” means PRO REIT Limited Partnership, a limited partnership formed under the laws of the Province of Québec pursuant to the PRO REIT LP Agreement.

“**PRO REIT LP Agreement**” means the first amended and restated limited partnership agreement of PRO REIT LP between PRO REIT GP, as general partner, the REIT, as limited partner, and each Person who is admitted to the partnership as a limited partner in accordance with the terms of the agreement, as the same may be amended and/or restated from time to time.

“**Prospective Property**” means a prospective property described under “Relationship with Lotus Crux and Lotus Crux Acquisition – Strategic Investment Agreement”.

“**REIT**” means PRO Real Estate Investment Trust and references in this short form prospectus to the “REIT” should be interpreted as described under “General Matters”.

“**REIT Exception**” means the exclusion from the definition of “SIFT trust” in the Tax Act, for a trust qualifying as a “real estate investment trust” as defined in subsection 122.1(1) of the Tax Act.

“**Revolving Credit Facility**” means the revolving credit facility of the REIT with a Canadian chartered bank in the aggregate maximum principal amount of \$9 million bearing interest at a floating rate equal to either the prevailing prime rate plus 162.5 basis points or the prevailing banker’s acceptance rate plus 262.5 basis points, at the REIT’s option.

“**Roadshow Presentation**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**RRIF**” means “registered retirement income fund” within the meaning of the Tax Act.

“**RRSP**” means “registered retirement savings plan” within the meaning of the Tax Act.

“**SIFT**” means “specified investment flow-through trust” or “specified investment flow-through partnership”, as the case may be, within the meaning of the SIFT Rules.

“**SIFT Rules**” means the rules applicable to “SIFT trusts” and “SIFT partnerships” (each as defined in the Tax Act) in the Tax Act as described under “Certain Canadian Federal Income Tax Considerations – Status of the REIT – SIFT Rules”.

“**Special Voting Unit**” means a special voting unit in the capital of the REIT.

“**Strategic Investment Agreement**” means the strategic investment agreement described under “Relationship with Lotus Crux and Lotus Crux Acquisition – Strategic Investment Agreement”, which will be entered between the REIT and Lotus Crux Acquisition immediately prior to the closing of the Offering.

“**Sub-Management Agreement**” means the sub-management agreement described under “Relationship with Lotus Crux and Lotus Crux Acquisition – Sub-Management Agreement”, which will be entered between the Manager and LPI immediately prior to the closing of the Offering.

“**Subsidiary**” means, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity, and without limiting the generality of the foregoing, includes in respect of the REIT, PRO REIT LP and any partnership of which PRO REIT LP is, directly or indirectly, a member.

“**Subsidiary Securities**” means notes or other securities of PRO REIT LP or such other notes or securities of a Subsidiary of PRO REIT LP as the Trustees designate as such from time to time.

“**Support Agreement**” means the support agreement described under “Relationship with Lotus Crux and Lotus Crux Acquisition – Support Agreement”, which will be entered between the REIT and Lotus Crux immediately prior to the closing of the Offering.

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

“**Tax Proposals**” means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“**TFSA**” means “tax-free savings account” within the meaning of the Tax Act.

“**Third Party Property**” means a third party property described under “Relationship with Lotus Crux and Lotus Crux Acquisition – Strategic Investment Agreement”.

“**Transfer Agent**” means Equity Financial Trust Company, in its capacity as registrar and transfer agent of the Trust Units, at its principal office in Toronto, Ontario.

“**Trust Units**” means trust units in the capital of the REIT, and specifically excludes Special Voting Units.

“**Trustees**” means the trustees from time to time of the REIT.

“**TSXV**” means the TSX Venture Exchange.

“**Underwriters**” means, collectively, Canaccord Genuity Corp., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc. and Dundee Securities Ltd.

“**Underwriters’ Fee**” has the meaning given to such term on the cover page of this short form prospectus.

“**Underwriting Agreement**” means the agreement dated as of September 25, 2014 entered into among the REIT and the Underwriters in respect of the Offering.

“**Unitholder**” means a holder of Trust Units, and any reference to a Unitholder in the context of such Unitholder’s right to vote at a meeting of Unitholders also includes a holder of Special Voting Units.

“**Voting Units**” means the Trust Units and/or the Special Voting Units, as the context requires.

“**Warrants**” means a Trust Unit purchase warrant of the REIT that entitles the holder thereof to acquire one half of one Warrant Unit at an exercise price of \$2.65 per Warrant Unit at any time following the Closing and prior to 5:00 p.m. (Montréal time) on March 31, 2017 in accordance with the terms of the Warrant Indenture.

“**Warrant Agent**” has the meaning given to such term under “Description of Offered Units – Warrants”.

“**Warrant Indenture**” has the meaning given to such term under “Description of Offered Units – Warrants”.

“**Warrant Units**” means a Trust Unit acquired on the due exercise of a Warrant.

BUSINESS OF THE REIT

The REIT is an unincorporated, open-ended real estate investment trust established by the Declaration of Trust and governed by the laws of the Province of Ontario. The REIT is a “mutual fund trust” as defined in the Tax Act, but is not a “mutual fund” within the meaning of applicable Canadian securities legislation. The principal, registered and head office of the REIT is located at 2000 Peel Street, Suite 758, Montréal, Québec, H3A 2W5. A copy of the Declaration of Trust is available on SEDAR at www.sedar.com.

The REIT has been established to own a portfolio of diversified commercial real estate properties in Canada, and has a focus on primary and secondary markets in Québec, Atlantic Canada (New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland & Labrador) and Ontario with selective expansion into Western Canada (Alberta and British Columbia). The REIT currently owns nine commercial properties located in Québec, New Brunswick and Nova Scotia, comprising 396,737 square feet of GLA. Pursuant to the Acquisitions, the REIT intends to acquire the Acquisition Properties comprised of 14 retail, industrial and commercial mixed use properties in Québec, New Brunswick, Nova Scotia and Alberta, representing aggregate GLA of 647,358 square feet. See “Recent Developments – Proposed Acquisitions”.

Upon closing of the Acquisitions, the REIT’s Pro Forma Portfolio will be comprised of 23 properties, totaling 1,044,095 square feet of GLA, providing increased exposure to certain of the REIT’s core target markets of Québec and Atlantic Canada, and the REIT’s first investment in Alberta.

The objectives of the REIT are to: (i) provide Unitholders with stable and growing cash distributions from investments in real estate properties in Canada on a tax efficient basis; (ii) expand the asset base of the REIT and enhance the value of the REIT’s assets to maximize long-term Trust Unit value; and (iii) increase the REIT’s net operating income and AFFO per Trust Unit, through internal growth strategies and accretive acquisitions. The REIT intends to grow and diversify its portfolio in order to increase its stability and to reduce its exposure to any particular property, location, tenant or industry. The REIT seeks to identify potential acquisitions using investment criteria that focus on the security of cash flow, potential for increased rents, potential for capital appreciation, potential for operating efficiencies and ability to finance on attractive terms. The REIT’s acquisition strategy is dynamic, and is intended to enable the REIT to adapt to changes in the economy, the real estate industry and capital markets conditions. The REIT seeks to identify undervalued opportunities in all market cycles in the commercial real estate industry. Upon closing of the Offering, the REIT will be a party to the Strategic Investment Agreement with Lotus Crux, which the management believes will provide the REIT with enhanced coverage of major markets in Western Canada and incremental coverage of major markets in Eastern Canada, as well as access to Lotus Crux’s network of relationships with real estate market participants in these markets, resulting in access to a pipeline of potential acquisition and investment opportunities not otherwise available to the REIT. In connection with the Strategic Investment Agreement, the REIT will have the option of participating in Investment Properties by advancing mezzanine loans at market terms, and an option to purchase such properties once stabilized. See “Relationship with Lotus Crux and Lotus Crux Acquisition”.

The REIT is externally managed by the Manager utilizing an efficient management structure. In exchange for providing management services to the REIT, the Manager earns a competitive advisory fee, expressed as a percentage of the adjusted cost base of the REIT’s assets, and an acquisition fee, expressed as a percentage of the purchase price of properties acquired. The Manager does not charge any incentive, disposition, financing, leasing, construction or development fees. In addition, the Manager has agreed to internalize the asset management function once the REIT’s GBV reaches \$500 million. Immediately following the closing of the Offering, the Concurrent Private Placement and the Acquisitions, members of management, the Board of Trustees, Lotus Crux, a Lotus Crux Related Party, and vendors that have agreed to accept Class B LP Units as partial consideration for the sale of their properties to the REIT are expected to hold a 33.0% equity interest in the REIT.

INVESTMENT HIGHLIGHTS

Management believes that the REIT offers an:

Experienced Management Team and Board with a Proven Track Record of Value Creation

The Manager is comprised of an experienced team of real estate professionals. In aggregate, the REIT’s executive officers and Trustees have over 100 years of operating, acquisitions, and financing experience in the Canadian real estate industry. They have extensive relationships with a broad network of real estate industry owners and service

professionals across Canada, and expect to leverage these relationships to source accretive high-quality acquisitions. From May 2010 until March 2012, the key executives of the Manager held senior management positions with CANMARC, a publicly-traded real estate investment trust that owned a nationally diversified portfolio of 115 commercial properties totaling 9.4 million square feet of GLA. On a value basis by region, CANMARC's portfolio included approximately \$1.1 billion (63.4%) in Québec, \$390.2 million (22.8%) in Western Canada, \$146.7 million (8.6%) in Atlantic Canada and \$87.9 million (5.2%) in Ontario. During their tenure with CANMARC and its predecessor, the REIT's senior management team completed in excess of \$3.9 billion of commercial real estate transactions, including \$700 million of accretive acquisitions subsequent to CANMARC's initial public offering. CANMARC was ultimately acquired by Cominar Real Estate Investment Trust in March 2012 at a price of \$16.50 per unit, representing \$1.9 billion of asset value, and generating a compounded annualized total return of approximately 43% for CANMARC's unitholders, as compared to 28% for the S&P/TSX REIT Index over the same period. Given the management team's experience across Canadian real estate markets and capital markets, it possesses a unique and valuable set of skills and relationships that can be leveraged to the benefit of the REIT.

Strategic Relationship with Lotus Crux Enhances Geographic Expertise in Western Canada and the Greater Toronto Area, and Provides a Pipeline of Future Acquisitions and Investment Opportunities

Lotus Crux is a partnership controlled by LPI and Crux, formed to acquire undervalued commercial real estate investment opportunities and execute value-added initiatives through active and entrepreneurial management. The principals of LPI and Crux have substantial real estate experience, having purchased and managed in excess of \$7 billion of commercial real estate assets. LPI and Crux, in aggregate, currently own or manage over \$400 million of commercial real estate located across Central and Western Canada as well as the United States. LPI, a private equity real estate group based in Vancouver and led by Shenoor Jadavji, has acquired, developed, managed and sold in excess of \$1 billion of industrial, retail, office, hotel, and residential assets since 1995, predominately located in Western Canada and Ontario. LPI's private equity partners include high net worth and institutional investment partners such as KingSett Capital, LaSalle Investment Management, and GE Capital. Crux, a private equity real estate group based in Toronto, was founded by Peter Aghar, a principal that has a successful 20 year track record as an opportunistic value investor on an institutional scale, having been responsible for more than 100 real estate investments totaling over \$6 billion in Canada and internationally, including equity investments, joint ventures, private equity funds, public companies and debt investments. Management believes that, upon entering into the Strategic Investment Agreement, the REIT's strategic relationship with Lotus Crux will expand the REIT's geographic reach, provide it access to an extensive network of relationships with key real estate market participants, and ultimately provide the REIT with access to a pipeline of potential acquisition and investment opportunities that would not otherwise be available to the REIT.

Portfolio of High-Quality Commercial Real Estate

Upon closing of the Acquisitions, the REIT's Pro Forma Portfolio will be comprised of 23 commercial properties totaling 1,044,095 square feet of GLA. The Pro Forma Portfolio is diversified by property type and geography across Québec, New Brunswick, Nova Scotia and Alberta. The Pro Forma Portfolio will consist of three office properties representing 125,407 square feet of GLA, 12 retail properties representing 432,995 square feet of GLA, five industrial properties representing 261,161 square feet of GLA and three commercial mixed use properties representing 224,532 square feet of GLA. The REIT's Pro Forma Portfolio properties are mostly situated in prime locations within their respective markets, along major traffic arteries benefiting from high visibility and easy access. Management believes the quality and diversity of the Pro Forma Portfolio will enable the REIT to attract new tenants and retain existing tenants, providing a strong base on which to generate stable and growing cash flows. See "Risk Factors – Risks Related to the Acquisitions".

Geographic Focus on Stable Eastern Canadian Markets, with Increasing Exposure to Growing Western Canadian Markets

The REIT targets property acquisitions in primary and secondary markets across Canada, with particular focus on Québec, Atlantic Canada, and Ontario in the East, and, selectively, Alberta and British Columbia in the West. The economies of the Eastern Canadian provinces represent approximately 64.7% of the Canadian economy (\$1.0 trillion of GDP) and 70.1% of Canadian population (24.0 million people). Québec and Ontario are the largest individual provincial economies in Canada, and are amongst the most stable in Canada. From 2009 to 2013, the annual volatility

of GDP growth for the overall Canadian economy, as measured by standard deviation, was 2.4%, as compared to the annual volatility of GDP growth for Québec, Atlantic Canada and Ontario of 1.3%, 2.2% and 2.4%, respectively. Modest GDP growth is expected in these markets over the long term, as their economies are driven by a diverse array of industries and are poised to benefit from the economic recovery in the United States. Alberta and British Columbia represent 31.4% of the Canadian economy (\$0.5 trillion of GDP) and 25.3% of Canadian population (8.6 million people), with Alberta and British Columbia being the largest provincial economies in the West. The Western Canadian provincial economies are expected to outperform the rest of Canada in the near term, driven by strong demographic fundamentals and strong performance in the energy (oil and natural gas), manufacturing, and export-oriented industries. From 2014 to 2018, real GDP for the overall Canadian economy is expected to grow at an annual rate of 2.1%, as compared to annual real GDP growth for Alberta and British Columbia of 2.9% and 2.6%, respectively. Management believes that its strategy of focusing on stable markets in Eastern Canada and selective expansion in high growth markets in Western Canada will enable the REIT to assemble a portfolio underpinned by strong and consistently stable economic fundamentals, with exposure to organic growth opportunities. Going forward, the REIT's acquisition strategy will target 7 of the 10 largest property markets in Canada. As the ownership of commercial real estate in these target markets is highly fragmented, management believes that the Pro Forma Portfolio provides the REIT with a national platform on which to consolidate real estate that fits the REIT's acquisition criteria and expand its presence across Canada.

High-Quality Tenants with Long Term Leases

The Pro Forma Portfolio is leased to a large portion of high-quality tenants, including government and national tenants representing 79.8% of base rent. Tenants (or their corporate parent) that have been assigned investment grade credit ratings represent 56.7% of the Pro Forma Portfolio's base rent, and have a weighted average remaining lease term of 8.3 years. Furthermore, the Pro Forma Portfolio's tenants are well diversified by industry sector. The Pro Forma Portfolio's ten largest tenants are expected to account for approximately 60.5% of base rent, and no tenant will comprise more than 10.8% of the Pro Forma Portfolio's base rent. Seven of the Pro Forma Portfolio's top ten tenants (or their corporate parent) have been assigned investment grade credit ratings. The Pro Forma Portfolio is currently 93.5% occupied, with a weighted average remaining lease term of approximately 7.6 years, providing excellent stability to the underlying cash flows of the REIT. The Pro Forma Portfolio's lease maturities are well staggered into the future, with 69.7% of base rent expiring after 2019 and not more than 12.4% of base rent matures in any given year over the next five years.

Alignment of Interests Through an Efficient Management Structure, Strong Corporate Governance and Significant Retained Interest

The REIT is externally managed by an experienced team of real estate professionals utilizing an efficient management structure. In exchange for providing management services to the REIT, the Manager earns an advisory fee, expressed as a percentage of the Adjusted Cost Base of the REIT's assets, and an acquisition fee, expressed as a percentage of the purchase price of properties acquired. The Manager does not charge any incentive, disposition, financing, leasing, construction or development fees. In addition, the Manager has agreed to internalize the asset management function of the REIT once the REIT's GBV reaches \$500 million. Furthermore, the REIT will maintain strong and effective governance with a Board of Trustees comprised of a majority of Independent Trustees, all of whom have experience in the Canadian commercial real estate and capital markets. Management believes that they are aligned with Unitholders given their low cost and simple management structure relative to industry peers, its pre-determined internalization strategy, and an adherence to strong corporate governance practices, including a Board comprised of a majority of Independent Trustees. In addition, Lotus Crux will subscribe for \$5.0 million of Placement Units under the Concurrent Private Placement. As well, vendors of certain Acquisition Properties, including a Lotus Crux Related Party, have agreed to accept an aggregate of \$4.3 million of Class B LP Units as partial consideration for the sale of such properties. The units being issued under the Concurrent Private Placement and the Class B LP Units being issued to certain vendors are being issued at a price equal to the Offering Price. A Fraction of one Class B Warrant will also be issued to the vendors with each Class B LP Unit. Immediately following the closing of the Offering and the Acquisitions, members of management, the Board of Trustees, Lotus Crux, a Lotus Crux Related Party and vendors that have agreed to accept Class B LP Units as partial consideration for the sale of their properties to the REIT are expected to hold a 33.0% equity interest in the REIT.

Compelling Investment Metrics

The REIT intends to pay stable and growing monthly cash distributions to Unitholders. Currently, the REIT pays distributions to Unitholders of \$0.21 per Unit per annum, which will provide Unitholders with an annual yield of

approximately 9.1% (at the Offering Price), based on an AFFO payout ratio of 89.0%. Management estimates that the Offering Price represents a significant discount to the REIT's pro forma net asset value per Unit. Management believes that there is significant near term internal growth imbedded within the Pro Forma Portfolio, including contractual rent steps, opportunities to lease currently vacant space and renewing/re-leasing maturing leases to market rates. Immediately following the closing of the Acquisitions and the Offering, the REIT is expected to have a consolidated debt to Gross Book Value ratio of approximately 58.6%. See "Risk Factors – Risks Related to the Acquisitions".

GROWTH STRATEGIES

Internal Growth

Management believes there are opportunities to enhance the value of the REIT's portfolio by optimizing its performance through a number of internal growth initiatives designed to increase the REIT's cash flow from operations. These include, but are not limited to:

- *Revenue growth opportunities:* As the weighted average occupancy rate of the Pro Forma Portfolio is 93.5%, management believes that there is potential to generate additional rental income by leasing space in properties that is currently unoccupied. In addition, several of the properties are located in areas with low vacancy rates and minimal new competitive supply, which should provide the REIT, following the closing of the Acquisitions, with opportunities to replace expiring leases at market rents that are in excess of in-place rents. Finally, management will seek to include contractual rent escalators in leases to further facilitate stable and predictable growth in rental income.
- *Operating improvements and preventative maintenance programs:* The REIT recognizes the inherent cost efficiencies of maintaining existing tenancies and will seek to engage in ongoing discussions with tenants throughout their lease term, and be proactive with tenants by anticipating and adapting to their changing needs and negotiating early renewals as leases approach their expiries. Management believes this will promote organic growth by minimizing marketing costs, leasing and tenant improvement costs, avoiding interruptions in rental income from periods of vacancy, and providing management with maximum time to re-lease premises as leases expire. Management intends to continue to stagger the Pro Forma Portfolio's lease maturities, in order to limit lease renewal risk and leasing costs in any given year. Typically, where there are several maturities in any one year, they are spread geographically and by sector. The Pro Forma Portfolio has a weighted average remaining lease term of 7.6 years, with 69.7% of base rent maturing after 2019, and no more than 12.4% of base rent maturing in any given year over the next five years. Furthermore, management intends to engage property tax appeal specialists to investigate the possibility of lowering property tax costs, which are typically a significant component of a real estate investment trust's operating costs. Finally, management will ensure preventive maintenance programs are in place focusing on building control systems, roofing, and parking facilities, in order to minimize long term capital expenditures.
- *Expansion opportunities:* Management will seek to strengthen its asset base through the judicious expansion and improvement of existing properties. Management believes there are several potential opportunities to develop additional properties on excess land within the Pro Forma Portfolio, including opportunities at 135 Main Street, 55 Technology Drive, 2466-2485 King George Highway, 87 Warwick Street, and 879 Main Street. Management believes that these potential opportunities represent approximately 98,000 square feet of incremental GLA. In addition, as local market conditions for a specific property change, the REIT will consider alternative strategies such as changing or adding anchor tenants, repositioning the property, or altering the mix of tenants.

External Growth

The REIT's external growth strategy includes the following:

- *Accretive acquisitions of income-producing commercial properties:* The REIT will benefit from the experience and expertise of management and its acquisition and leasing knowledge to identify accretive acquisitions of office, retail and industrial properties across Canada. The REIT has sought to identify property acquisitions using investment criteria that focus on the quality of the tenants, market demographics, lease terms, opportunities for expansion, security of cash flows, potential for capital appreciation and potential for increasing value through more efficient management of the assets being acquired, including

expansion and repositioning. The REIT's acquisition focus will be on buildings with minimal capital requirements, including new buildings or well-maintained older buildings. Consistent with the REIT's strategy and in the normal course, the REIT is engaged in discussions with respect to possible acquisitions of properties. See "Risk Factors – Risks Related to the Acquisitions".

- *Minimizing risk through portfolio diversification:* As part of its growth strategy, the REIT intends to acquire a broad range of commercial properties in its target markets, and will seek to maximize diversification within its portfolio. The Pro Forma Portfolio is diversified (i) by asset class among office properties (13.2% of base rent), retail properties (50.0% of base rent), industrial properties (18.0% of base rent) and commercial mixed use properties (18.8% of base rent); and (ii) by geography among markets in Québec (33.9% of base rent), Atlantic Canada (58.4% of base rent), and Alberta (7.7% of base rent). Within each of the office, retail and industrial asset classes, the REIT intends to target class A and B, single and multi-tenant properties. A class A property is a property with high quality finishes well located in a prominent area, sought by investors and strong tenants and a class B property is a well designed and well maintained property that offers useful space in a functional layout.
- *Selective development and expansion of properties:* To complement the REIT's acquisition strategy, selective development and expansion opportunities will be undertaken based on tenant demand. If development opportunities are pursued, the REIT initially intends to carry out any such projects externally, through third party developers. These projects will be aimed at improving the overall age and quality of the REIT's portfolio, while generating strong returns on investment. Many of the key elements and criteria of the REIT's acquisition strategy will also apply to the REIT's development and expansion strategy.
- *Strategic relationship with Lotus Crux:* Upon entering into the Strategic Investment Agreement, the REIT will have formed a strategic relationship with Lotus Crux that management believes will provide the REIT with access to a unique pipeline of potential future acquisitions and investments. Pursuant to the Strategic Investment Agreement, upon identifying a potential acquisition or investment property that, once stabilized, will be consistent with the REIT's investment guidelines and acquisition strategy, Lotus Crux shall offer to the REIT and the REIT will have the option to participate in such Investment Property, by advancing a mezzanine loan at fair market terms. In addition, the REIT will have an option to purchase any such Investment Property at its fair market value following stabilization. Management believes the Strategic Investment Agreement will provide the REIT with access to a future pipeline of high quality property acquisitions, particularly in the REIT's target markets in Western Canada and Ontario.

RECENT DEVELOPMENTS

Proposed Acquisitions

The REIT intends to acquire the Acquisition Properties comprised of 14 retail, industrial and commercial mixed use properties representing an approximate aggregate GLA of 647,358 square feet of GLA from eight separate and unrelated vendors. The aggregate purchase price for the Acquisition Properties is anticipated to be approximately \$65.6 million, at a weighted average cap rate of 7.6%, excluding closing and transaction costs. The net proceeds from the Offering are expected to be used by the REIT, along with cash on hand, the New Mortgages, the Assumed Mortgage and Class B LP Units, to fund the purchase of the Acquisition Properties. The aggregate appraised value of the Acquisition Properties is \$67.7 million, excluding any portfolio premium. See "The Acquisitions".

Acquisition of 325 Hymus Boulevard

On December 16, 2013, the REIT closed on the acquisition of 325 Hymus Boulevard in Pointe Claire, Quebec. The property was acquired for \$3.38 million (excluding closing and transaction costs), of which approximately \$1.01 million was satisfied through the issuance of Class B LP Units at a price per unit of \$2.40. The balance of the purchase price was satisfied through the use of the REIT's revolving credit facility, which was expanded to a maximum availability of \$9.0 million from its original \$6.9 million with the inclusion of 325 Hymus Boulevard as additional security. The purchase price represented a going-in capitalization rate of approximately 8.25% on in place cash flows.

THE PRO FORMA PORTFOLIO

Overview of the Pro Forma Portfolio

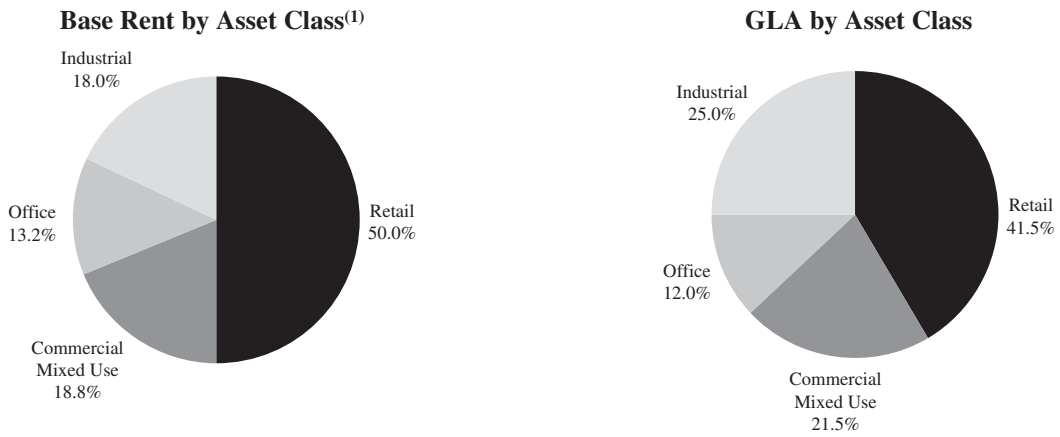
Upon completion of the Acquisitions, the REIT will own a portfolio of 23 income-producing commercial properties representing an aggregate of 1,044,095 square feet of GLA located in Eastern Canada and Alberta. The following table provides information regarding the Pro Forma Portfolio as at the date of this prospectus:

<u>Property</u>	<u>Location</u>	<u>Year Built/Renovated</u>	<u># of Tenants</u>	<u>GLA (square feet)</u>	<u>Occupancy</u>
Acquisition Properties					
<u>Retail</u>					
2466 – 2480 King George Highway	Miramichi, NB	1994/2009/2010	14	70,546	100.0%
87 Warwick Street	Digby, NS	1973/2013	6	61,304	76.5%
8934 – 8944 Commercial Street	New Minas, NS	1988/1997/2007/2008	8	51,650	88.0%
879 Main Street	Beresford, NB	1984/1986/2009/2010	7	39,870	100.0%
2485 King George Highway	Miramichi, NB	2000	1	18,600	100.0%
11047 Henri Bourassa Boulevard	Quebec City, QC	1983	1	11,700	100.0%
267 Commerce Street	Beresford, NB	2011	1	7,530	100.0%
			38	261,200	92.1%
<u>Industrial</u>					
26 Hymus Boulevard	Pointe-Claire, QC	1975	6	87,316	100.0%
9002 20 th Street	Edmonton, AB	1978/1989	1	59,390	100.0%
10100 Côte-de-Liesse Road	Lachine, QC	2004	3	55,471	100.0%
985 Avenue Godin	Quebec City, QC	1989	1	29,534	100.0%
7405 127 th Avenue	Edmonton, AB	1970/1994	1	29,450	100.0%
			12	261,161	100.0%
<u>Commercial Mixed Use</u>					
5655 de Marseille Street	Montreal, QC	1968/2013	1	65,000	100.0%
1850 Vanier Boulevard	Bathurst, NB	1989	7	59,997	90.8%
			8	124,997	95.6%
Acquisition Properties Subtotal			58	647,358	96.0%
Existing Portfolio					
<u>Office</u>					
55 Technology Drive	Saint John, NB	1999	1	50,732	100.0%
26-32 Prince Arthur/11-15 Princess	Amherst, NS	1957/1974/2008	7	50,681	76.3%
325 Hymus Boulevard	Pointe-Claire, QC	1977/2011	1	23,994	71.8%
			9	125,407	85.0%
<u>Retail</u>					
370 Connell Street	Woodstock, NB	1972/2001	8	114,247	84.3%
2 Lawrence Street	Amherst, NS	2009	1	21,212	76.2%
1670 Notre Dame Street	L’Ancienne-Lorette, QC	1980/2008	1	19,000	100.0%
135 Main Street	Moncton, NB	2012	1	10,574	100.0%
449 Principale Street	Daveluyville, QC	1987/2011	1	6,762	100.0%
			12	171,795	86.6%
<u>Commercial Mixed Use</u>					
3200-3260 Guénette Street	St. Laurent, QC	2007	4	99,535	100.0%
Existing Portfolio Subtotal			25	396,737	89.5%
Total			83⁽¹⁾	1,044,095	93.5%

(1) 69 separate and discreet tenants, after accounting for tenants that occupy space in more than one property.

Diversification by Asset Class

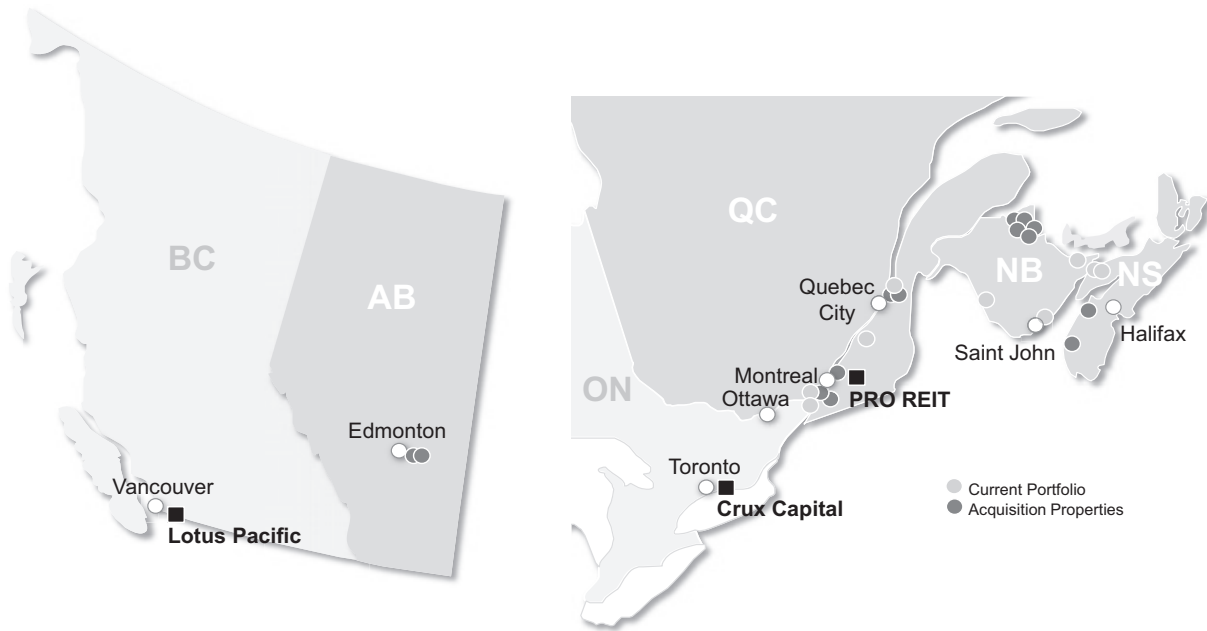
The Pro Forma Portfolio consists of a diversified mix of properties across office, retail, and industrial asset classes. The following charts provide information regarding the diversification of the Pro Forma Portfolio by asset class:



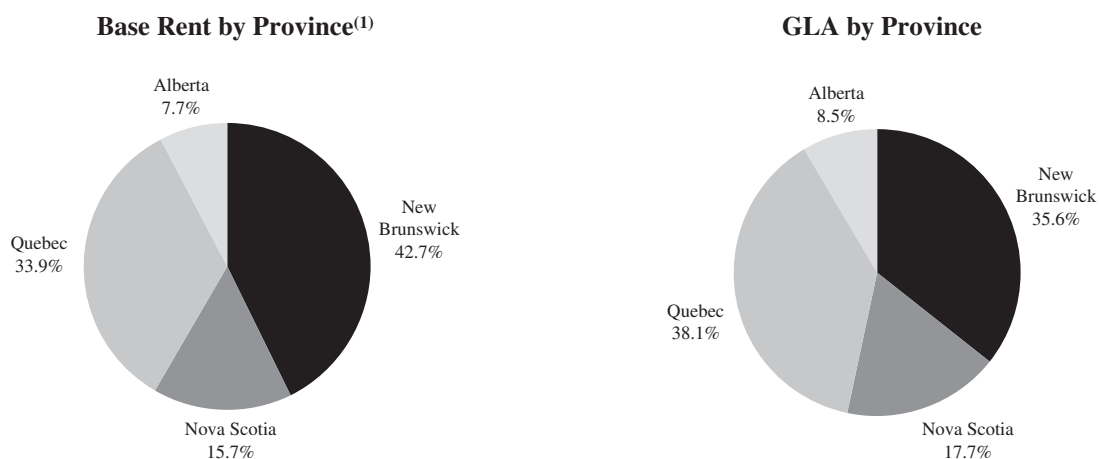
(1) Based on in-place and committed base rent, pro forma the Acquisitions.

Geographic Diversification

The Properties are located in primary and secondary markets throughout Québec, New Brunswick, Nova Scotia and Alberta. The following map illustrates the geographic diversification of the Pro Forma Portfolio:



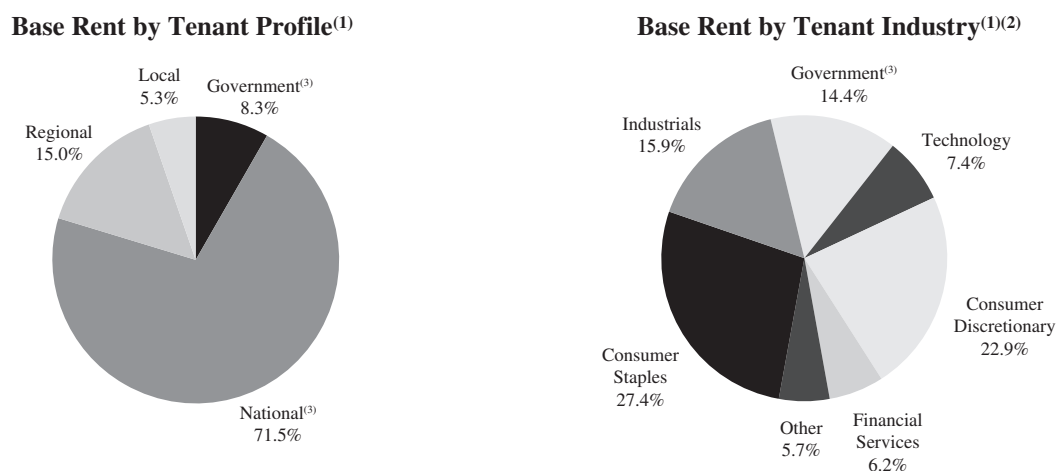
The following charts illustrate the geographic diversification of the Portfolio following the completion of the Acquisitions:



(1) Based on in-place and committed base rent, pro forma the Acquisitions.

Tenant Profile

The Properties are leased to a large portion of high-quality tenants. Government and national tenants represent 79.8% of the Pro Forma Portfolio's base rent. The Pro Forma Portfolio's tenants are well diversified by industry sector.



(1) Based on in-place and committed base rent, pro forma the Acquisitions.

(2) "Other" includes professional services (3.4%), healthcare (0.9%), telecom (0.5%) and vendor leases (0.8%).

(3) National tenants are tenants with multiple locations and/or sales in jurisdictions beyond one province, and government tenants are tenants that are a division or agency of a federal, provincial, or municipal government body.

Upon closing of the Acquisitions, 56.7% of the Pro Forma Portfolio's base rent is expected to be generated from investment grade tenants, with a weighted average remaining lease term of 8.3 years. The Pro Forma Portfolio's ten largest tenants are expected to account for approximately 60.5% of base rent, with no tenant comprising more than 10.8% of the Pro Forma Portfolio's base rent. Seven of the Pro Forma Portfolio's top ten tenants have been assigned investment grade credit ratings. See "Risk Factors – Risks Related to the Acquisitions". The REIT's three largest tenants accounted for 27.9%, 27.3% and 16.9% of the existing portfolio's base rent at December 31, 2013, under leases which expire in 2022, 2023 and 2029 respectively.

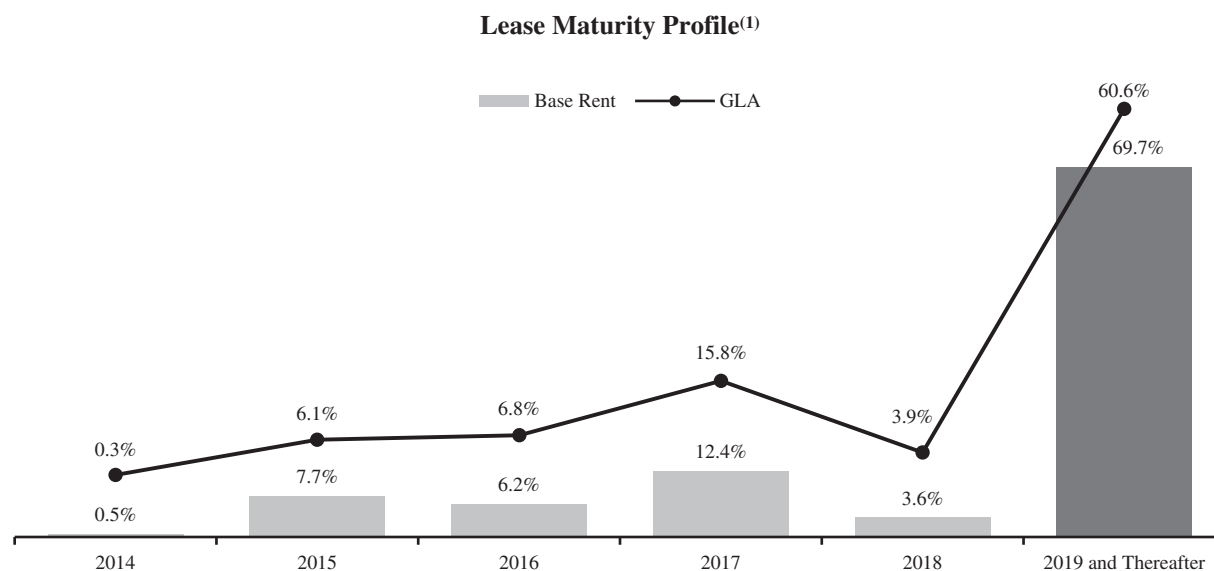
<u>Tenant</u>	<u>% of Base Rent⁽¹⁾</u>	<u>GLA (square feet)</u>	<u>% of GLA</u>	<u>Weighted Average Remaining Lease Term (years)</u>	<u>Credit Rating⁽²⁾</u>
Sobeys	10.8%	86,913	8.3%	13.4	BBB-/BBB
Shoppers Drug Mart	8.6%	42,039	4.0%	9.3	BBB/BBB
Versacold	7.7%	88,840	8.5%	13.4	
Xerox	5.7%	50,732	4.9%	5.3	Baa2/BBB-
Canadian Schedule I Chartered Bank	5.6%	20,771	2.0%	7.7	Aa3/A+/AA
Province of Nova Scotia	5.4%	31,805	3.0%	6.0	Aa2/A+/AH
Hydro Quebec	5.3%	65,000	6.2%	5.3	A+/AH
Cineplex Cinemas	4.3%	43,236	4.1%	10.0	
VF Outdoor – North Face	3.8%	34,235	3.3%	3.3	A3/A-
Groupe Epicia	3.3%	41,234	3.9%	7.1	
Top 10 tenants sub-total	60.5%	504,805	48.3%	8.9	
Other tenants	39.5%	471,399	45.1%	5.5	
Vacant	—	67,891	6.5%		
Total	100.0%	1,044,095	100.0%	7.6	

(1) Based on in-place and committed base rent, pro forma the Acquisitions.

(2) Source: Moody's, S&P, and DBRS. Credit rating assigned to tenant or indirectly to its parent.

Lease Maturities

As at the date of this prospectus, the Pro Forma Portfolio had an overall weighted average occupancy rate of 93.5% and a weighted average remaining lease term of approximately 7.6 years.



(1) Based on in-place and committed base rent, pro forma the Acquisitions.

OVERVIEW OF THE REIT'S TARGET MARKETS

The REIT has been established to own a portfolio of diversified commercial real estate properties in Canada, with a focus on primary and secondary markets in Québec, Atlantic Canada (primarily New Brunswick and Nova Scotia), and Ontario, with selective expansion into Western Canada (Alberta and British Columbia).

Canada

Economic Overview

	Historical average (2009 – 2013)	2013A	2014F	2015F	Forecast average (2014 – 2018)
Real GDP (% change)	1.4%	2.0%	2.1%	2.1%	2.1%
Population (% change)	1.2%	1.2%	1.1%	1.1%	1.1%
Employment (% change)	0.8%	1.3%	1.0%	1.8%	1.4%
Unemployment Rate	7.6%	7.1%	6.9%	6.5%	5.9%
Retail Sales (% change)	2.4%	2.5%	3.7%	3.9%	3.8%
Real GDP (st. dev. of % change, 2009 – 2013)	2.43%				

Source: Conference Board of Canada

Eastern Canada

The Eastern Canadian economies are amongst the most stable in Canada, as measured by variability of key economic indicators over time. According to the Conference Board of Canada, from 2009 to 2013, the annual volatility of GDP growth for the overall Canadian economy, as measured by standard deviation, was 2.4%, as compared to the annual volatility of GDP growth for Québec, Atlantic Canada and Ontario of 1.3%, 2.2% and 2.4%, respectively. Modest GDP growth is expected in all of the REIT's target markets over the near and long term. In addition, the REIT's target markets are driven by a diverse array of industries including industrial goods, natural resources, agriculture and financial services. Furthermore, according to Statistics Canada, the Eastern Canadian economies represented approximately 60% of Canadian merchandise exports in 2012, with the United States being the most significant export destination. As the United States continues to experience an economic recovery and as the U.S. dollar continues to appreciate relative to the Canadian dollar, management believes that Eastern Canada is well positioned to benefit.

The REIT's target markets in Eastern Canada demonstrate stable real estate fundamentals and include the two largest commercial real estate markets in Canada – Québec and Ontario. According to CBRE, in aggregate, the major Eastern Canadian real estate markets of Toronto (GTA), Montréal (GMA), Ottawa, Halifax, London and the Waterloo Region contain approximately 294.0 million square feet of office space (approximately 67.6% of available Canadian supply) and 1.2 billion square feet of industrial space (approximately 70.6% of available Canadian supply) and have exhibited stable occupancy rates and rental rates over time. The GTA and the GMA are Canada's two largest real estate markets. The ownership of commercial real estate in these target markets is highly fragmented, and management believes that properties in Eastern Canada currently offer superior risk adjusted investment metrics, as these properties are typically valued at higher capitalization rates than similar properties elsewhere in Canada. Management believes the scale, fragmentation, and relative value within Eastern Canadian real estate markets offers a unique and compelling investment opportunity, on which the REIT is well positioned to capitalize. The following table demonstrates the spread between the average capitalization rates for commercial properties in major Eastern Canadian cities and the respective Canadian national average cap rate for similar quality properties.

	Montreal	Halifax	Toronto	Ottawa
Office	+49 bps	+94 bps	-26 bps	+6 bps
Industrial	+74 bps	+55 bps	-7 bps	-1 bps
Retail	+74 bps	+39 bps	-31 bps	+9 bps

Source: CBRE, as at Q2 2014, calculated as the mid-point of the applicable local capitalization rate range less the applicable Canadian average capitalization rate (overall average of the high and low capitalization rates for Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Ottawa, Montreal and Halifax)

Western Canada

The Western Canadian economies are amongst the largest in Canada, and are well positioned to benefit from continued expected growth in the natural resources, energy and export markets. Furthermore, Western Canadian real estate markets are large and fragmented, with 129 million square feet of office space (30% of the Canadian supply) and 410 million square feet of industrial space (24% of the Canadian supply), according to CBRE.

Alberta

Economic Overview

According to the Conference Board of Canada, in 2013, Alberta generated \$290 billion of real GDP, making it the third largest provincial economy in Canada. Alberta continues to be one of Canada's most rapidly growing economies, and is poised to outpace the Canadian average in 2014. Conference Board of Canada forecasts have Alberta leading Canada with projected real GDP growth in 2014 of 3.5%. According to the Conference Board of Canada, since 2009, the unemployment rate in Alberta has averaged 5.6%, well below Canada's average of 7.6% over the same period and according to the Alberta Treasury Board, Alberta produced 87% of the jobs created in Canada in 2013, with the vast majority of job growth in the construction, retail and wholesale trade, and oil and gas sectors. The effect of strong population growth is expected to reverberate across consumer-dependent sectors, including housing, retail trade and various personal services industries. While growth in Alberta is primarily being driven by rising output and improved pricing in the energy sector, manufacturing shipments, wholesale sales, and retail sales have all increased at almost double the national rate in 2014 year-to-date according to TD Economics. Economists expect continued broad-based strength across most sectors in Alberta, with the oil and gas sector remaining a key centerpiece of the expansion. Activity in the manufacturing sector is also expected to remain robust, reflecting solid performance in the machinery and chemical industries.

	Historical average (2009 – 2013)	2013A	2014F	2015F	Forecast average (2014 – 2018)
Real GDP (% change)	2.2%	3.9%	3.5%	3.1%	2.9%
Population (% change)	2.2%	3.3%	2.8%	2.0%	1.9%
Employment (% change)	1.5%	2.8%	2.8%	2.4%	3.5%
Unemployment Rate	5.9%	4.7%	4.7%	4.5%	4.6%
Retail Sales (% change)	3.7%	6.9%	7.7%	4.9%	5.2%
Real GDP (st. dev. of % change, 2009 – 2013)	4.16%				

Source: Conference Board of Canada

Real Estate Market Overview

Calgary is the second largest market for commercial real estate in Western Canada, with 61.7 million square feet of office space and 123.9 million feet of industrial space, according to CBRE. Going forward, the suburban office market is projected to enter another cycle of positive net absorption as energy firms look to increase their spatial requirements to meet upward revisions to growth expectations. This is expected to lower vacancy rates and increase rental rates as new supply continues to be minimal into 2015. The Calgary industrial market continues to gain demand from large users establishing distribution and logistics centers in Q2 2014. There is currently an industrial supply shortage, as fears of overproduction that existed a year ago caused the pipeline of new supply to slow. It is expected that the lack of supply will continue for another two to three quarters, which will increase the net asking rental rates. Over the last four years, according to CBRE, Calgary office rental rates grew at an annualized rate of 5.5% (relative to the overall Canadian average of 1.0%), while the office vacancy rate decreased from 15.7% to 10.6%. Over the same period, industrial rental rates in Calgary increased at annualized rate of 2.6% (relative to the overall Canadian average of 2.0%) while the industrial vacancy rate decreased from 5.4% to 4.6%. Calgary's retail market continued to outperform other Canadian cities over the first half of 2014, driven by record in-migration, low unemployment and a young population. According to CBRE, compared to the second half of 2013, the overall retail vacancy rate for Calgary has declined by 20 bps to 2.8%. Calgary's economy continues to grow at a faster pace than any other Canadian city and has the highest-paid workforce, which drives above-average disposable income. According to the Conference Board of Canada, Alberta's growth in retail sales of 6.9% in 2013 was significantly above the national average of 2.5%, making Alberta the fastest-expanding province in the retail sector.

After Calgary and Vancouver, Edmonton is the third largest market for commercial real estate in Western Canada. According to CBRE, Edmonton has 24.1 million square feet of office space and 106.2 million square feet of industrial space. The downtown office market is expected to stay steady over the next several quarters. The momentum in the Edmonton industrial market in 2013 carried over into Q1 2014, where market activity has approached the record-breaking levels experienced in 2007 and the vacancy rate is one of the lowest in any major North American market. Demand has come from all sectors, with the underlying driver being the energy sector. The market is expected to remain strong, with a possible increase in demand if one of the three proposed pipelines (Energy East, Keystone XL, or

Northern Gateway) is approved. Over the last two years, according to CBRE, Edmonton office rental rates grew at an annualized rate of 7.4% (relative to the overall Canadian average of 3.8%), while the office vacancy rate increased from 9.9% to 11.2%, as a considerable amount of new office supply began construction, particularly in the first two quarters of 2014. Over this period, industrial rental rates in Edmonton increased at an annualized rate of 5.7% (relative to the overall Canadian average of 3.9%), while the industrial vacancy rate decreased from 4.5% to 4.1%. Edmonton's retail market is also carrying strong momentum into the second half of 2014, as the vacancy rate has stabilized at 2.9%, increasing only 22 bps year-over-year despite large amounts of new inventory being brought to the market, according to CBRE. Rental rates remain high and have forced many retailers to locate in second and third generation space. Edmonton had the highest retail spending per capita in the country in 2013 according to CBRE, which has made the city popular for new retailers and the expansion of existing retailers. Overall, Edmonton's retail market has shown strong performance over the first half of 2014 and is expected to sustain the pace of growth for the foreseeable future.

	<u>Inventory (millions of square feet)</u>	<u>Vacancy Rate</u>	<u>Net Rental Rate</u>	<u>Capitalization Rate Range</u>
Calgary				
Office	61.7	10.6%	\$30.76	5.85% – 6.35%
Industrial	123.9	4.6%	\$ 8.25	5.88% – 6.38%
Retail	33.0	2.8%	—	5.45% – 5.95%
Edmonton				
Office	24.1	11.2%	\$20.34	6.15% – 6.65%
Industrial	106.2	4.1%	\$10.83	6.00% – 6.50%
Retail	31.2	2.9%	\$27.75	5.75% – 6.25%

Source: CBRE Research

British Columbia

Economic Overview

According to the Conference Board of Canada, British Columbia generated \$197 billion of real GDP in 2013, making it the fourth largest provincial economy in Canada. The Conference Board of Canada expects GDP growth to increase from 2.0% in 2013 to 2.3% in 2014 and 2.9% in 2015. Furthermore, real GDP growth is forecast to average 2.6% over the next 4 years. Unemployment rates in British Columbia remain below the Canadian average, with the average unemployment rate since 2009 of 7.2%, according to the Conference Board of Canada. British Columbia's economy is set to grow significantly in 2014 following two years of moderate growth. Export markets are expected to grow in 2014 and generate spill-over effects benefiting domestic-oriented industries. The turnaround in the British Columbia housing sector was also a positive development in 2013 that is expected to help the economic outlook.

	<u>Historical average (2009 – 2013)</u>	<u>2013A</u>	<u>2014F</u>	<u>2015F</u>	<u>Forecast average (2014 – 2018)</u>
Real GDP (% change)	1.5%	2.0%	2.3%	2.9%	2.6%
Population (% change)	1.3%	0.9%	1.1%	1.1%	1.2%
Employment (% change)	0.3%	-0.2%	1.2%	2.3%	1.7%
Unemployment Rate	7.2%	6.6%	5.9%	5.5%	5.4%
Retail Sales (% change)	1.7%	2.4%	2.5%	3.8%	3.5%
Real GDP (st. dev. of % change, 2009 – 2013)	2.21%				

Source: Conference Board of Canada

Real Estate Market Overview

Metro Vancouver is the largest market for commercial real estate in Western Canada with 43.2 million square feet of office space, 178.3 million square feet of industrial space, and 31.7 million square feet of retail space, according to CBRE. Despite a relatively soft office market, leasing activity is expected to increase throughout the Metro Vancouver market as economic conditions improve in 2014. According to CBRE, gross leasing activity downtown totaled 308,262 square feet in Q1 2014, which is a 32% increase over the previous quarter. In Q1 2014, Metro Vancouver's industrial vacancy rate dropped for the third consecutive quarter of declining overall vacancy, according to CBRE. Over the last four years, according to CBRE, Vancouver office rental rates grew at an annualized rate of 2.1% (relative to the overall Canadian average of 1.0%), while the office vacancy rate decreased from 10.1% to 9.9%. Over the same period,

industrial rental rates in Vancouver increased at annualized rate of 0.2% while the industrial vacancy rate decreased from 8.3% to 7.0%. CBRE expects the net absorption rate to improve through 2014 and 2015 as the regional economy continues to expand. Metro Vancouver's retail market remains healthy, with vacancy rates at 3.5%, according to CBRE. This is led by downtown, where retail vacancy rates are only 1.6%, mainly from a steady influx of new tenants entering the retail market. Activity in Metro Vancouver's retail market is expected to increase throughout 2014 with continued interest from international retailers entering the market.

	<u>Inventory (millions of square feet)</u>	<u>Vacancy Rate</u>	<u>Net Rental Rate</u>	<u>Capitalization Rate Range</u>
Metro Vancouver				
Office	43.7	9.9%	\$24.91	5.15% – 5.65%
Industrial	174.1	7.0%	\$ 7.81	5.38% – 6.00%
Retail	31.7	3.5%	—	5.45% – 5.95%

Source: CBRE Research

THE ACQUISITIONS

Description of Acquisition Properties

Retail Properties

2466 – 2480 King George Highway and 2485 King George Highway, Miramichi, New Brunswick

These two properties are located at 2466 – 2480 King George Highway and 2485 King George Highway in Miramichi, New Brunswick. 2466 – 2480 King George Highway is a grocery store-anchored retail plaza and two free-standing buildings located along the King George Highway. 2485 King George Highway is a free standing building leased to Cineplex Cinemas on a long-term basis. The buildings located at 2466 – 2480 King George Highway were built in 1994 and renovated in 2009/2010 and the building located at 2485 King George Highway was built in 2000. The properties have an aggregate of approximately 89,100 square feet of GLA situated on approximately 29.5 acres of land and have open-air parking for approximately 744 vehicles. The REIT believes there is potential for an additional 10,000 square foot free-standing pad development at these sites. The properties are 100% occupied by 15 tenants including Sobeys, Cineplex Cinemas, Penningtons, a Canadian Schedule I Chartered Bank, Burger King, and Tim Hortons, and is shadow anchored by a Canadian Tire store.

87 Warwick Street, Digby, Nova Scotia

This property is a government anchored shopping center located at 87 Warwick Street in Digby, Nova Scotia, with approximately 61,300 square feet of GLA. The property was built in 1973 and renovated in 2013. The property is situated on approximately 7.29 acres of land and has 335 outdoor parking space. The REIT believes that there is potential for an additional 10,000 square foot free-standing pad development at this site. It is 76.5% occupied by six tenants, including Nova Scotia Community College, Shoppers Drug Mart, Dollarama and a Canadian Schedule I Chartered Bank.

8934-8944 Commercial Street, New Minas, Nova Scotia

This property is located at 8934-8944 Commercial Street in New Minas, Nova Scotia. The property is comprised of a neighbourhood plaza and a separate free-standing building located at 8944 Commercial Street with an aggregate of approximately 51,700 square feet of GLA. It is situated on approximately 4.4 acres of land and has open-air parking for approximately 250 vehicles. The centre was built in 1987 and 1988 and was renovated in 1997 and 2007/2008. The property is 88% occupied by eight tenants including Cineplex Cinemas and Abs-O-Lute Health Club.

879 Main Street, Beresford, New Brunswick

This property is a grocery store-anchored shopping center located at 879 Main Street in Beresford, New Brunswick, with approximately 39,900 square feet of GLA. The property was built in 1984 and renovated in 1986, 2009, and 2010. The property is situated on approximately 8.7 acres of land and has 160 outdoor parking spaces (together with 267 Commerce Street). There is potential for an additional 10,000 square foot of GLA expansion to accommodate any expansion requirements of Hart or SaveEasy. It is 100% occupied by seven tenants, including SaveEasy (Loblaws), Hart Department Store, Pharmacie Acadienne Drugstore and a Canadian Schedule I Chartered Bank.

11047 Henri-Bourassa Boulevard, Québec City, Québec

This property is a one-storey retail property located at 11047 Henri-Bourassa Boulevard in Québec City, Québec with approximately 11,700 square feet of GLA. It is 100% occupied by Anniefruit Inc. under a long-term lease until April 2020. The property was built in 1983. It is situated on approximately 0.7 acres of land and has approximately 44 outdoor parking spaces.

267 Commerce Street, Beresford, New Brunswick

This property is a one-storey retail property located at 267 Commerce Street in Beresford, New Brunswick, with approximately 7,500 square feet of GLA. It is 100.0% occupied by the New Brunswick Liquor Corporation under a long-term lease until November 2026. The property was built in 2011. It is situated on approximately 1.0 acre of land and has 160 outdoor parking spaces together with 879 Main Street.

Industrial Properties

26 Hymus Boulevard, Pointe-Claire, Québec

This property is a light industrial building located at 26 Hymus Boulevard in Pointe-Claire, Québec with approximately 87,300 square feet of GLA. The property was built in 1975 and is 100% occupied by six tenants including Joseph Ribkoff and Vipond Inc. The warehouse has a clear height of 20 to 22 feet. This property is situated on approximately 4.75 acres of land and has approximately 60 outdoor parking spaces.

9002 20th Street, Edmonton, Alberta

This property is a one-storey temperature controlled light industrial building located at 9002 20th Street in Edmonton, Alberta with approximately 59,400 square feet of GLA. It is 100% occupied by Versacold Logistics Services under a long term lease until February 2028. The property was built in 1978 and expanded in 1989. The warehouse has a clear height of 16 to 26 feet and ten loading docks. It is situated on approximately 2.25 acres of land and has five outdoor parking spaces.

10100-10280 Côte-de-Liesse Road, Lachine, Québec

This property is located at 10100-10280 Côte-de-Liesse Road, Lachine, Québec with approximately 55,500 square feet of GLA. The property is 100% occupied by three tenants including Group CDREM and Wireless LP both with long term leases. The warehouse has a clear height of 25 feet. The property was built in 2004 and is situated on approximately 2.25 acres of land and has approximately 95 outdoor parking spaces.

985 Godin Avenue, Québec City, Québec

This property is located at 985 Godin Avenue in Québec City, Québec with approximately 30,000 square feet of GLA. The property has a warehouse with an approximate clear height of 27 feet and an office space of approximately 6,500 square feet on the second floor which is included in the 30,000 square feet of GLA. This property was built in 1989 and is 100% occupied by Anniefruit Inc. The property is situated on approximately 1.5 acres of land and has approximately 37 outdoor parking spaces.

7405 127th Avenue, Edmonton, Alberta

This property is a one-storey temperature controlled light industrial building located at 7405 127th Avenue in Edmonton, Alberta with approximately 29,500 square feet of GLA. It is 100% occupied by Versacold Logistics Services under a long term lease until February 2028. The property was built in 1970 and expanded in 1994. The warehouse has a clear height of 18 to 22 feet and ten loading docks. It is situated on approximately 1.43 acres of land and has eight outdoor parking spaces.

Commercial Mixed Use Properties

5655 de Marseille Street, Montreal, Québec

This property is a commercial mixed use building located at 5655 de Marseille Street in Montreal, Québec with approximately 65,000 square feet of GLA. The property was built in 1968 and renovated in 2013 and is situated on approximately 2.0 acres of land. This property has excellent access to major highways and is 100% leased to Hydro-Québec.

1850 Vanier Boulevard, Bathurst, New Brunswick

This property is a two-storey multi-tenant flex office/industrial property located at 1850 Vanier Boulevard in Bathurst, New Brunswick, with approximately 60,000 square feet of GLA. The property was built in 1989 and is 90.8% occupied by seven tenants, including Guillevin International and IMP Group. The property is situated on approximately 10.03 acres of land and has approximately 200 outdoor parking spaces.

Acquisition Agreements

The REIT intends to acquire a total of 14 commercial properties (collectively, the “**Acquisitions**” and individually, an “**Acquisition**”) from eight separate and unrelated vendors. The Acquisitions will be completed pursuant to various purchase and sale agreements (collectively, the “**Acquisition Agreements**”) between a subsidiary of the REIT and the respective vendors of the Acquisition Properties. The Acquisition Agreements are respectively for the acquisition of the following properties:

The first acquisition agreement is in respect of the following three properties: (i) 879 Main Street, Beresford, New Brunswick, (ii) 1850 Vanier Boulevard, Bathurst, New Brunswick, and (iii) 267 Commerce Street, Beresford, New Brunswick (the “**First Acquisition Agreement**”). The aggregate purchase price payable by the REIT under the First Acquisition Agreement will be approximately \$8.3 million, excluding closing and transaction costs.

The second acquisition agreement is in respect of the following three properties: (i) 2466 – 2480 and 2485 King George Highway, Miramichi, New Brunswick, (ii) 8934 – 8944 Commercial Street, New Minas, Nova Scotia, and (iii) 87 Warwick Street, Digby, Nova Scotia (the “**Second Acquisition Agreement**”). The purchase price payable under the Second Acquisition Agreement will be approximately \$25.5 million, excluding closing and transaction costs, of which approximately \$2.55 million will be satisfied through the issuance of Class B LP Units at a price per Class B LP Unit equal to the Offering Price. A Fraction of one Class B Warrant will be issued to the vendor with each Class B LP Unit.

The third acquisition agreement is in respect of the property located at 11047 Henri-Bourassa Boulevard, Québec City, Québec (the “**Third Acquisition Agreement**”). The purchase price payable under the Third Acquisition Agreement will be approximately \$1.0 million, excluding closing and transaction costs.

The fourth acquisition agreement is in respect of the property located at 26 Hymus Boulevard, Pointe-Claire, Québec (the “**Fourth Acquisition Agreement**”). The purchase price payable under the Fourth Acquisition Agreement will be approximately \$5.2 million, excluding closing and transaction costs.

The fifth acquisition agreement is in respect of the property located at 985 Godin Avenue, Québec City, Québec (the “**Fifth Acquisition Agreement**”). The purchase price payable under the Fifth Acquisition Agreement will be approximately \$2.9 million, excluding closing and transaction costs.

The sixth acquisition agreement is in respect of the property located at 5655 de Marseille Street, Montréal, Québec (the “**Sixth Acquisition Agreement**”). The purchase price payable under the Sixth Acquisition Agreement will be approximately \$6.6 million, excluding closing and transaction costs.

The seventh acquisition agreement is in respect of the property located at 10100-10280 Côte-de-Liesse Road, Lachine, Québec (the “**Seventh Acquisition Agreement**”). The purchase price payable under the Seventh Acquisition Agreement will be approximately \$4.6 million, excluding closing and transaction costs.

The eighth acquisition agreement is in respect of the following two properties: (i) 9002 20th Street, Edmonton, Alberta, and (ii) 7405 127th Avenue, Edmonton, Alberta (the “**Eighth Acquisition Agreement**”). The purchase price payable under the Eighth Acquisition Agreement will be approximately \$11.5 million, excluding closing and transaction costs, of which \$1.7 million will be satisfied through the issuance of Class B LP Units at a price per Class B LP Unit equal to the Offering Price. A Fraction of one Class B Warrant will be issued to the vendor with each Class B LP Unit. The vendor under the Eighth Acquisition Agreement is a Lotus Crux Related Party and completion of the transaction is conditional upon the closing of the Concurrent Private Placement.

None of the Acquisition Agreements are conditional on any of the other Acquisition Agreements. The Acquisitions will be subject to typical conditions of closing for transactions of such type, including receipt of acceptable estoppel certificates from various tenants and other parties. The Acquisition Agreements will contain representations and warranties typical of those contained in acquisition agreements negotiated between sophisticated purchasers and vendors acting at arm’s length (including, among other things, representations and warranties as to organization and status, power and authorization, authorized and issued capital, financial information, tax matters, environmental matters, non-contravention of constating documents, applicable laws and contract, no approvals to be obtained other than those to be obtained by closing and no litigation). Such representations and warranties will generally survive for a period of six to 12 months from closing of the applicable Acquisition.

The vendors under certain Acquisition Agreements will indemnify the REIT for any damages incurred or losses suffered by the REIT arising from the breach of such representations and warranties by the vendors. The maximum liability of the vendors under the Acquisition Agreement is generally not limited.

There can be no assurance of recovery by the REIT from the vendors for any breach of the representations, warranties or covenants to be provided by the vendors under the Acquisition Agreements because there can be no assurance that the amount and length of the indemnification obligations will be sufficient to satisfy such obligations or that the vendors will have any assets or continue to exist. See “Risk Factors – Risks Related to the Acquisitions”.

It is not expected that approval under the *Competition Act* (Canada) will be required for the Acquisitions. If for whatever reason certain of the conditions to the closing of the Acquisitions are not satisfied and are not waived or the REIT is not satisfied with the due diligence on the Acquisitions, the REIT may choose to not complete one or more of the Acquisitions.

Other Acquisition Activity

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

Financing of the Acquisitions

The net proceeds from the Offering and the Concurrent Private Placement are expected to be used by the REIT, along with cash on hand, the New Mortgages, the Assumed Mortgage and Class B LP Units, to fund the purchase of the Acquisition Properties. Following the closing of the Acquisitions and the Offering, the REIT estimates that its total consolidated indebtedness will be \$82.7 million, representing approximately 58.6% of Gross Book Value, and that its interest coverage ratio will be approximately 2.9x.

New Mortgages

The REIT has received commitments to finance from three lenders to provide a total of \$37.5 million of first mortgage financing to partially fund the Acquisitions (collectively, the “**New Mortgages**”). The first New Mortgage, in the amount of approximately \$14.0 million, for which the REIT has received a commitment to finance, would be secured against the properties located at 26 Hymus Boulevard, Pointe-Claire, Québec, 985 Godin Avenue, Québec City, Québec, 5655 de Marseille Street, Montreal, Québec, 10100-10280 Côte-de-Liesse Road, Lachine, Québec, and 11047 Henri-Bourassa Boulevard, Québec City, Québec. The second New Mortgage, in the amount of approximately

\$5.5 million, for which the REIT has received a commitment to finance, would be secured against the properties located at 1850 Vanier Boulevard, Bathurst, New Brunswick, 879 Main Street, Beresford, New Brunswick, and 267 Commerce Street, Beresford, New Brunswick. The third New Mortgage, in the amount of approximately \$18.0 million, for which the REIT has received a commitment to finance, would be secured against the properties located at 8934 Commercial Street, New Minas, Nova Scotia, 2480 and 2485 King George Highway, Miramichi, New Brunswick, and 87 Warwick Street, Digby, Nova Scotia.

The New Mortgages are expected to have twenty-five year amortizations, including one portion with a thirty year amortization, with terms ranging between five, seven and ten years. Fixed interest rates on the New Mortgages will be based on the applicable Government of Canada bond rates at the date the interest rate is fixed on the mortgages plus typical lender mortgage spreads. The five year mortgages are expected to total \$14.0 million and are expected to have an interest rate 170 basis points above the interpolated five year Government of Canada bond with a floor rate of 3.30%. The seven year mortgages are expected to total \$18.0 million and are expected to have an interest rate 195 basis points above the interpolated seven year Government of Canada bond. The ten year mortgages are expected to total \$5.5 million and are expected to have an interest rate 215 basis points above the interpolated ten year Government of Canada bond. As at August 27, 2014, based on the relevant Government of Canada bond rates, the effective weighted average interest rate on the New Mortgages would be approximately 3.57% and the weighted average term would be 6.7 years.

Assumed Mortgage

Following the closing of the Eighth Acquisition Agreement and the Offering, the REIT's aggregate indebtedness is expected to include the assumption of one existing mortgage on the properties located at 9002 20th Street, Edmonton, Alberta and 7405 127th Avenue, Edmonton, Alberta (the "**Assumed Mortgage**"). The Assumed Mortgage has an outstanding amount of approximately \$8.1 million, matures in February 2019, and bears interest at a fixed rate of 3.91% per annum.

Debt Maturity Profile

The following table sets out the principal installments and debt maturities of the REIT that are expected to be in place after the closing of the Offering, the Concurrent Private Placement and the Acquisitions, and paid over the periods indicated.

<u>Year Ending December 31</u>	<u>Payments of Principal</u>	<u>Debt Maturing During Year</u>	<u>Total Principal Payments</u>	<u>Percentage of Total Debt</u>	<u>Weighted Average Interest Rate of Maturing Debt</u>
	\$	\$	\$		
2014	679,405	—	679,405	0.80%	—
2015	1,808,302	9,828,868 ⁽¹⁾	11,637,169	14.10%	4.28%
2016	1,861,490	1,000,000	2,861,490	3.50%	8.50%
2017	1,868,929	1,344,410	3,213,339	3.90%	5.67%
2018	1,623,469	17,557,343	19,180,811	23.20%	3.85%
2019	1,079,158	19,096,446	20,175,604	24.40%	3.53%
2020 and thereafter	<u>2,041,507</u>	<u>22,933,042</u>	<u>24,974,550</u>	<u>30.20%</u>	<u>3.79%</u>
Total	<u>10,962,261</u>	<u>71,760,109</u>	<u>82,722,369</u>	<u>100.0%</u>	

(1) Includes approximately \$6.3 million under the Revolving Credit Facility.

Estimated Pro Forma Annualized AFFO

Assuming the completion of the Offering and the Acquisitions on the terms proposed (which includes certain assumptions regarding the terms of property-level financing as noted herein), and after taking into account certain normalization items (such as the impact from refinancing the existing \$3.6 million first mortgage due March 1, 2015 bearing interest at a rate of 5.03%, secured by the property located at 1670 Notre Dame with a new \$5.1 million first mortgage expected to bear interest at a rate of 3.17%, the incremental NOI from the renewal of Xerox at 55 Technology Drive at a rate that is \$0.50 per square foot higher than the existing rate, the incremental net operating

income from the leasing of 5,745 square feet of mezzanine space to VF Outdoor-North Face at the property located at 3200 Guenette Street at a rate that is \$2.30 per square foot higher than the in-place vendor lease, adjusting the reserves for normalized tenant inducements, leasing costs, and non-recoverable capital expenditures to be consistent with the financial forecast included the REIT's final short form prospectus dated November 19, 2013, and assuming the departure and re-leasing 44,900 square feet of GLA at the property located at 3200 Guenette Street currently occupied by CAE Healthcare Inc., an affiliate of CAE Inc.), the REIT's six months ended June 30, 2014 pro forma annualized AFFO per Unit as of June 30, 2014 was \$0.236 per Unit.

The following table sets out select financial information of the REIT for the six months ended June 30, 2014 and the normalizing items and adjustments made to calculate pro forma annualized AFFO per Unit.

(in \$000's, including in the notes hereto)

<u>Tenant</u>	<u>6 months ended June 30, 2014</u>	<u>6 months ended June 30, 2014, annualized and normalized</u>	<u>Adjustments</u>	<u>Pro forma</u>
NOI	2,360	4,759 ⁽¹⁾	4,974 ⁽⁵⁾	9,733
General & Administrative	(202)	(404)	(214) ⁽⁶⁾	(618)
Interest and Financing Costs	(1,078)	(2,076) ⁽²⁾	(1,363) ⁽⁷⁾	(3,440)
Long-Term Incentive Plan Expense	(189)	(378)	—	(378)
Write-Off of Deferred Acquisition Costs	(3)	(6)	—	(6)
FFO	888	1,895	3,397	5,291
Straight Line Rent	(38)	(76)	—	(76)
Long-Term Incentive Plan Expense	189	378	—	378
Write-Off of Deferred Acquisition Costs	3	6	—	6
Amortization of Financing Costs	147	294	—	294
Normalized Tenant Inducements & Leasing Costs ...	(7)	(116) ⁽³⁾⁽⁴⁾	(140) ⁽⁸⁾	(256)
Normalized Capital Expenditures	(5)	(75) ⁽³⁾	(93) ⁽⁹⁾	(168)
AFFO	1,177	2,305	3,164	5,469
Units Outstanding	10,483	10,483	12,722 ⁽¹⁰⁾	23,205
AFFO per Unit	0.112	0.220	—	0.236

- (1) Calculated as the 6 months ended June 30, 2014 annualized, plus (i) \$25 of incremental net operating income from the renewal of 50,732 square feet of GLA leased to Xerox at 55 Technology Drive at a rate that is \$0.50 per square foot higher than the existing rate; and (ii) \$13 of incremental net operating income from the leasing of 5,745 square feet of mezzanine space to VF Outdoor-North Face at the property located at 3200 Guénette Street at a rate that is \$2.30 per square foot higher than the in-place vendor lease.
- (2) Calculated as the 6 months ended June 30, 2014 annualized, plus \$80 of interest expense savings from the expected refinancing of the existing \$3.6 million first mortgage due March 1, 2015 bearing interest at a rate of 5.03%, secured by the property located at 1670 Notre Dame Street with a new \$5.1 million first mortgage expected to bear interest at a rate of 3.17%, and assuming the excess proceeds of \$1.5 million from such refinancing are used to pay down the Revolving Credit Facility bearing interest at a rate of 3.85% per annum.
- (3) Adjusted to be consistent with the financial forecast included the REIT's final short form prospectus dated November 19, 2013.
- (4) Further adjusted to add an incremental \$72 of reserves to reflect the expected costs associated with the anticipated departure and re-leasing of 44,900 square feet of GLA at the property located at 3200 Guénette Street currently occupied by CAE Healthcare Inc., an affiliate of CAE Inc.
- (5) Estimated incremental net operating income expected to be generated by the Acquisition Properties.
- (6) Estimated incremental annual general & administrative expenses resulting from the acquisition of the Acquisition Properties, comprised of incremental asset management fees (calculated as 0.25% multiplied by the base purchase price) and an additional reserve of \$50.
- (7) Estimated incremental interest expense associated with the New Mortgages and the Assumed Mortgage of \$1,655 as further detailed under the section titled "The Acquisitions – Financing of the Acquisitions", net of estimated interest expense savings of (i) \$170 from the partial repayment of the Operating Facility (\$2.0 million at a rate of 8.5%); (ii) \$82 from the partial repayment of the Revolving Credit Facility (\$2.1 million at a rate of 3.85%); and (iii) \$22 from the full repayment of the Bridge Loan (\$0.3 million at a rate of 8.5%)
- (8) Based on management's estimate of annual reserves required to fund expected future tenant inducements and leasing costs associated with the Acquisition Properties.
- (9) See "Assessment and Valuation of the Acquisition Properties – Building Condition Assessments".
- (10) Assuming (i) gross proceeds of \$20.0 million pursuant to the Offering at a price of \$2.30 per Offered Unit; (ii) gross proceeds of \$5.0 million pursuant to the Concurrent Private Placement at a price of \$2.30 per Placement Unit; and (iii) \$4.25 million of Class B LP Units are issued to certain property vendors at a price of \$2.30 per Class B LP Unit.

ASSESSMENT AND VALUATION OF THE ACQUISITION PROPERTIES

Appraisals

The REIT retained Colliers International (Atlantic) Valuation & Advisory Services ("Colliers"), CBRE Limited ("CBRE"), Gilbert, Deschênes et associés inc. ("Gilbert") and Glen Cowan & Associates Real Property Appraisals

Ltd (“Glen Cowan” and, together with Colliers, CBRE and Gilbert, the “Appraisers”) to provide an independent estimate of the fair market value of each of the Acquisition Properties (for purposes of this sub-section, the “Appraisals”). Colliers, CBRE, Gilbert and Glen Cowan, as applicable, were not given any limiting instructions. The Appraisals state that they have been prepared in conformity with one or more of the Canadian Uniform Standards of Professional Appraisal Practice (which have replaced the Uniform Standards of Professional Appraisal Practice in Canada) as adopted by the Appraisal Institute of Canada, the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute of Canada, and with respect to Acquisition Properties located in Québec, the Ordre des Évaluateurs du Québec (OEAQ). The Appraisal Institute of Canada defines market value as “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus”. According to the Appraisal Institute of Canada, implicit in this definition of market value is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (i) buyer and seller are typically motivated; (ii) both parties are well informed or well advised, and acting in what they consider their best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and (v) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Income-producing investment properties are typically bought and sold in the market on the basis of in-place net rental income, combined with expectations as to future rental growth and property appreciation. In recognizing the certain nature of in-place cash flows (Direct Capitalization), as well as anticipated income growth (Discounted Cash Flow), the appraiser typically also examines comparative sales in the market (Direct Comparison). These valuation approaches are reconciled to a final value conclusion.

The Appraisals have effective dates between May 15, 2014 and September 1, 2014. Based on the Appraisals, the aggregate market value of the Acquisition Properties was estimated to be \$67.7 million, excluding any portfolio premium. Colliers concluded that the estimated aggregate market value of the Acquisition Properties on a portfolio basis, as at September 1, 2014, ranged between \$69.0 million and \$70.4 million, including a portfolio premium of 2% to 4%. The following table sets out the individual appraised values of each of the Acquisition Properties.

<u>Property</u>	<u>Location</u>	<u>Appraiser</u>	<u>Effective Date</u>	<u>Direct Capitalization Approach</u>	<u>Discounted Cash Flow Value</u>	<u>Final Appraised Value</u>
				\$	\$	\$
2466 – 2480 King George Hwy and 2485 King George Hwy	Miramichi, NB	Colliers	September 1, 2014	16,800,000	16,800,000	16,800,000
9002 20th Street	Edmonton, AB	Glen Cowan	August 7, 2014	8,540,000	8,410,000	8,475,000
5655 de Marseille Street	Montréal, QC	CBRE	July 1, 2014	7,290,000	7,420,000	7,360,000
26 Hymus Boulevard	Pointe-Claire, QC	CBRE	May 15, 2014	5,740,000	5,700,000	5,720,000
8934 – 8944 Commercial Street	New Minas, NS	Colliers	September 1, 2014	5,590,000	5,620,000	5,620,000
10100 – 10280 Côte-de-Liesse Road	Lachine, QC	CBRE	July 1, 2014	4,570,000	4,610,000	4,600,000
1850 Vanier Boulevard	Bathurst, NB	Colliers	September 1, 2014	4,030,000	4,060,000	4,060,000
87 Warwick Street	Digby, NS	Colliers	September 1, 2014	3,430,000	3,420,000	3,420,000
7405 127th Avenue	Edmonton, AB	Glen Cowan	August 7, 2014	3,250,000	3,200,000	3,225,000
985 Godin Avenue	Québec, QC	Gilbert	June 1, 2014	2,830,000	3,050,000	2,940,000
879 Main Street	Beresford, NB	Colliers	September 1, 2014	2,710,000	2,730,000	2,730,000
267 Commerce Street	Beresford, NB	Colliers	September 1, 2014	1,620,000	1,610,000	1,610,000
11047 Henri-Bourassa Boulevard	Québec, QC	Gilbert	June 1, 2014	1,100,000	1,130,000	1,115,000
Total				67,500,000	67,760,000	67,675,000

Colliers, CBRE, Gilbert and Glen Cowan, as applicable, visited the properties to assess location and physical characteristics and estimated the highest and best use for such property. The Appraisals state that appropriate valuation parameters were employed, having due regard to the income characteristics, current market conditions and prevailing economic and industry information. In determining the approximate market value of the properties that make up the Acquisitions, Colliers, CBRE, Gilbert and Glen Cowan, as applicable, relied on operating and financial data provided by the REIT (which information the REIT received from the vendor), including leases and projected NOI. Colliers, CBRE, Gilbert and Glen Cowan, as applicable, believe that the Appraisals give appropriate consideration to projected NOI for the property in terms of occupancy, rental rates, operating expenses, and provisions for required capital improvements.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value. It is not a precise measure of value, but is based on a subjective comparison of related activity taking place in the real estate market. Each of the foregoing Appraisals is based on various assumptions of future expectations and while the relevant appraiser's internal forecasts of NOI for the relevant property was considered by such appraiser to be reasonable at the time such appraisal was prepared, some of the assumptions may not materialize or may differ materially from actual experience.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Trust Units may trade at a premium or a discount to the values implied by the foregoing Appraisals. See "Risk Factors – Risks Related to the Acquisitions – Appraisals".

Environmental Site Assessments

A Phase I Environmental Site Assessment ("Phase I ESA") was prepared for each of the Acquisition Properties by independent environmental consultants between May 2013 (which reports dated in 2013 have been reconfirmed as of August 2014 through the delivery of bringdown letters) and June 2014.

The Phase I ESAs were completed in general accordance with Canadian Standards Association requirements under "Phase I Environmental Site Assessment, CSA Standard 768-01", including a review of readily available or accessible historical and regulatory records, interviews, and visual site reconnaissance. The Phase I ESAs were conducted to identify potential issues of environmental concern, and specifically, to identify issues that are likely to result in potential subsurface impacts. A Phase I ESA cannot confirm the presence or absence of contaminants at the site; this can only be confirmed through a Phase II program of intrusive test and analysis of soil and groundwater. Pursuant to the Phase I ESA, no Phase II investigations were required.

Management is not aware of any non-compliance with environmental laws at any of the Acquisition Properties that they believe would have a material adverse effect on the REIT. Management is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Acquisition Properties that would materially adversely affect the REIT or the values of these properties, taken as a whole, as determined by the independent third party environmental consultant.

Building Condition Assessments

Each of the Acquisition Properties has been the subject of certain building condition assessment reports prepared by independent engineering firms between February 2013 (which reports dated in 2013 have been reconfirmed as of August 2014 through the delivery of bringdown letters) and June 2014. Building condition assessment reports were prepared for each such property based on a visual examination of the property in order to assess the condition of the major elements; a review of general documentation on the repair/maintenance history of the elements, if available; a cursory review of previous reports pertaining the building(s) on such property, if made available; interviews and discussion with on-site personnel regarding the repair/maintenance conducted on the building(s) on such property.

Based on building condition assessment reports for the Acquisition Properties, each of the Acquisition Properties was determined to be in satisfactory condition commensurate with its age and in comparable standing to other similar commercial properties in its respective area.

The building condition assessment reports for the Acquisition Properties identified approximately \$4.0 million in possible capital expenditures relating to deferred maintenance and capital replacements over the next ten years. Of this amount, management estimates approximately \$3.2 million (or 80%) will be either recoverable or paid directly by tenants. On an ongoing basis, the REIT expects to incur approximately \$95,000 in incremental annual maintenance capital expenditures on the Acquisition Properties, which the REIT intends to fund with cash flow from operations.

RELATIONSHIP WITH LOTUS CRUX AND LOTUS CRUX ACQUISITION

Lotus Crux and Lotus Crux Acquisition are each partnerships controlled by LPI and Crux, formed to acquire undervalued commercial real estate investment opportunities and execute value-added initiatives through active and entrepreneurial management. The principals of LPI and Crux have substantial real estate experience, having purchased and managed in excess of \$7 billion of commercial real estate assets. LPI and Crux, in aggregate, currently own or manage over \$400 million of commercial real estate located across Central and Western Canada as well as the United States. LPI, a private equity real estate group based in Vancouver and led by Shenoor Jadavji, has acquired, developed, managed and sold in excess of \$1 billion of industrial, retail, office, hotel, and residential assets since 1995, predominately located in Western Canada and Ontario. LPI's private equity partners include high net worth and institutional investment partners such as KingSett Capital, LaSalle Investment Management, and GE Capital. Crux, a private equity real estate group based in Toronto, was founded by Peter Aghar, a principal that has a successful 20 year track record as an opportunistic value investor on an institutional scale, having been responsible for more than 100 real estate investments totaling over \$6 billion in Canada and internationally, including equity investments, joint ventures, private equity funds, public companies and debt investments. Mr. Aghar was formerly President and founding partner of KingSett Capital and formerly Managing Director at GE Real Estate.

The REIT believes that the introduction of an exposure to Western Canada (Alberta and British Columbia), supported by the experience and knowledge of Lotus Crux Acquisition, will facilitate participation and growth in the faster growing economies of this region. The experience, relationships and location of Lotus Crux and Lotus Crux Acquisition will strengthen the Manager's own investment background in Western Canadian real estate markets, where approximately \$390 million in commercial real estate was acquired during the Manager's principals' management tenure at CANMARC.

Strategic Investment Agreement

Immediately prior to the closing of the Offering and the Concurrent Private Placement, the REIT and Lotus Crux Acquisition will enter into a strategic investment agreement (the "**Strategic Investment Agreement**"). Upon identifying an acquisition or investment property ("**Investment Property**") that, once stabilized, will be consistent with the REIT's investment guidelines and acquisition strategy, Lotus Crux Acquisition shall offer to the REIT and the REIT will have the option to elect to participate in such Investment Property, by advancing a mezzanine loan, or other form of financing to Lotus Crux Acquisition, at market terms. The REIT will have an option to purchase such Investment Property at the fair market value following lease-up.

Pursuant to the Strategic Investment Agreement, Lotus Crux Acquisition will receive a fee of 0.875% of the purchase cost from the REIT on acquisitions of certain of the properties owned by Lotus Crux Acquisition or a Lotus Crux Related Party that have been identified by the REIT (each a "**Prospective Property**") or of a property that is not owned by Lotus Crux Acquisition or a Lotus Crux Related Party other than an Investment Property (a "**Third Party Property**"), in each case brought to the REIT by Lotus Crux Acquisition, or a Lotus Crux Related Party, and completed without a vendor broker. Lotus Crux Acquisition will also receive from the REIT a fee based on the purchase cost on acquisitions of Third Party Properties brought to the REIT by Lotus Crux Acquisition, which may include a vendor broker, in situations of a unique nature for properties that are not marketed on a national basis. The fee shall be: (i) 0.50% of the purchase cost if the Third Party Property forms part of the first \$100 million of properties acquired by the REIT in any fiscal year, (ii) 0.375% of the purchase cost if the Third Party Property forms part of the next \$100 million of properties acquired by the REIT in any fiscal year, or (iii) 0.25% of the purchase cost if the Third Party Property is acquired after the REIT has acquired in excess of \$200 million of properties in any fiscal year.

Each of the REIT and Lotus Crux Acquisition may terminate the Strategic Investment Agreement upon the occurrence of an "event of default" (as defined in the Strategic Investment Agreement) in respect of the other party and the REIT may also terminate such agreement if Lotus Crux Acquisition ceases to be controlled by Shenoor Jadavji or Peter Aghar, individually or collectively.

Sub-Management Agreement

In connection with the Strategic Investment Agreement, immediately prior to the closing of the Offering and the Concurrent Private Placement, the Manager will enter into a sub-management agreement with LPI (the “**Sub-Management Agreement**”), whereby the Manager will offer LPI the opportunity to be appointed as sub-asset manager for any Investment Property, any Prospective Property and any Third Party Property brought to the REIT by Lotus Crux Acquisition pursuant to the Strategic Investment Agreement and acquired by the REIT, for as long as the Manager is the external manager of the REIT. LPI shall be entitled to a proportion of the related asset management fees provided for in the Management Agreement. Contemporaneous with the termination or expiration of the Management Agreement, the mandate of LPI and the Sub-Management Agreement shall terminate. Upon such termination or expiration, LPI shall be entitled to receive a proportion of the related termination fee payable to the Manager in respect of each Investment Property, Prospective Property and the Third Party Property for which LPI is the sub-asset manager at such time. For greater certainty, any asset management fees or termination fees payable to LPI pursuant to the Sub-Management Agreement shall be borne by the Manager, out of the fees payable to it under the Management Agreement, and shall not increase the fees payable by the REIT.

Support Agreement

Immediately prior to the closing of the Offering and the Concurrent Private Placement, the REIT and Lotus Crux will enter into a support agreement (the “**Support Agreement**”), the terms of which are summarized below:

Nomination Rights

Concurrently with the closing of the Offering and the Concurrent Private Placement, the REIT has agreed to appoint Shenoor Jadavji, as the initial nominee of Lotus Crux, to the Board of Trustees as an additional Trustee, to hold office until the next annual meeting of Unitholders of the REIT. Shenoor Jadavji founded LPI in 1995, and is responsible for setting its strategic direction and overseeing acquisition, disposition, asset management and capital sourcing activities. Since founding LPI, Ms. Jadavji has acquired, developed, managed and sold over \$1 billion of industrial, office, retail, hotel and multi-family residential real estate properties. Most recently, Ms. Jadavji led LPI’s strategic industrial portfolio initiative, acquiring and repositioning over 3.5 million square feet of industrial properties across Western and Central Canada. LPI’s private equity partners include high net worth and institutional investors such as KingSett Capital, LaSalle Investment Management, and GE Capital. In aggregate, Ms. Jadavji has over 27 years of commercial real estate experience at LPI and Colliers International. She received her Business Degree in Finance and Urban Land Economics from the Sauder School of Business at the University of British Columbia.

Starting at the next annual meeting of Unitholders, and at each meeting thereafter at which Trustees are to be elected, Lotus Crux will have the right to nominate a total of two individuals of its choosing for election to the Board of Trustees at each meeting of Unitholders where Trustees are to be elected, subject to the consideration and approval of the Board of Trustees, acting reasonably, as long as it and the Lotus Crux Related Parties collectively hold or control at least 7.5% of the outstanding Trust Units, including all Trust Units issuable upon the exchange of Class B LP Units, and one individual of its choosing for election to the Board of Trustees at each meeting of Unitholders where Trustees are to be elected as long as it and the Lotus Crux Related Parties collectively hold or control at least 5.0%, but less than 7.5%, of the outstanding Trust Units, including all Trust Units issuable upon the exchange of Class B LP Units.

The REIT and the Board of Trustees will be prohibited from taking any steps to remove a Lotus Crux nominee from his or her position as a member of the Board of Trustees, unless otherwise agreed to by Lotus Crux. Each such nominee shall be nominated and supported for election by the REIT in the same manner as all other nominees proposed by the REIT.

During a period of 36 months from the closing of the Concurrent Private Placement, Lotus Crux has agreed (and shall use commercially reasonable efforts to cause any Lotus Crux Related Party to) to vote in favour of the nominees proposed by the REIT for election at each meeting of Unitholders at which Trustees are to be elected, and has agreed (and shall use commercially reasonable efforts to cause any Lotus Crux Related Party to) to vote in favor of any matter to be considered at each meeting of Unitholders of the REIT, provided such matters have been approved by a majority of the Board of Trustees. After the expiration of the 36 month period, if Lotus Crux at any time decides not to vote in favour of the nominees proposed by the REIT for election or in favour of any other matter approved by a majority of

the Board of Trustees, Lotus Crux shall notify the REIT at least 30 days prior to the date of the meeting, and the nomination rights described above shall terminate, and Lotus Crux shall cause its nominee(s) on the Board of Trustees, if any, to tender their resignation to the Board of Trustees, which the Board of Trustees may accept or reject.

During a period of 36 months from the closing of the Concurrent Private Placement, Lotus Crux, and all Lotus Crux Related Parties, shall not, except in limited circumstances prescribed in the Support Agreement, without the prior consent of the REIT, acquire, directly or indirectly, beneficial ownership or control over any Trust Units.

Piggy-Back Right

The Support Agreement grants Lotus Crux and the Lotus Crux Related Parties certain “piggy-back” rights, which will, under certain conditions, require the REIT to include Trust Units held by Lotus Crux and the Lotus Crux Related Parties (or Trust Units issued upon the exchange of Class B LP Units) in an offering of Trust Units undertaken by the REIT by way of prospectus offering. The REIT will be required to use reasonable commercial efforts to cause to be included in such distribution all of such Trust Units held by Lotus Crux and the Lotus Crux Related Parties requested to be sold, unless such distribution involves an underwriting and the lead underwriter determines that including such Trust Units in the distribution would materially adversely affect the distribution, including the price range for Trust Units acceptable to the REIT. In such circumstance, the total number of Trust Units to be included in the distribution will include first, the number of securities the REIT proposes to sell, and second, the number of Trust Units held by Lotus Crux and the Lotus Crux Related Parties, if any, that may be accommodated. The expenses of a piggy-back right will be borne by the REIT, provided that any underwriting commission on the sale of Trust Units held by Lotus Crux and the Lotus Crux Related Parties and the cost of counsel to Lotus Crux and the Lotus Crux Related Parties will be borne by Lotus Crux.

The piggy-back shall terminate if Lotus Crux and the Lotus Crux Related Parties collectively hold an aggregate of less than 5.0% of the outstanding Trust Units, including all Trust Units issuable upon the exchange of Class B LP Units. Upon exercise by Lotus Crux (or any Lotus Crux Related Party) of its “piggy-back” right, the nomination rights described above will terminate, and Lotus Crux shall cause its nominee(s) on the Board of Trustees, if any, to tender their resignation to the Board of Trustees, which the Board of Trustees may accept or reject.

Pre-Emptive Right

Under the Support Agreement, for so long as Lotus Crux and the Lotus Crux Related Parties collectively hold or control at least 5.0% of the outstanding Trust Units, including all Trust Units issuable upon the exchange of Class B LP Units, Lotus Crux will have the pre-emptive right to purchase, or allocate for purchase among the Lotus Crux Related Parties, additional Trust Units issued by the REIT in any future equity financings undertaken by the REIT to maintain its *pro rata* voting interest in the REIT (on a non-diluted basis).

USE OF PROCEEDS

The estimated net proceeds to the REIT from the Offering and the Concurrent Private Placement, after deducting the Underwriters’ Fee of approximately \$1,200,600 and the expenses of the Offering and the Concurrent Private Placement estimated to be approximately \$900,000, will be approximately \$22,909,600. The net proceeds from the Offering and the Concurrent Private Placement are expected to be used by the REIT, along with cash on hand, the New Mortgages, the Assumed Mortgage and the Class B LP Units, to fund the purchase of the Acquisition Properties pursuant to the Acquisition Agreements, the repayment of the Bridge Loan, the partial repayment of the Revolving Credit Facility and the partial repayment of the Operating Facility and for general trust and working capital purposes.

The table below summarizes the purchase prices (before closing costs and adjustments), estimated mortgage proceeds and estimated balance of funds required by the REIT to complete the Acquisitions:

	<u>Purchase Price</u>	<u>Class B LP Units</u>	<u>Estimated Mortgage Proceeds</u>	<u>Estimated Proceeds Required to Close</u>
	\$	\$	\$	\$
First Acquisition Agreement	8,300,000	—	5,500,000	2,800,000
Second Acquisition Agreement	25,500,000	2,550,000	18,000,000	4,950,000
Third Acquisition Agreement	950,000	—	655,415	294,585
Fourth Acquisition Agreement	5,237,500	—	3,613,404	1,624,096
Fifth Acquisition Agreement	2,910,000	—	2,007,638	902,362
Sixth Acquisition Agreement	6,600,000	—	4,553,406	2,046,594
Seventh Acquisition Agreement	4,595,000	—	3,170,137	1,424,863
Eighth Acquisition Agreement	11,500,000	1,700,000	8,100,000	1,700,000
Sub-total	65,592,500	4,250,000	45,600,000	15,742,500
Net closing adjustments ⁽¹⁾				4,267,500
Total				<u>20,010,000</u>

(1) Net closing adjustments are comprised of real estate transaction costs (\$2.6 million), estimated expenses of the Offering and the Concurrent Private Placement (\$2.1 million), the partial repayment of the Operating Facility (\$2.0 million), the partial repayment of the Revolving Credit Facility (\$2.6 million), the repayment of the Bridge Loan (\$0.3 million), net of the Concurrent Private Placement from Lotus Crux (\$5.0 million), and deposits (\$0.3 million).

If the Underwriters exercise the Over-Allotment Option in full, the estimated net proceeds to the REIT from the Offering and the Concurrent Private Placement, after deducting the Underwriters' Fee of approximately \$1,380,690 and the expenses of the Offering and the Concurrent Private Placement estimated to be approximately \$900,000, will be approximately \$25,731,010. The REIT intends to use any additional funds or any proceeds that remain in the event that one or more of the Acquisitions is not completed to fund future acquisitions and for general trust purposes in accordance with its investment guidelines and operating policies. The REIT intends to spend the funds available to the REIT 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. See "Risk Factors".

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the REIT as at June 30, 2014, the pro forma consolidated capitalization of the REIT as at June 30, 2014 after giving effect to the Acquisitions and the pro forma consolidated capitalization of the REIT as at June 30, 2014 after giving effect to the Acquisitions, the Offering and the Concurrent Private Placement. The table should be read in conjunction with the financial statements and notes thereto included or incorporated by reference in this short form prospectus.

	<u>As at June 30, 2014⁽¹⁾</u>	<u>As adjusted as at June 30, 2014⁽²⁾</u>	<u>As adjusted as at June 30, 2014⁽³⁾</u>	<u>As adjusted as at June 30, 2014⁽⁴⁾</u>
	(\$000s – except Units)	(\$000s – except Units)	(\$000s – except Units)	(\$000s – except Units)
Indebtedness				
Long-term debt	\$ 32,388	\$ 32,388	\$ 77,988	\$ 77,988
Class B LP Units	\$ 7,351	\$ 7,351	\$ 11,509	\$ 11,509
Class B Warrants	—	—	\$ 92	\$ 92
Revolving Credit Facility	\$ 8,791	\$ 8,791	\$ 8,791	\$ 8,791
Total indebtedness	\$ 48,530	\$ 48,530	\$ 98,380	\$ 98,380
Unitholders' equity	\$ 19,249	\$ 42,159	\$ 42,159	\$ 44,980
Number of outstanding Trust Units ..	7,141,717	18,015,717	18,015,717	19,320,717

(1) On a non-diluted basis.

(2) Adjusted to give effect to the receipt of net proceeds of this Offering and the Concurrent Private Placement (assuming the Underwriters' Fee of \$1,200,600 and expenses of the Offering and the Concurrent Private Placement of approximately \$900,000 and assuming the Over-Allotment Option is not exercised) and the financing of the Acquisitions as described under the heading "The Acquisitions – Financing of the Acquisitions".

- (3) Adjusted to give effect to the receipt of net proceeds of this Offering and the Concurrent Private Placement (assuming the Underwriters' Fee of 1,200,600 and expenses of the Offering and the Concurrent Private Placement of approximately \$900,000 and assuming the Over-Allotment Option is not exercised), significant transactions subsequent to June 30, 2014, including the financing of the Acquisitions as described under the heading "The Acquisitions – Financing of the Acquisitions", including the issuance of 1,847,826 Class B LP Units and 923,913 Class B Warrants as partial satisfaction of the purchase price of certain of the Acquisition Properties pursuant to the Acquisition Agreements. See "The Acquisitions – Acquisition Agreements".
- (4) Adjusted to give effect to the receipt of net proceeds of this Offering and the Concurrent Private Placement (assuming the Underwriters' Fee of \$1,380,690 and expenses of the Offering and the Concurrent Private Placement of approximately \$900,000 and assuming the Over-Allotment Option is exercised in full), significant transactions subsequent to June 30, 2014, including the financing of the Acquisitions as described under the heading "The Acquisitions – Financing of the Acquisitions" and including the issuance of 1,847,826 Class B LP Units and 923,913 Class B Warrants as partial satisfaction of the purchase price of certain of the Acquisition Properties pursuant to the Acquisition Agreements as described under the heading "The Acquisitions – Acquisition Agreements".

PRINCIPAL UNITHOLDERS

To the knowledge of the Trustees and officers of the REIT, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the voting rights attached to all of the outstanding Trust Units or Special Voting Units of the REIT as of the date of this short form prospectus. Upon the closing of the Offering and the Concurrent Private Placement, Lotus Crux and the Lotus Crux Related Parties are expected to collectively beneficially own 10.2% of the voting rights attached to all of the outstanding Trust Units or Special Voting Units of the REIT, following the acquisition of 2,174,000 Placement Units under the Concurrent Private Placement. Upon the closing of the Offering, the Concurrent Private Placement and the Acquisitions, Lotus Crux and the Lotus Crux Related Parties are expected to collectively beneficially own 12.6% of the voting rights attached to all of the outstanding Trust Units or Special Voting Units of the REIT, following the acquisition of 2,174,000 Placement Units under the Concurrent Private Placement and the receipt of 739,130 Class B LP Units under the Eighth Acquisition Agreement.

PRIOR SALES

During the 12-month period before the date of this short form prospectus, the REIT has completed the following distributions of Trust Units and securities that are convertible into Trust Units:

- (a) on November 26, 2013, the REIT completed a public offering of 4,622,417 Trust Units at a price of \$2.40 per Trust Unit. On December 31, 2013, the REIT completed the issuance of an additional 125,000 Trust Units at a price of \$2.40 per Trust Unit following the exercise by the underwriters of their over-allotment option with respect to the public offering;
- (b) in connection with the acquisition of the property located at 55 Technology Drive, Saint John, New Brunswick on December 2, 2013, 166,667 Class B LP Units were issued to the vendor of the property at a price of \$2.40 per Class B LP Units in partial satisfaction of the purchase price for the property;
- (c) in connection with the acquisition of the property located at 370 Connell Street, Woodstock, New Brunswick on December 10, 2013, 583,333 Class B LP Units were issued to the vendor of the property at a price of \$2.40 per Class B LP Units in partial satisfaction of the purchase price for the property;
- (d) in connection with the acquisition of the property located at 3200-3260 Guénette Street, St-Laurent, Québec on December 10, 2013, 1,666,667 Class B LP Units were issued to the vendors of the property at a price of \$2.40 per Class B LP Units in partial satisfaction of the purchase price for the property;
- (e) in connection with the acquisition of the property located at 325 Hymus Boulevard, Pointe-Claire, Québec on December 16, 2013, 420,833 Class B LP Units were issued to the vendor of the property at a price of \$2.40 per Class B LP Units in partial satisfaction of the purchase price for the property;
- (f) the REIT has a LTIP, pursuant to which it grants Deferred Units to its Trustees and senior officers and certain of its employees. Trust Units are issued to participants in the LTIP upon vesting of the Deferred Units, unless deferred in accordance with the terms of the LTIP. During the 12-month period before the date of this prospectus, the REIT has issued 182,195 Deferred Units pursuant to the LTIP, which were all issued on February 18, 2014 at a price of \$2.40 per Deferred Unit. No Trust Units were issued under the LTIP during such period;
- (g) the REIT agreed, subject to regulatory approval, to issue to Canaccord, in connection with the disbursement of the Bridge Loan, warrants to purchase up to 58,992 Trust Units at an exercise price per Trust Unit equal to the greater of the Offering Price and \$2.20 per Trust Unit;

- (h) the REIT distributes Trust Units on a monthly basis to existing Unitholders who elect to reinvest their monthly distributions in Trust Units pursuant to the DRIP. In addition, holders of Class B LP Units may elect to reinvest the monthly distributions on their Class B LP Units pursuant to the DRIP. During the 12-month period before the date of this prospectus, the REIT has issued 29,203 Trust Units under the DRIP as follows: (i) 1,485 Trust Units on January 15, 2014 at a price of \$2.3201 per Trust Unit, (ii) 1,895 Trust Units on February 17, 2014 at a price of \$2.0883 per Trust Unit, (iii) 3,399 Trust Units on March 17, 2014 at a price of \$2.0470 per Trust Unit, (iv) 2,458 Trust Units on April 15, 2014 at a price of \$2.0631 per Trust Unit, (v) 3,608 Trust Units on May 15, 2014 at a price of \$2.0242 per Trust Unit, (vi) 4,014 Trust Units on June 16, 2014 at a price of \$2.0896 per Trust Unit, (vii) 3,871 Trust Units on July 15, 2014 at a price of \$2.2034 per Trust Unit, (viii) 4,375 Trust Units on August 15, 2014 at a price of \$2.0130 per Trust Unit, and 4,098 Trust Units on September 15, 2014 at a price of \$2.2437 per Trust Unit.

TRADING PRICE AND VOLUME

The outstanding Trust Units are listed on the TSXV and trade under the symbol “PRV.UN”. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Trust Units on the TSXV:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Trading Volume</u>
September 2014 (until September 24, 2014)	2.30	2.11	146,236
August 2014	2.30	2.00	42,660
July 2014	2.40	2.07	97,111
June 2014	2.30	2.06	83,195
May 2014	2.39	2.01	334,850
April 2014	2.20	2.13	95,280
March 2014	2.30	2.10	90,204
February 2014	2.40	2.05	79,456
January 2014	2.40	2.21	86,312
December 2013	2.50	2.20	69,880
November 2013	2.50	2.06	35,000
October 2013	2.51	2.10	8,650
September 2013	3.00	2.75	25,000

DESCRIPTION OF OFFERED UNITS

The Offering consists of 8,700,000 Offered Units (in addition to up to 1,305,000 additional Offered Units in the event the Over-Allotment Option is exercised in full). Each Offered Unit will be comprised of one Trust Unit and one half of one Warrant, with each whole Warrant entitling the holder thereof to purchase one Warrant Unit at an exercise price of \$2.65 per Warrant Unit, subject to adjustment, at any time until 5:00 p.m. (Montréal time) on March 31, 2017.

Trust Units

See the section entitled “Description of the Trust and Description of the Units” in the AIF for a description of the terms and provisions of the Trust Units. As at September 25, 2014, there were 7,154,061 Trust Units issued and outstanding and 3,341,230 Class B LP Units issued and outstanding (as well as 3,341,230 Special Voting Units).

Warrant Units

The Warrant Units will have all of the characteristics, rights and restrictions attaching to the Trust Units.

Warrants

The Warrants will be issued under and be governed by the terms of an indenture (the “**Warrant Indenture**”) to be entered into as of Closing, between the REIT and Equity Financial Trust Company, as warrant agent thereunder (the “**Warrant Agent**”). The REIT has appointed the principal transfer office of the Warrant Agent in Toronto, Ontario and Montréal, Québec as the location at which Warrants may be surrendered for exercise or transfer. The following

summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture which, following the Closing, will be available on SEDAR at www.sedar.com.

The Offered Units will separate immediately upon Closing into Trust Units and Warrants. 4,350,000 whole Warrants will be issued on Closing and 652,500 whole Warrants will be reserved for issuance pursuant to the Over-Allotment Option. Each whole Warrant will entitle the holder thereof to purchase one Warrant Unit at a price of \$2.65. The exercise price and the number of Warrant Units issuable upon exercise are both subject to adjustment in certain circumstances as more fully described below. The whole Warrants will be exercisable at any time following the Closing and prior to 5:00 p.m. (Montréal time) on March 31, 2017, after which time the Warrants will expire and become null and void. The exercise price for a whole Warrant is payable in Canadian dollars.

The Warrants may not be exercised in the United States or to or for the account or benefit of a U.S. person, as such term is defined in Regulation S under the U.S. Securities Act, unless an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws is available.

The Warrant Indenture provides for adjustment in the number of Warrant Units issuable upon the exercise of the whole Warrants and/or the exercise price per Warrant Unit upon the occurrence of certain events, including (without duplication):

- (a) the issuance of Trust Units or securities exchangeable for or convertible into Trust Units to all or substantially all of the holders of the Trust Units as a unit distribution or other distribution (other than a “distribution paid in the ordinary course” (as defined in the Warrant Indenture), or a distribution of Trust Units upon the exercise of the whole Warrants or pursuant to the exercise of stock options (or similar incentive or compensation rights granted under an equity-linked incentive or unit compensation plan));
- (b) the subdivision, redivision or change of the Trust Units into a greater number of Trust Units;
- (c) the reduction, combination or consolidation of the Trust Units into a lesser number of Trust Units;
- (d) the issuance to all or substantially all of the holders of the Trust Units of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Trust Units, or securities exchangeable for or convertible into Trust Units, at a price per Trust Unit to the holders (or at an exchange or conversion price per Trust Unit) of less than 95% of the “current market price”, as defined in the Warrant Indenture, for the Trust Units on such record date; and
- (e) the issuance or distribution to all or substantially all of the holders of the Trust Units of units of any class other than the Trust Units, rights, options or warrants to acquire Trust Units or securities exchangeable or convertible into Trust Units, at a price per Trust Unit to the holders (or at an exchange or conversion price per Trust Unit) of less than 95% of the “current market price”, as defined in the Warrant Indenture, or other assets of the REIT, or evidences of indebtedness or cash, securities or any property or other assets (other than a “distribution paid in the ordinary course” (as defined in the Warrant Indenture)).

The Warrant Indenture also provides for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events: (1) reclassifications of the Trust Units; (2) consolidations, amalgamations, plans of arrangement or mergers of the REIT with or into another entity (other than consolidations, amalgamations, plans of arrangement or mergers which do not result in any reclassification of the Trust Units or a change of the Trust Units into other units); or (3) the sale, conveyance or transfer (other than to one of the REIT’s subsidiaries) of the undertaking or assets of the REIT as an entirety or substantially as an entirety to another corporation or other entity. In such event, any holder of Warrants who exercises the right to purchase Warrant Units pursuant to Warrants then held after the effective date of any of the foregoing will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Warrant Units to which such holder was previously entitled, the aggregate number of units, other securities or other property which such holder would have been entitled to receive as a result of such event if, on the effective date thereof, the holder had been the holder of the number of Trust Units to which such holder was previously entitled to purchase.

The Warrant Indenture defines “current market price” of the Trust Units, in respect of any date as the price of the Trust Units equal to the weighted average price per Trust Unit on the TSXV, or if the Trust Units are not listed on the TSXV, on any stock exchange on which the Trust Units are listed as the trustees may select for this purpose, or if the Trust Units are not listed on any stock exchange, in the over-the-counter market, in each case, for the period of 20 consecutive trading days ending on (and including) the fifth trading day before that date; and for the purpose of this definition, the weighted average price shall be determined by dividing the aggregate sale price of all Trust Units sold during such period of 20 consecutive trading days on such exchange or market, as the case may be, by the total number of Trust Units so sold.

The Warrant Indenture defines “distribution paid in the ordinary course” as regularly scheduled distributions declared payable by the REIT (payable in cash, units of the REIT, rights, options or warrants to purchase any units, property or other assets of the REIT (other than those that would result in an adjustment described above) or property or other assets of the REIT) in amounts determined by the board of trustees in accordance with past practices, having regard to, among other things, the REIT’s profitability, the amount of distributions as a percentage of the REIT’s net operating income, funds from operations or adjusted funds from operations, competitors’ dividend or distribution policies and practices and general market and economic conditions. For clarity, the amount of a distribution will not be determinative of whether a distribution is a “distribution paid in the ordinary course”.

No adjustment in the exercise price or the number of Warrant Units issuable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of Trust Units issuable upon exercise by at least one onehundredth of a Trust Unit.

In addition to the foregoing, the Warrant Indenture will provide that the REIT will have the right, at any time and from time to time, on a temporary or permanent basis and on terms the REIT deems fit, subject to any required regulatory approvals, including the TSXV, and without the consent, approval or concurrence of any holders of Warrants, to reduce the exercise price of the Warrants or any other series of warrants now or hereafter issued and outstanding under the Warrant Indenture by providing notice to holders of affected warrants (which may include the Warrants) specifying the terms on which the exercise price is to be reduced. The determination of whether to exercise the above discretion, if at all, is a matter that the REIT will determine. Holders should not expect the REIT to exercise this discretion.

The REIT will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Units issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such events.

Fractional Warrants will be rounded down to the nearest whole Warrant and no fractional Warrant Units will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of Warrants or fractional units. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Trust Units of the REIT would have.

From time to time, the REIT and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants in a material respect. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants in a material respect may only be made by “extraordinary resolution”, which is defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy entitled to purchase at least 25% of the aggregate number of Trust Units which may be purchased pursuant to all of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of the Trust Units which may be purchased pursuant to all of the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution or (2) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66⅔% of the aggregate number of Trust Units which may be purchased pursuant to all of the then outstanding Warrants.

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. The TSXV has conditionally approved the listing of the Warrants on the TSXV. Such listing will be subject to the REIT fulfilling all of the requirements of the TSXV. There can be no assurance that the Warrants will be listed. See “Risk Factors – Risks Relating to the Offered Units – Lack of Prior Public Market for the Warrants”.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the Underwriting Agreement, the REIT has agreed to issue and sell, and the Underwriters have agreed to purchase, on September 30, 2014 or on such other date as the REIT and the Underwriters may agree, but in any event not later than 42 days after the date of the receipt for the final short form prospectus, an aggregate of 8,700,000 Offered Units at the Offering Price, payable in cash to the REIT against delivery of such Offered Units, for gross proceeds to the REIT of \$20,010,000. The gross proceeds from the Concurrent Private Placement will be approximately \$5.0 million. The Underwriters will not be underwriting the Concurrent Private Placement. See “Concurrent Private Placement”.

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 Offered Units if any of the Offered Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Offered Units are several (and not joint or joint and several). The terms of the Offering and the prices of the Offered Units have been determined by negotiation between the REIT and the Underwriters.

The Underwriting Agreement provides that the REIT will pay, subject to the exclusions below, on the Closing, the Underwriters’ Fee of \$0.1380 per Offered Unit, or 6% of the gross proceeds of the Offering, but excluding therefrom proceeds from the sale of Offered Units sold to purchasers on the President’s List, for which the Underwriters will be paid a commission of \$0.0690 per Offered Unit, or 3% of the gross proceeds of such sales. The aggregate Underwriters’ Fee payable to the Underwriters by the REIT in consideration for their services in connection with the Offering is expected to be \$1,200,600. Subscriptions for Offered 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.

The REIT has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part from time to time for a period of 30 days from the date of the Closing, to purchase (i) up to 1,305,000 Additional Offered Units at a price of \$2.30 per Additional Offered Unit, (ii) up to 1,305,000 Additional Trust Units at a price of \$2.25 per Additional Trust Unit, (iii) up to 652,500 Additional Warrants at a price of \$0.10 per Additional Warrant, or (iv) any combination of Additional Trust Units and/or Additional Warrants so long as the aggregate number of Additional Trust Units and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 15% of the aggregate number of such securities sold pursuant to the Offering, to cover over-allotments, if any, and for market stabilization purposes. This short form prospectus qualifies the distribution of the Over-Allotment Option and any Additional Offered Units, Additional Trust Units or Additional Warrants (and Trust Units issuable upon the exercise of Additional Warrants) issuable on the exercise thereof. A purchaser who acquires securities forming part of the Underwriters’ over allocation position acquires those securities under this prospectus, regardless of whether the 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 REIT before deducting the expenses of the Offering will be \$23,011,500, \$1,380,690 and \$21,630,810, respectively.

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. The TSXV has conditionally approved the listing of the Trust Units, Warrant Units and Warrants distributed under this short form prospectus on the TSXV. Listing will be subject to the REIT fulfilling all of the listing requirements of the TSXV. See “Risk Factors – Risks Relating to the Offered Units – Lack of Prior Public Market for the Warrants”.

Under the Underwriting Agreement, the REIT has agreed to indemnify and hold harmless the Underwriters and their respective affiliates, subsidiaries and each of their respective officers, directors, employees, agents and shareholders 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.

This Offering is being made in each of the provinces of Canada. The Offered Units and the Trust Units and Warrants comprising the Offered Units have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States unless pursuant to an exemption to the registration requirements of such laws. Accordingly, each Underwriter has agreed that it will not offer, sell or deliver the Offered 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, any offer or sale of the Offered 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 unless made pursuant to an exemption from such registration requirements.

Pursuant to policy statements of certain regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Trust 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, Trust 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 Trust Units or the Warrants 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 Offered Units to the public initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Units at the Offering Price, the offering price for the Offered Units may be decreased and may be further changed from time to time to amounts not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Offered Units is less than the amount paid by the Underwriters to the REIT. Any such reduction will not affect the proceeds received by the REIT.

Canaccord has provided a bridge loan to the REIT (the “**Bridge Loan**”). As at September 25, 2014, the outstanding indebtedness of the REIT to Canaccord under the Bridge Loan was approximately \$270,000. The indebtedness of the REIT under the Bridge Loan is unsecured. The indebtedness incurred by the REIT under the Bridge Loan was used for the repayment of an outstanding loan with Canaccord. See “Use of Proceeds” and “Prior Sales”. The REIT intends to use a portion of the net proceeds to repay the Bridge Loan in full. In addition, TD Securities Inc. is an affiliate of a Canadian chartered bank that has provided the Revolving Credit Facility to the REIT. The Revolving Credit Facility is secured by a pool of first and second mortgages on certain of the Properties of the REIT. The REIT intends to use a portion of the net proceeds of the Offering to reduce indebtedness outstanding under the Revolving Credit Facility with a Canadian chartered bank which is an affiliate of TD Securities Inc. by approximately \$2.6 million.

The Bridge Loan and the Revolving Credit Facility contain representations, covenants, restrictions and events of default that are customary for such agreements. The REIT is in compliance with the terms of the agreements in all material respects and the lenders have at no time waived any breach during the term of the agreements. The financial position of the REIT has not materially changed since the indebtedness under the Bridge Loan and the Revolving Credit Facility was incurred.

Consequently, the REIT may be considered a “connected issuer” of each of Canaccord and TD Securities Inc., within the meaning of applicable securities legislation. See “Use of Proceeds” and “Plan of Distribution”. The decision to issue the Offered Units and the determination of the terms of the Offering were made through negotiation between the REIT and the Underwriters. The Canadian chartered banks of which such Underwriters are affiliates did not have any involvement in such decision or determination. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters’ fee.

CONCURRENT PRIVATE PLACEMENT

Concurrent with the closing of the Offering, the REIT intends to complete the Concurrent Private Placement with Lotus Crux which contemplates that Lotus Crux will purchase, on a private placement basis, 2,174,000 Placement Units at a price of \$2.30 per Placement Unit, for gross proceeds to the REIT of approximately \$5.0 million. Each Placement Unit shall consist of one Placement Trust Unit and one half of one Placement Warrant. Each whole Placement Warrant shall entitle the holder thereof to purchase one Placement Warrant Unit at an exercise price of \$2.65 per Placement Warrant Unit, subject to customary adjustment, at any time following closing of the Offering and prior to 5:00 p.m. (Montréal time) on March 31, 2017. The Placement Warrants will be created and issued pursuant to the terms of the Warrant Indenture.

This Prospectus does not qualify the distribution of the Placement Units issuable pursuant to the Concurrent Private Placement. The Placement Units issued pursuant to the Concurrent Private Placement will be subject to a statutory hold period. The Concurrent Private Placement is subject to a number of conditions including completion of definitive documentation, the concurrent closing of the Offering, the waiver by the REIT of the conditions under the Eighth Acquisition Agreement and the approval of the TSXV. The REIT has applied to list the Placement Trust Units and the Placement Warrants on the TSXV. Listing of such securities is subject to the REIT fulfilling all of the requirements of the TSXV.

RISK FACTORS

There are certain risks inherent in an investment in the Offered Units and in the activities of the REIT. In addition to the risks described herein, reference is made to the section entitled “Risk Factors” beginning on page 43 of the AIF and the section entitled “Risks and Uncertainties” beginning at page 12 of the Annual MD&A, each of which is incorporated herein by reference. Prospective investors should carefully consider, in light of their own financial circumstances, the risk factors set forth 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 herein by reference) before purchasing any of the securities distributed under this short form prospectus. The risks described herein are not the only risks facing the REIT and Unitholders. Additional risks and uncertainties not currently known to the REIT, or that the REIT currently deems immaterial, may also materially and adversely affect its business. The business, financial condition, revenues or profitability of the REIT could be materially adversely affected by any of the risks set forth in this short form prospectus, in the documents incorporated by reference or such other risks. The trading price of the Trust Units could decline due to any of these risks and investors could lose all or part of their investment. This short form prospectus contains forward-looking statements that involve risks and uncertainties. The REIT’s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the REIT described below and elsewhere in this short form prospectus. See “Notice Regarding Forward-Looking Statements”.

Risks Related to the Acquisitions

Possible Failure to Complete Any or All of the Acquisitions

The REIT expects to complete the Acquisitions in October 2014, subject to satisfactory completion of customary closing conditions. However, the REIT has no control over whether or not the conditions will be met and there can be no assurance that all conditions will be satisfied or waived or that all Acquisitions will be consummated. The REIT may proceed to acquire less than all of the Acquisition Properties. There is no assurance that the Acquisitions will be completed or, if completed, will be on terms that are exactly the same as disclosed in this short form prospectus.

Accordingly, if the acquisition of all of the Acquisition Properties does not take place as contemplated, the proceeds of the Offering will not be refunded and the REIT will use such proceeds to fund future acquisitions and for general trust purposes in accordance with its investment guidelines and operating policies. If less than all of the Acquisition Properties are acquired, the REIT may not realize the benefits described in this short form prospectus and could suffer adverse consequences, including loss of investor confidence. The price of the Trust Units may decline to the extent that the relevant current market price reflects a market assumption that the Acquisitions will be completed and certain costs related to the Acquisitions such as legal, accounting and consulting fees, must be paid even if all Acquisitions are not completed. The REIT may be unable to identify other investments offering financial returns comparable to those of the Acquisitions.

General Risks Relating to the Acquisitions

Although the REIT has conducted due diligence in connection with the Acquisitions and the vendors will provide a number of representations and warranties in favour of the REIT in connection with the Acquisitions, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, the Acquisition Properties. Following the closing of the Acquisitions, the REIT may discover that it has acquired substantial undisclosed liabilities or that certain of the representations made by the vendors were untrue. There can be no assurance of recovery by the REIT from the vendors for any breach of the representations, warranties or covenants to be provided by the vendors under the Acquisition Agreements because there can be no assurance that the amount and length of the indemnification obligations will be sufficient to satisfy such obligations or that the vendors will have any assets or continue to exist. The REIT's inability to claim for full indemnification from the vendors could have a material and adverse effect on the REIT.

The Acquisition Agreements will contain representations and warranties of the vendors of the applicable properties. Such vendors, and/or parties related thereto have, subject to certain qualifications, generally agreed to indemnify the REIT from, among other things: (i) claims or losses relating to the breach of such representations or warranties; and (ii) the failure of the applicable vendor to perform covenants under the applicable Acquisition Agreements. The REIT will have limited recourse against the vendors and other related parties in connection with the Acquisitions, as any claim for breach of a representation and warranty will be subject to the limitations, exceptions and qualifications in the applicable Acquisition Agreement, including that a claim must be made before the expiry of a specified period. There is no assurance that any particular vendor will be sufficiently capitalized or otherwise able to satisfy any particular claim. As a result, the REIT may not be able to collect all or a portion of any indemnity claim it may have against the relevant vendor. While the REIT will put in place insurance to cover indemnity claims, there is no assurance that such insurance will cover a particular claim or that exclusions or limitations would not apply. The sole remedy of the REIT is through any indemnities to be provided to the REIT by the applicable vendors under the Acquisition Agreements in respect of a breach of the representations and warranties in the applicable agreement and the above mentioned insurance, which, even in the aggregate, may be insufficient to cover all costs and as such, could materially adversely affect the business, results of operations and financial condition of the REIT. The Acquisition Agreements will also be subject to a number of closing conditions. See "Risk Factors – Risks Related to the Acquisitions – Possible Failure to Complete Any or All of the Acquisitions".

Financing Risks Relating to the Acquisitions

The REIT intends to finance a portion of the Acquisitions through the New Mortgages. While the REIT is currently in negotiations with lenders for approximately \$37.5 million of first mortgage financings as described in more detail in the section entitled "The Acquisitions – Financing of the Acquisitions", there can be no assurance that the REIT's borrowing ability will be sufficient to close the Acquisitions. Should sufficient funds not be available to the REIT at or prior to closing of an Acquisition, the REIT may not have sufficient funds to close one or more of the Acquisitions, which could have a material adverse impact on the REIT.

Possible Failure to Realize Expected Returns on the Acquisition

Acquisitions involve risks, including the failure of the Acquisition Properties to realize the results the REIT expects. If any of the Acquisition Properties fails to realize the results that the REIT expects, such failure could materially and adversely affect the REIT's business plan and could have a material adverse effect on the REIT and its financial results.

Risks Related to the Integration of the Acquisition Properties into the REIT's Existing Portfolio

In order to achieve the benefits of the Acquisitions described in this short form prospectus, the REIT will rely upon the Manager's ability to successfully retain staff, consolidate functions and integrate operations, procedures and personnel in a timely and efficient manner and to realize the anticipated growth opportunities from combining the Acquisition Properties and related operations with those of the REIT. The integration of the properties and related operations requires the dedication of the Manager's management effort, time and resources, which may divert such management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business and customer relationships that may adversely affect the Manager's ability to achieve the anticipated benefits of the Acquisitions for the REIT and its Unitholders.

Appraisals

The REIT retained the Appraisers to provide an independent estimate of the fair market value of each of the Acquisition Properties (see “Assessment and Valuation of the Acquisition Properties – Appraisals”). Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value. It is not a precise measure of value, but is based on a subjective comparison of related activity taking place in the real estate market. Each of the Appraisals are based on various assumptions of future expectations and while the relevant appraiser’s internal forecasts of NOI for the property is considered by such appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

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

Changes to fair values of properties

The REIT has chosen the fair value method of presenting its investment properties in its consolidated financial statements. For financial reporting purposes, fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of investment properties shall reflect market conditions at the end of the reporting period. Fair value is determined on the basis of valuations made by independent external appraisers which require certain key assumptions including rental income, market rents, operating expenses, vacancies, inflation rate, capitalization rates, terminal capitalization rates and discount rates. These rates are determined for each property based on available market information related to the sale of similar buildings within the same geographical locations. Any changes in fair values of the REIT’s investment properties will impact its financial results.

For instance, the fair value adjustment of \$5.8 million in the REIT’s consolidated statements of comprehensive income for the 13 months ended December 31, 2013 represented the difference between the purchase price of the properties including acquisition costs and the fair value of the properties acquired by the REIT, which are supported by independent third party appraisers. The significant fair value adjustment of \$5.8 million was due to an unanticipated delay between the date the REIT negotiated the transaction price of the properties and the date at which the transactions actually closed. During this time, market conditions trended upwards.

As at December 31, 2013, the fair value of the REIT’s currently owned properties was \$68.4 million, and changes in the capitalization rate, terminal capitalization rate and discount rate as at such date would have resulted in a change to the fair value of such properties as follows:

<u>At December 31, 2013</u>	<u>Impact of 25-basis-points</u>	
	<u>Increase (\$)</u>	<u>Decrease (\$)</u>
Capitalization rate	2,227,000	(2,077,000)
Terminal capitalization rate	1,233,000	(1,150,000)
Discount rate	1,117,000	(1,093,000)

Risks Related to the Real Estate Industry

Tenant Risks

CAE Healthcare Inc., an affiliate of CAE Inc., a tenant who leases approximately 44,900 square feet of GLA from the REIT, has advised the REIT it will not be renewing its lease which expires on March 31, 2015 and has provided the REIT with seven months prior notice to this effect. Management believes that it will be able to replace such tenant upon the expiry of the term or shortly thereafter. If required, the Manager has agreed to provide the REIT with a gap lease, on the same terms as CAE Healthcare Inc., for the unleased space until May 31, 2015. There can be no assurance that the tenant will be replaced and the terms of any subsequent lease may be less favourable to the REIT than the existing lease. The ability to rent such unleased space is affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises and various other factors, many of which are beyond the REIT’s control. Failure by the REIT to replace such tenant on terms favourable to the REIT could adversely affect the REIT.

Risks Relating to the Offered Units

Volatile Market Price for Trust Units

The market price for Trust Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT's control, including the following: (i) actual or anticipated fluctuations in the REIT's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (iv) addition or departure of the REIT's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Trust Units; (vi) sales or perceived sales of additional Trust Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; and (viii) news reports relating to trends, concerns, competitive developments, regulatory changes and other related issues in the REIT's industry or target markets.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the REIT's securities may decline even if the REIT's operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the REIT's securities by those institutions, which could adversely affect the trading price of the REIT's securities. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, the REIT's operations could be adversely impacted and the trading price of the REIT's securities may be adversely affected.

Lack of Prior Public Market for the Warrants

There is currently no public market for the Warrants. There can be no assurance as to the liquidity of any trading market for the Warrants or that a trading market for the Warrants will develop. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. The REIT has applied to list the Warrants on the TSXV. Such listing will be subject to the REIT fulfilling all of the requirements of the TSXV. There can be no assurance that the Warrants will be listed.

Cash Distributions Are Not Guaranteed

The REIT does not have a fixed obligation to make payments to holders of Trust Units and does not promise to return the initial purchase price of a Trust Unit. There can be no assurance regarding the amount of income to be generated by the REIT's properties and future financial performance of the REIT may not meet its future plans or budgets. Distributions made to holders of Trust Units and holders of Class B LP Units may exceed actual cash available to the REIT from time to time. Although the REIT intends to make cash distributions to Unitholders, these cash distributions may be reduced or suspended. The ability of the REIT to make cash distributions and the actual amount distributed are entirely dependent on the operations and assets of the REIT and its Subsidiaries, and are subject to various factors including financial performance, obligations under applicable credit facilities, the sustainability of income derived from anchor tenants and capital expenditure requirements. Cash available to the REIT to fund distributions may be limited from time to time because of such items as principal repayments, tenants' allowances, leasing commissions, capital expenditures and redemptions of Trust Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. The market value of the Trust Units will deteriorate if the REIT is unable to continue its distribution levels in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Restrictions on Redemptions

It is anticipated that the redemption right described in the AIF under "Description of the Trust and Description of the Units – Redemption Right" will not be the primary mechanism for Unitholders to liquidate their investments. The

entitlement of Unitholders to receive cash upon the redemption of their Trust Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Trust Units are tendered for redemption, the outstanding Trust Units must be 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 Trust Units; (iii) the trading of Trust Units is not suspended or halted on any stock exchange on which the Trust Units are listed (or, if not listed on a stock exchange, on any market on which the Trust Units are quoted for trading) on the redemption date for more than five trading days during the 10 day trading period commencing immediately after the redemption date; and (iv) the redemption of all of the Trust Units shall not result in the delisting of the Trust Units from the principal stock exchange on which the Trust Units are listed.

Subordination of the Trust Units

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its subsidiaries, holders of its indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of the REIT and its Subsidiaries before any assets are made available for distribution to the REIT or its Unitholders. Upon completion of the Offering, the Trust Units will be subordinated to the debt and other obligations of the REIT and its Subsidiaries. The REIT's Subsidiaries will generate all of the REIT's revenue available for distribution and hold substantially all of the REIT's operating assets.

Tax Related Risk Factors

Under the SIFT Rules, a publicly traded income trust will be considered a SIFT unless it qualifies for the REIT Exception. As discussed under "Certain Canadian Federal Income Tax Considerations" a publicly traded income trust will only qualify for the REIT Exception if assets held by the REIT qualify under specific provisions of the REIT Exception, which rules generally require that each intermediate entity (including partnerships) through which the REIT owns property satisfies the REIT Exception on a stand-alone continuous basis. If each relevant entity (including partnerships) does not qualify continuously for the REIT Exception, the SIFT Rules may have an adverse impact on the REIT and the Unitholders, on the value of the Trust Units and the ability of the REIT to undertake financings and acquisitions, and if the SIFT Rules were to apply, distributable cash of the REIT may be materially reduced.

The REIT has been structured to satisfy the REIT Exception and management is confident that it has mechanisms in place to ensure that the REIT (and each intermediate entity (including partnerships) through which it owns property) will continue to satisfy the REIT Exception going forward; however, no assurances can be made in this regard.

The SIFT Rules may also apply to a Subsidiary of the REIT that would otherwise qualify as a SIFT unless such Subsidiary qualifies as an "excluded subsidiary entity" as defined in the Tax Act. The REIT expects that each Subsidiary of the REIT that might otherwise qualify as a SIFT will qualify as an "excluded subsidiary entity" and therefore will not be subject to tax under the SIFT Rules going forward; however, no assurances can be made in this regard.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust (including a real estate investment trust such as the REIT) may be reduced on a pro rata basis in respect of distributions from the income trust that are a return of capital and that are not reinvested for an income earning purpose. If the CRA view were to apply to a Unitholder who borrowed money to invest in Trust Units of the REIT, part of the interest payable by such Unitholder in connection with money borrowed to acquire such Trust Units could be non-deductible.

Nature of Investment

A holder of a Trust Unit or a Class B LP Unit does not hold a share of a body corporate. Unitholders or holders of Class B LP 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 Trust Units and Class B LP Units are based primarily on the Declaration of Trust and the PRO REIT LP Agreement, respectively. There is no statute governing the affairs of the REIT or PRO REIT LP equivalent to the *Canada Business Corporations Act* which sets out the rights and entitlements of shareholders of corporations in various circumstances.

Neither the Trust Units nor the Class B LP Units are “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada), nor will they be insured under the provisions of that statute or any other legislation. Furthermore, the REIT 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.

Unitholder Liability

The Declaration of Trust provides that no holder of Trust Units or annuitant or beneficiary of a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan or a deferred profit sharing plan, each as defined in the Tax Act, or of any plan of which a holder of Trust Units acts as a trustee or a carrier (an “**annuitant**”) will be held to have any personal liability as such, and that no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any holder of Trust Units or annuitant for any liability whatsoever, whether constituting extracontractual or contractual liability or arising in tort, contract or otherwise, to any Person in connection with the REIT property or the affairs of the REIT, including for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the REIT or of the Trustees or any obligation which a holder of Trust Units or annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such (“**Trust Liability**”). Only the assets of the REIT are intended to be liable and subject to levy or execution for satisfaction of such Trust Liability. Each holder of Trust Units and annuitant will be entitled to be reimbursed out of the assets of the REIT in respect of any payment of such Trust Liability made by such holder of Trust Units or annuitant.

The Declaration of Trust further provides that the Trustees shall cause the operations of the REIT to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine practicable and consistent with their fiduciary duty to act in the best interests of the holders of Trust Units, any material risk of liability on the holders of Trust Units for claims against the REIT, and shall, to the extent available on terms which they determine to be practicable, including the cost of premiums, cause the insurance carried by the REIT, to the extent applicable, to cover the holders of Trust Units and annuitants as additional insured. Any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage and, to the extent the Trustees determine it to be practicable and consistent with their fiduciary duties to act in the best interest of the holders of Trust Units, any written instrument which is a material obligation, shall contain a provision that the obligation created is not personally binding upon the Trustees, the holders of Trust Units or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof is bound. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Ontario to Unitholders or annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

However, in conducting its affairs, the REIT will be acquiring immovable property investments, subject to existing contractual obligations, including obligations under hypothecs, mortgages and leases. The Trustees will use commercially reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations binding upon any of the Unitholders or annuitants personally. However, the REIT may not be able to obtain such modification in all cases. If a claim is not satisfied by the REIT, there is a risk that a Unitholder or annuitant will be held personally liable for the performance of the obligations of the REIT where the liability is not disavowed as described above. The possibility of any personal liability attaching to Unitholders or annuitants under the laws of the Province of Ontario for contract claims where the liability is not so disavowed is remote.

Liability of Holders of Class B LP Units

Holders of Class B LP Units may lose their limited liability in certain circumstances, including by taking part in the control or management of the business of PRO REIT LP. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province have not been authoritatively established. If limited liability is lost, there is a risk that holders of Class B LP Units may be liable beyond their contribution of capital and share of undistributed net income of PRO REIT LP in the event of judgment on a claim in an amount exceeding the sum of the net assets of PRO REIT GP and the net assets of PRO REIT LP. Holders of Class B LP Units remain liable to return to PRO REIT LP for such part of any amount distributed to them as may be necessary to restore the capital of PRO REIT LP to the amount existing before such distribution if, as a result of any such distribution, the capital of PRO REIT LP is reduced and PRO REIT LP is unable to pay its debts as they become due.

Dilution

The number of Trust Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Trust Units from time to time. Any issuance of Trust Units, including Trust Units issued in consideration for properties acquired by the REIT, grants under the LTIP and issuances under the DRIP will have a dilutive effect on existing Unitholders.

Change of Tax Laws

There can be no assurance that Canadian tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the REIT or its affiliates or the administrative and assessing practices and policies of the CRA or the Minister of Finance (Canada) will not change in a manner that adversely affects the REIT, its affiliates or Unitholders. Any such change could affect the REIT's eligibility for the REIT Exception, increase the amount of tax payable by the REIT or its affiliates, or otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

Risks Related to the REIT's Relationship with Lotus Crux and Lotus Crux Acquisition

Ownership by Lotus Crux

After the closing of the Offering, the Concurrent Private Placement and the Acquisitions, it is expected that Lotus Crux and the Lotus Crux Related Parties will collectively hold a 12.6% effective interest in the REIT, including through the holding of Class B LP Units with each such Class B LP Unit being attached to a Special Voting Unit of the REIT, providing for voting rights in the REIT. In addition, the Support Agreement will grant Lotus Crux the right to nominate one or two Trustees of the REIT, based on the effective interest in the REIT of Lotus Crux and the Lotus Crux Related Parties and subject to the terms of the Support Agreement. See "Relationship with Lotus Crux and Lotus Crux Acquisition – Support Agreement". For so long as Lotus Crux and the Lotus Crux Related Parties maintain an effective interest in the REIT, Lotus Crux may have the ability to exercise certain influence with respect to the affairs of the REIT and possibly affect the outcome of Unitholder votes. As a result, Lotus Crux may have the ability to influence certain matters affecting the REIT. Accordingly, the Trust Units may be less liquid and worth less than they would if Lotus Crux did not have the ability to influence or determine matters affecting the REIT. Additionally, Lotus Crux's effective interest may discourage transactions involving a change of control of the REIT, including transactions in which an investor as a holder of the Trust Units might otherwise receive a premium for its Trust Units over the then-current market price. Each Class B LP Unit will be exchangeable at the option of the holder for one Trust Unit of the REIT (subject to customary anti-dilution adjustments). If Lotus Crux or any Lotus Crux Related Party exchanges Class B LP Units for Trust Units and sells Trust Units in the public market, the market price of the Trust Units could fall. The perception among the public that these sales will occur could also produce such effect.

Acquisition of Future Properties from Lotus Crux Acquisition

The REIT's ability to expand its asset base and increase AFFO per Trust Unit through acquisitions is affected by the REIT's ability to leverage its relationship with Lotus Crux Acquisition to access opportunities to acquire additional commercial properties that satisfy the REIT's investment criteria. Pursuant to the Strategic Investment Agreement, the REIT may have the opportunity to finance or acquire an Investment Property, although no assurance can be given in that regard. There can be no assurance that the REIT will be able to access such opportunities and acquire additional properties or do so on terms favourable to the REIT.

Potential Conflicts of Interest with Lotus Crux and Lotus Crux Acquisition

Lotus Crux's continuing businesses may lead to conflicts of interest between Lotus Crux and the REIT. The REIT may not be able to resolve any such conflicts, and, even if it does, the resolution may be less favourable to the REIT than if it were dealing with a party that was not a significant holder of an interest in the REIT. The agreements that the REIT entered into with Lotus Crux and Lotus Crux Acquisition may be amended upon agreement between the parties, subject to applicable laws and approval in certain cases of the Independent Trustees. Lotus Crux and Lotus Crux Acquisition are engaged in a wide range of real estate and other business activities and may be involved in real estate transactions that do not satisfy the REIT's investment criteria. Such transactions could include real estate transactions that are not accretive to AFFO per Trust Unit, transactions which involve significant capital expenditure in order to reposition a property, and transactions which may be considered too small.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the REIT, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Offered Units by a purchaser who acquires Offered Units pursuant to this prospectus and who, for purposes of the Tax Act and at all relevant times, (i) is, or is deemed to be, resident in Canada, (ii) deals at arm's length with and is not affiliated with the REIT and each of the Underwriters, and (iii) holds Trust Units (including Trust Units acquired on the exercise of a Warrant) and Warrants underlying the Offered Units as capital property ("**Holder**"). Generally, Trust Units and Warrants will be considered to be capital property to a Holder provided that the Holder does not hold such Trust Units or Warrants in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Trust Units as capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the Tax Act to have their Trust Units, and every other "Canadian security" (as defined in the Tax Act) owned in the taxation year in which the election is made and each subsequent taxation year, deemed to be capital property. Holders who do not hold their Trust Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Holder (i) that is a "financial institution" for the purposes of the "mark-to-market" rules (within the meaning of the Tax Act); (ii) that is a "specified financial institution" (within the meaning of the Tax Act); (iii) an interest in which would be a "tax shelter investment" (within the meaning of the Tax Act); (iv) to whom the functional currency reporting rules apply; (v) that has entered or will enter into a "derivative forward arrangement" (within the meaning of the Tax Act), (vi) that is a partnership or another flow-through entity; trust and estate; government (or instrumentality or agency thereof); tax-exempt entity; insurance company; mutual fund; "real estate investment trust" (within the meaning of the Tax Act); or (vii) that is holding Trust Units or Warrants as part of a hedging or similar transaction. This summary is also not applicable to a Holder that holds Trust Units acquired upon the exercise of rights to acquire such Trust Units received in respect of, in the course of, or by virtue of employment with the REIT or any corporation or "mutual fund trust" not dealing at arm's length for purposes of the Tax Act with the REIT (all within the meaning of the Tax Act). Such Holders should consult their own tax advisors.

This summary is based on certain representations as to factual matters made in a certificate signed by an officer of the REIT and provided to counsel (the "**Officer's Certificate**"). This summary assumes that the representations made in the Officer's Certificate are true and correct, including the representations: (i) that would ensure that the REIT qualifies and will continue to qualify as a "mutual fund trust" (within the meaning of the Tax Act); (ii) that the REIT has and will at all times comply with the Declaration of Trust (including continuing to qualify as a real estate investment trust (within the meaning of the Tax Act); (iii) that the REIT filed within prescribed time an election under subsection 132(6.1) of the Tax Act to be deemed to have been a "mutual fund trust" from the time of its establishment; and (iv) that the REIT does and will continue to qualify as a "mutual fund trust" under the provisions of the Tax Act while the Trust Units remain outstanding.

This summary is based on the current provisions of the Tax Act, the Tax Proposals and counsel's understanding of the current published administrative policies and assessing practices of the CRA published by it. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law or in the administrative policies and assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, and does not take into account any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this prospectus. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Offered Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Trust Units or Warrants will vary depending on the holder's particular circumstances, including the province(s) in which the holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be nor should it be construed to be legal or tax advice or representations to any prospective purchaser of Offered Units. Prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of an investment in Offered Units based on their particular circumstances.

For the purposes of this summary and the opinion given under the heading “Certain Canadian Federal Income Tax Considerations”, a reference to (i) the “REIT” is a reference to PRO Real Estate Investment Trust only and is not a reference to any of its subsidiaries or predecessors, and (ii) a reference to a “Holder” is a reference to a holder of Trust Units and not a holder of Special Voting Units.

Status of the REIT

Qualification as a Mutual Fund Trust

Based on the representations as to factual matters set out in the Officer’s Certificate, the REIT qualifies as a “mutual fund trust” as defined in the Tax Act, and will continue to qualify as a mutual fund trust at all relevant times. The balance of this summary assumes this to be the case. If the REIT were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially and adversely different.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless restrictions in respect of its assets are followed. This summary assumes that the REIT was not established and is not maintained primarily for the benefit of non-residents and counsel is of the view that this assumption is reasonable in light of the restrictions on the ownership of Trust Units by non-residents which are contained in the Declaration of Trust.

SIFT Rules

The SIFT Rules apply to “specified investment flow-through” trusts or partnerships (“SIFTs”), including publicly traded trusts, and their unitholders, and modify the tax treatment of SIFTs and of their unitholders, as more particularly described below under the heading “Application of the SIFT Rules”. However, the SIFT Rules are not applicable to a trust if such trust qualifies as a “real estate investment trust” for the year (the “**REIT Exception**”). Therefore, if the REIT does not satisfy the REIT Exception throughout the year, the SIFT Rules will be applicable to the REIT. Furthermore, in order for the REIT to satisfy the REIT Exception, PRO REIT LP must satisfy all of the tests comprising the REIT Exception apart from the “Publicly Listed or Traded Test” (as described below) on a stand-alone continuous basis. Management of the REIT is of the view that it has implemented internal controls to ensure that PRO REIT LP satisfies the necessary tests.

The REIT Exception in the SIFT Rules contains a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. Based on representations as to certain factual matters made in the Officer’s Certificate and on the advice of its external tax advisor, management has advised counsel that the REIT will qualify for the REIT Exception at the time of closing of the Offering and that management expects the REIT to qualify for the REIT Exception throughout 2014 and subsequent taxation years. However, there can be no assurance that subsequent investments or activities undertaken by the REIT will not result in the REIT failing to qualify for the REIT Exception. If the REIT fails to qualify for the REIT Exception, the REIT will be subject to the SIFT Rules and certain of the income tax considerations described below would, in some respects, be materially and adversely different.

The REIT Exception is applied on a taxation year basis. Accordingly, even if the REIT does not qualify for the REIT Exception in a particular taxation year, it may be able to do so in a subsequent taxation year.

REIT Exception

Trusts that satisfy the REIT Exception are excluded from the definition of SIFT trusts and are therefore not subject to the SIFT Rules. Under the current rules, 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:

- (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” held by the trust is at least 90% of the 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" for the taxation year is from one or more of the following: "rent from real or immovable properties", interest, dispositions of "real or immovable properties" that are capital properties, dividends, royalties and dispositions of "eligible resale properties";
- (c) not less than 75% of the trust's "gross REIT revenue" for the taxation year is from one or more of the following: "rent from real or immovable properties", interest from mortgages or hypothecs on "real or immovable properties", and dispositions of "real or immovable properties" that are capital properties;
- (d) at each time in the taxation year an amount, that is equal to 75% or more of the "equity value" (as defined in the Tax Act) of the trust at that time, is the amount that is the total fair market value of all properties held by the trust each of which is a "real or immovable property" that is capital property, an "eligible resale property", an indebtedness of a Canadian corporation represented by a banker's acceptance, cash, a deposit in a bank or credit union, or debt issued or guaranteed by the Canadian government or issued by a province, municipal government or certain other qualifying public institutions; and
- (e) "investments" (as defined in the Tax Act) in the trust are, at any time in the taxation year, listed or traded on a stock exchange or other public market (the "**Publicly Listed or Traded Test**").

The SIFT Rules contain specific rules generally permitting a trust to qualify for the REIT Exception where it holds properties indirectly through intermediate entities if each intermediate entity would satisfy the criteria (a) throughout (d) of the REIT Exception in its own right.

For the purpose of the SIFT Rules and the REIT Exception:

- (a) "eligible resale property", of an entity, means "real or immovable property" (other than capital property) of the entity, (i) that is contiguous to a particular "real or immovable property" that is capital property or "eligible resale property", held by the entity or another entity affiliated with the entity, and (ii) the holding of which is ancillary to the holding of the particular property;
- (b) "gross REIT revenue" of an entity for a taxation year means the amount, if any, by which the total of all amounts received or receivable in the year (depending on the method regularly followed by the entity in computing the entity's income) by the entity exceeds the total of all amounts each of which is the cost to the entity of a property disposed of in the year;
- (c) "qualified REIT property" of a trust at any time means a property held by the trust that at that time is held by the trust and is:
 - (i) a "real or immovable property" (as described below) that is capital property, an "eligible resale property", an indebtedness of a Canadian corporation represented by a banker's acceptance, cash, a deposit in a bank or credit union, or debt issued or guaranteed by the Canadian government or issued by a province, municipal government or certain other qualifying public institutions;
 - (ii) a security of a "subject entity" (as described below) all or substantially all of the "gross REIT revenue" of which for its 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 an interest, including "real or immovable properties" that the trust, or an entity of which the trust holds a share or an interest, holds together with one or more other persons or partnerships;
 - (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 (including real or immovable property that the trust or the other subject entity holds together with one or more other persons or partnerships), and (B) property described in (iv) below;
 - (iv) ancillary to the earning by the trust of "gross REIT revenues" from rents or dispositions of "real or immovable properties" that are capital properties, other than (A) an equity of an entity, or (B) a mortgage, hypothecary claim, mezzanine loan or similar obligation.
- (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 (a), (b), (c) and (d) of the REIT Exception (as discussed above) and an interest in certain real property or a real right in certain immovables, but excludes any depreciable

property other than a depreciable property included (otherwise than by election) in capital cost allowance (“CCA”) Class 1, 3 or 31, property ancillary to the ownership or utilization of such depreciable property or a lease or leasehold interest in respect of land or such depreciable property;

- (e) “rent from real or immovable properties” includes (A) rent or similar payments for the use of or right to use real or immovable properties and (B) payment for services ancillary to the rental of real or immovable properties and customarily supplied or rendered in connection therewith, but does not include (C) any other payment for services supplied or rendered to the tenants of such properties, 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 remainder of this summary is subject to the SIFT Rules discussed above and assumes that the REIT is at all times eligible for the REIT Exception.

Application of the SIFT Rules

The SIFT Rules apply to trusts, unless (among other exceptions not applicable here) the trusts satisfy the REIT Exception. If the REIT does not meet the REIT Exception, the REIT will be subject to the SIFT Rules and as a result the tax status of the REIT and the tax consequences of investing in Offered Units described above could be materially and adversely different. Pursuant to the SIFT Rules, a SIFT cannot deduct any part of the amount 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 trust) from its “non-portfolio properties”; and (iii) aggregate net taxable capital gains from its dispositions of non-portfolio properties. “Non-portfolio properties” are Canadian real, immovable or resource properties (if at any time in the taxation year the total fair market value of the SIFT’s Canadian real, immovable or resource properties is greater than 50% of the equity value of the SIFT), properties that the SIFT (or persons or partnerships which do not deal at arm’s length with the SIFT) uses in the course of carrying on business in Canada and securities of a “subject entity” if the subject entity holds any “non-portfolio property” and the SIFT either holds securities of the subject entity that have a fair market value greater than 10% of the subject entity’s equity value, or holds securities of the subject entity that, together with securities held by the SIFT in entities affiliated with the subject entity have a total fair market value greater than 50% of the equity value of the SIFT. Amounts distributed 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 income of SIFTs received by unitholders that are not deductible to the SIFT will be deemed to be dividends received by unitholders. Under the SIFT Rules, such deemed dividends from a SIFT will be taxed as a taxable dividend from a taxable Canadian corporation. Under the Tax Act such dividends deemed to be received by an individual will be included in computing the individual’s income for tax purposes and will be subject to the enhanced gross-up and dividend tax credit rules normally applicable to eligible dividends received from taxable Canadian corporations. Such dividends deemed to be received by a holder that is a corporation 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.

Depending on the nature of distributions from the REIT, including what portion of its distributions are income and what portion are returns of capital, the SIFT Rules, if applicable, would have a material adverse effect on the after-tax returns of certain Holders. Generally, distributions that are characterized as returns of capital are not taxable to Holders but serve to reduce the adjusted cost base of a Holder’s Trust Units.

The likely effect of the SIFT Rules on the market for Trust Units, and on the REIT’s ability to finance future acquisitions through the issue of Trust Units or other securities is unclear. In the event that the SIFT Rules apply to the REIT, they may adversely affect the after-tax returns of investors, the marketability of the Trust Units and the amount of cash available for distributions.

Taxation of the REIT

The taxation year of the REIT is the calendar year. The REIT must compute its income or loss for each taxation year as though it were an individual resident in Canada. The income of the REIT will generally include, among other things, net realized taxable capital gains for that year and its allocated share of the income of PRO REIT LP for its fiscal period ending on or before the year-end of the REIT, less the portion thereof that the REIT deducts in respect of the amounts paid or payable, or deemed to be paid or payable, in the year to Holders. An amount will be considered to be payable to a Holder in a taxation year if it is paid to the Holder in the year by the REIT or if the Holder is entitled in that year to enforce payment of the amount. The Trustees' current intention is to make payable to Holder each year sufficient amounts such that the REIT generally will not be liable to pay non-refundable tax under Part I of the Tax Act. Where the REIT does not have sufficient cash to distribute such amounts, the REIT will make one or more in-kind distributions in the form of additional Trust Units. Income of the REIT payable to Holders will generally be deductible by the REIT in computing its taxable income, whether payable in cash, additional Trust Units or otherwise.

A distribution by the REIT of its property upon a redemption of Trust Units will be treated as a disposition by the REIT of such property for proceeds of disposition equal to the fair market value thereof. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

The REIT will generally not be subject to tax on any amounts received as distributions from PRO REIT LP. Generally, distributions to the REIT in excess of its allocated share of the income of PRO REIT LP will result in a reduction of the adjusted cost base of the REIT's Class A LP Units in PRO REIT LP by the amount of such excess. If, as a result, the REIT's adjusted cost base at the end of a taxation year of its Class A LP Units in PRO REIT LP would otherwise be a negative amount, the REIT would be deemed to realize a capital gain in such amount for that year and the REIT's adjusted cost base at the beginning of the next taxation year of its Class A LP Units in PRO REIT LP would then be nil.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. Reasonable expenses incurred in respect of the issuance of Trust Units generally may be deducted by the REIT on a five-year, straight-line basis.

Losses incurred by the REIT cannot be allocated to Holders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act. In the event the REIT would otherwise be liable for tax on its net taxable capital gains realized by the REIT for a taxation year, it will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for such tax by an amount determined under the Tax Act based on the redemption of Trust Units during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not offset completely the REIT's tax liability for the taxation year arising in connection with the transfer of property in specie to redeeming Holders on the redemption of Trust Units.

Taxation of subsidiaries of the REIT

The SIFT Rules will apply to a Subsidiary of the REIT that would otherwise qualify as a SIFT unless such Subsidiary qualifies as an "excluded subsidiary entity" (as defined in the Tax Act). Under the Tax Act, an entity will generally be an "excluded subsidiary entity" for a taxation year if none of the "equity" of such entity is at any time in the taxation year (A) listed or traded on a stock exchange or other public market, nor (B) held by any person or partnership other than (i) a "real estate investment trust", (ii) a "taxable Canadian corporation", (iii) a "SIFT trust", (iv) a "SIFT partnership", or (v) an "excluded subsidiary entity" (all within the meaning of the Tax Act) for the taxation year.

Based on representations as to certain factual matters made in the Officer's Certificate, Management has advised counsel that it expects that each direct or indirect subsidiary of the REIT that might otherwise qualify as a SIFT will qualify as an "excluded subsidiary entity" at all relevant times and therefore will not be subject to tax under the SIFT Rules. If PRO REIT LP or any other Subsidiary of the REIT does not qualify as an "excluded subsidiary entity" the income tax consequences described herein would in some respects be materially and adversely different.

Taxation of PRO REIT LP

Based on representations as to certain factual matters made in the Officer's Certificate, Management has advised counsel that it expects that PRO REIT LP qualifies and will continue to qualify as an "excluded subsidiary entity" throughout 2014 and subsequent taxation years. As a result, PRO REIT LP will not be subject to tax under the SIFT Rules. If PRO REIT LP does not qualify as an "excluded subsidiary entity," the income tax consequences described herein would in some respects be materially and adversely different.

Generally, each partner of PRO REIT LP, including the REIT, is required to include in computing the partner's income, the partner's share of the income (or loss) of PRO REIT LP for PRO REIT LP's fiscal year ending in, or coincidentally with, the partner's taxation year end, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of PRO REIT LP will be computed for each fiscal year as if PRO REIT LP were a separate person resident in Canada. In computing the income or loss of PRO REIT LP, deductions generally may be claimed in respect of available capital cost allowances, its reasonable administrative and other expenses (including interest in respect of debt of PRO REIT LP) incurred for the purpose of earning income from business or property to the extent permitted under the Tax Act. The income or loss of PRO REIT LP for a fiscal year will be allocated to the partners of PRO REIT LP, including the REIT, on the basis of their respective share of such income or loss as provided in the PRO REIT LP, subject to the detailed rules in the Tax Act.

If PRO REIT LP were to incur losses for purposes of the Tax Act, the ability of each partner (including the REIT) to deduct the partner's share of such losses may be limited by certain rules under the Tax Act, including "at-risk" rules. Certain losses allocated to PRO REIT LP from a subsidiary partnership that are limited by the "at risk" rules may not be available to PRO REIT LP and, therefore, may not be allocable to the partners (including the REIT), subject to the detailed rules in the Tax Act.

Taxation of Holders

Allocation of Purchase Price

A Holder will be required to allocate the purchase price of each Offered Unit between the Trust Unit and the Warrants comprising such Offered Unit on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. The REIT intends to allocate the issue price of the Offered Units between the Trust Units and the Warrants comprising the Offered Units based on information available to it on the closing of the Offering and will disclose this allocation in the notes to its financial statements for the fiscal quarter following the closing of the Offering and on its website. Any allocation made by the REIT or by a Holder is not binding on the CRA.

Exercise or Expiry of Warrants

A Holder will not realize a gain or loss upon the exercise of a Warrant. The Holder's cost of Warrant Units acquired by exercising Warrants will be equal to the aggregate of the Holder's adjusted cost base of the Warrants exercised plus the exercise price paid for the Warrant Units. The Holder's adjusted cost base of the Warrant Units so acquired will be determined by averaging the cost of those Warrant Units with the adjusted cost base (determined immediately before the acquisition of the Warrant Units) of all other Trust Units held as capital property by such Holder at the time of acquisition. In the event of the expiry of an unexercised Warrant, the Holder will realize a capital loss equal to the Holder's adjusted cost base of such Warrant. The treatment of any such capital loss is discussed below under the heading "Taxation of Holders – Capital Gains and Capital Losses".

Disposition of Warrants

A Holder that disposes of or is deemed to have disposed of a Warrant (other than a disposition arising on the exercise or expiry of a Warrant) will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of the Warrant exceed (or are exceeded by) the aggregate of the adjusted cost base of such Warrant and any reasonable expenses of disposition. The treatment of any such capital gain or capital loss is discussed below under the heading "Taxation of Holders – Capital Gains and Capital Losses".

Distributions by the REIT

A Holder will generally be required to include in income for a particular taxation year the portion of the net income of the REIT for the taxation year ending on or before the particular taxation year-end of the Holder, including net realized taxable capital gains, that is paid or payable, or deemed to be paid or payable, to the Holder in the particular taxation year (and that the REIT deducts in computing its income), whether such portion is received in cash, additional Trust Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Holder.

Provided that the appropriate designations are made by the REIT, such portion of net taxable capital gains of the REIT as is paid or payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. See below under the subheading “Taxation of Holders – Capital Gains and Capital Losses”. The non-taxable portion of any net capital gains of the REIT that is paid or payable, or deemed to be paid or payable, to a Holder in a taxation year will not be included in computing the Holder’s income for the year. Any other amount in excess of the net income and net taxable capital gains of the REIT that is paid or payable, or deemed to be paid or payable, by the REIT to a Holder in a taxation year will not generally be included in the Holder’s income for the year. However, such an amount which becomes payable to a Holder (other than proceeds of disposition of Trust Units or any part thereof) will reduce the adjusted cost base of the Trust Units held by such Holder. To the extent that the adjusted cost base of a Trust Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Holder from the disposition of the Trust Unit and will be added to the adjusted cost base of the Trust Unit so that the adjusted cost base will be reset to zero.

The composition of distributions paid by the REIT, portions of which may be fully or partially taxable or non-taxable, may change over time, affecting the after-tax return to Holders. To the extent that amounts are designated as having been paid to Holders out of taxable dividends received or deemed to have been received by the REIT on shares of taxable Canadian corporations, the normal gross-up and dividend tax credit rules, including the enhanced gross-up and dividend tax credit rules in respect of dividends designated by the corporation as “eligible dividends” will apply to Holders who are individuals (other than certain trusts). A Holder that is a corporation is required to include amounts designated as taxable dividends in computing its income for tax purposes and will generally be entitled to deduct the amount of such dividends in computing its taxable income. Certain corporations, including “private corporations” or “subject corporations” (as defined in the Tax Act) may be liable to pay a refundable tax at the rate of 33 1/3% of such dividends to the extent that such dividends are deductible in computing taxable income.

The REIT estimates that, of the monthly cash distributions to be made by the REIT to Unitholders, approximately 100% in 2014 and 2015 will be tax deferred by reason of the REIT’s ability to claim capital cost allowance and certain other deductions. Such estimate is based on the facts set out in this short form prospectus, the pro forma related assumptions, the provisions of the Tax Act in force at the date hereof, current publicly available published administrative policies and assessing practices of the CRA and the Tax Proposals. The adjusted cost base of Units held by a Unitholder will generally be reduced by such non-taxable portion of distributions made to the Unitholder (other than the non-taxable portion of certain capital gains). A Unitholder will generally realize a capital gain to the extent that the adjusted cost base of the Unitholder’s Units would otherwise be a negative amount, notwithstanding that the Unitholder has not sold any Units. The composition of REIT distributions for tax purposes may change over time thus affecting the after-tax return to a Unitholder. See “Certain Canadian Federal Income Tax Considerations”.

Dispositions of Trust Units

On a disposition or deemed disposition of a Trust Unit (including a redemption), a Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the Holder’s proceeds of disposition (excluding any amount payable by the REIT which represents an amount that must otherwise be included in the Holder’s income as described herein) are greater (or less than) the aggregate of the Holder’s adjusted cost base of the Trust Unit immediately before such disposition and any reasonable costs of disposition.

The adjusted cost base to a Holder of a Trust Unit generally will include all amounts paid by the Holder for the Trust Unit subject to certain adjustments. The cost to a Holder of Trust Units received in lieu of a cash distribution will be equal to the amount of income distributed by the issuance of such Trust Units. For the purpose of determining the adjusted cost base to a Holder, when a Trust Unit is acquired, the cost of the newly-acquired Trust Unit will be

averaged with the adjusted cost base of all of the Trust Units owned by the Holder as capital property immediately before that acquisition. The cost of Trust Units acquired on the reinvestment of distributions under the DRIP will be the amount of such investment. There will be no net increase or decrease in the aggregate adjusted cost base of all of a Holder's Trust Units as a result of the receipt of the further distribution under the DRIP; however, the adjusted cost base per Trust Unit will be reduced.

A redemption of Trust Units in consideration for cash will be a disposition of such Trust Units for proceeds of disposition equal to such cash less any income or capital gain realized by the REIT in connection with the redemption of those Trust Units. A redemption of Trust Units in consideration for assets of the REIT, such as Subsidiary Securities, will be a disposition of such Trust Units for proceeds of disposition generally equal to the aggregate of the fair market value of such assets, less any income or capital gain realized by the REIT on the disposition of such assets and any other income or capital gain realized by the REIT in connection with the redemption of those Trust Units to the extent that such income or capital gain is designated to the redeeming Holder. Holders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether the proceeds of disposition received exceed, or are less than, the aggregate of the adjusted cost base of the Trust Units redeemed and any reasonable costs of disposition. Where income or capital gain realized by the REIT in connection with the distribution of property *in specie* on the redemption of Trust Units has been designated by the REIT to a redeeming Holder, the Holder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the REIT to a Holder upon redemption of Trust Units will be equal to the fair market value of that property at the time of the distribution. The Holder 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.

Capital Gains and Capital Losses

One-half of any capital gain (a “**taxable capital gain**”) realized by a Holder on a disposition or deemed disposition of Trust Units or of Warrants and the amount of any net taxable capital gains designated by the REIT in respect of a Holder will be included in the Holder's income as a taxable capital gain. One-half of any capital loss (an “**allowable capital loss**”) realized by a Holder on a disposition or deemed disposition of Trust Units or of Warrants must generally be deducted from taxable capital gains of the Holder in the year of disposition as an allowable capital loss. Allowable capital losses realized in excess of taxable capital gains in a particular taxation year may generally be deducted against taxable capital gains realized in the three preceding taxation years or in any subsequent taxation year, subject to and in accordance with the provisions of the Tax Act.

Where a Holder that is a corporation or a trust (other than a mutual fund trust) disposes of a Trust Unit, the Holder's capital loss from the disposition generally will be reduced by the amount of any dividends received by the REIT previously designated by the REIT to the Holder, to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Trust Units.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6²/₃% on certain types of income, including taxable capital gains.

INTEREST OF EXPERTS

Certain legal matters in connection with the issuance of the Offered Units offered by this short form prospectus, including matters referred to under “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations”, as well as certain other legal matters relating to the issue and sale of the Offered Units, will be passed on behalf of the REIT by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP. Further, each of Osler, Hoskin & Harcourt LLP and Cassels Brock & Blackwell LLP are named as having provided certain legal opinions included in this short form prospectus.

Certain information relating to the Appraisals has been based upon reports prepared by Colliers, CBRE, Gilbert and Glen Cowan.

As of the date of this short form prospectus, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, beneficially own, directly or indirectly, approximately 1.2% of the outstanding securities of the REIT. In addition, Vitale A. Santoro, partner at Osler, Hoskin & Harcourt LLP, is a Trustee of the REIT and holds approximately 0.2% of the outstanding voting securities of the REIT (16,250 Trust Units).

As of the date of this short form prospectus, the partners and associates of Cassels Brock & Blackwell LLP, as a group, beneficially own, directly or indirectly, approximately 1.3% of the outstanding securities of the REIT.

As of the date of this short form prospectus, the designated professionals of each of Colliers, CBRE, Gilbert and Glen Cowan, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of the REIT.

The REIT's auditors, MNP S.E.N.C.R.L, s.r.l., Chartered Professional Accountants, has advised that it is independent within the rules of the Code of Ethics of the Chartered Professional Accountants of Québec.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The independent auditor of the REIT is MNP S.E.N.C.R.L, s.r.l., 1155 René-Lévesque Boulevard West, Montréal, Québec, H3B 2J8.

The Transfer Agent and Registrar of the REIT is Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces 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, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE REIT

Dated: September 25, 2014

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

PRO REAL ESTATE INVESTMENT TRUST

(Signed) James W. Beckerleg
Chief Executive Officer

(Signed) Gordon G. Lawlor
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) John Levitt
Trustee

(Signed) Gérard A. Limoges
Trustee

CERTIFICATE OF THE UNDERWRITERS

Dated: September 25, 2014

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

CANACCORD GENUITY CORP.

By: (Signed) Justin Bosa

NATIONAL BANK FINANCIAL INC.

SCOTIA CAPITAL INC.

TD SECURITIES INC.

By: (Signed) Benoit Véronneau

By: (Signed) Charles Vineberg

By: (Signed) David Barnes

GMP SECURITIES L.P.

RAYMOND JAMES LTD.

By: (Signed) Eric Desrosiers

By: (Signed) Lucas Atkins

DESJARDINS SECURITIES INC.

DUNDEE SECURITIES LTD.

By: (Signed) Mark Edwards

By: (Signed) Dave Anderson

