

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state. Accordingly, these securities may not be offered or sold within the United States of America, its possessions and other areas subject to its jurisdictions or to, or for the account of, a U.S. Person (as defined in Regulation S under the 1933 Act), except in limited circumstances. 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 Chief Financial Officer of the REIT at 1 Place Ville-Marie, Suite 3415, Montreal, Québec, H3B 3N6, telephone (514) 866-1990 ext. 231, and are also available electronically at [www.sedar.com](http://www.sedar.com). For the purposes of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Chief Financial Officer of the REIT at the above-mentioned address and telephone number and is also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM PROSPECTUS

New Issue

March 13, 2008

**BTB**

REAL ESTATE INVESTMENT TRUST

# BTB REAL ESTATE INVESTMENT TRUST

## SERIES B 8.5% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

### Minimum of \$12,000,000 and a Maximum of \$17,000,000 Aggregate Principal Amount

This short form prospectus relates to the distribution of a minimum of \$12,000,000 and a maximum of \$17,000,000 aggregate principal amount of Series B 8.5% convertible redeemable unsecured subordinated debentures (the "Series B Debentures") of BTB Real Estate Investment Trust (the "REIT") due March 31, 2013 at a price of \$1,000 per Series B Debenture. The Series B Debentures bear interest at an annual rate of 8.5% payable semi-annually in arrears on March 31 and September 30 in each year commencing on September 30, 2008. See "Description of the Series B Debentures".

Each Series B Debenture will be convertible into units of the REIT (the "Units") at the option of the holder at any time prior to 4:00 p.m. (Montreal time) on the earlier of March 31, 2013, and the last business day immediately preceding the date specified by the REIT for redemption of the Series B Debentures, at a conversion price of \$2.30 per Unit (the "Conversion Price"), being a conversion rate of 434.7826 Units per \$1,000 principal amount of Series B Debentures, subject to adjustment in certain events in accordance with the provisions of the Indenture (as defined herein). Holders converting their Series B Debentures will receive accrued and unpaid interest on such Series B Debentures for the period from the last interest payment date thereon (or the date of issue of their Series B Debentures if no interest has yet been paid by the REIT) to and including the last record date prior to such conversion declared by the REIT for determining Unitholders (as defined herein) entitled to receive distributions on the Units. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price in certain events, are set out under "Description of the Series B Debentures - Conversion Rights". **A holder of Series B Debentures (a "Series B Debentureholder") will not be entitled to deferred tax treatment on the conversion, redemption or repayment at maturity of such Series B Debentures. See "Canadian Federal Income Tax Considerations".**

The Series B Debentures will not be redeemable prior to March 31, 2011, except in the event of a Change of Control (as defined herein) (see "Description of the Series B Debentures - Put Right upon a Change of Control"). On or after March 31, 2011 and prior to March 31, 2012, the Series B Debentures may be redeemed by the REIT, in whole or in part, on not more than 60 days' and on not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the TSX Venture Exchange (the "TSX-V") for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given (the "Current Market Price") is at least 150% of the Conversion Price. On or after March 31, 2012, and prior to March 31, 2013, on not more than 60 days' nor less than 30 days' prior notice, the Series B Debentures will be redeemable at the option of the REIT, in whole or in part and from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the Current Market Price on the day preceding the date on which notice of redemption is given is at least 125% of the Conversion Price.

The REIT may, at its option, and subject to applicable regulatory approval, elect to satisfy its obligation to pay the principal amount of the Series B Debentures that are to be redeemed or that have matured by issuing Freely Tradeable Units to Series B Debentureholders.

In addition, subject to applicable regulatory approval, Units may be issued to the Debenture Trustee (as defined herein) and sold, with the proceeds used to satisfy the obligations to pay interest on the Series B Debentures. See "Description of the Series B Debentures - Method of Payment".

There is currently no market through which the Series B Debentures may be sold and purchasers may not be able to resell the Series B Debentures. This may affect the pricing of the Series B Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Series B Debentures and the extent of issuer regulation. See "Risk Factors and Investment Considerations". The TSX-V has conditionally approved the listing of the Series B Debentures and the Units issuable upon conversion of the Series B Debentures, subject to compliance with all the listing requirements of the TSX-V on or before June 13, 2008. The outstanding Units are listed on the TSX-V under the symbol BTB.UN. On February 15, 2008, the last trading day prior to the announcement of the Offering, the closing price per Unit on the TSX-V was \$1.98 and on March 12, 2008, the closing price per Unit on the TSX-V was \$1.90.

The REIT is an unincorporated open-ended investment trust governed by the laws of the Province of Québec. The head office of the REIT is located at 1000 De La Gauchetière St. West, Suite 2900, Montreal, Québec, H3B 4W5. The REIT anticipates moving to its new head office on or about March 30, 2008, which office is located at 2153 Crescent Street, Montreal, Québec. **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. Neither the Series B Debentures nor the Units issuable upon conversion of the Series B Debentures are “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation.**

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

**The earnings coverage ratio in respect of the REIT’s indebtedness for the twelve-month period ended September 30, 2007, after giving effect to the issuance of the Series B Debentures, is less than one-to-one. See “Earnings Coverage Ratios”.**

The after-tax return for any Units acquired under the terms of a Series B Debenture by holders which are subject to Canadian income tax and are Canadian Residents (as defined herein) will depend, in part, on the composition for tax purposes of distributions paid by the REIT (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The adjusted cost base of Units held by a Unitholder generally will be reduced by the non-taxable portion of distributions made to the Unitholder other than the portion thereof attributable to the non-taxable portion of certain capital gains. The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders.

In the opinion of counsel, the Series B Debentures will qualify as eligible investments as set forth under “Eligibility for Investment”.

<b>Price: \$1,000 per Series B Debenture</b>			
	<b>Price to the Public<sup>(1)</sup></b>	<b>Agents’ Fee</b>	<b>Net Proceeds to the REIT<sup>(2)</sup></b>
<b>Per Series B Debentures.....</b>	<b>\$1,000</b>	<b>\$55</b>	<b>\$945</b>
<b>Minimum Offering.....</b>	<b>\$12,000,000</b>	<b>\$660,000</b>	<b>\$11,340,000</b>
<b>Maximum Offering.....</b>	<b>\$17,000,000</b>	<b>\$935,000</b>	<b>\$16,065,000</b>

Notes:

- (1) The terms of the Offering (as defined herein) and the price of the Series B Debentures have been determined by negotiation between the REIT and the Agents.
- (2) Before deducting the expenses of the Offering, which are estimated to be approximately \$400,000.

The Agents of the Offering are Blackmont Capital Inc. (“Blackmont”), National Bank Financial Inc., Desjardins Securities Inc., Dundee Securities Corporation, Raymond James Ltd. and Genuity Capital Markets G.P. (collectively, the “Agents”). The Agents conditionally offer on a best efforts basis the Series B Debentures, subject to prior sale, if, as and when issued by the REIT and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters on behalf of the REIT by De Grandpré Chait LLP, and on behalf of the Agents by Davies Ward Phillips & Vineberg LLP. In accordance with and subject to applicable laws, the Agents may effect transactions that stabilize or maintain the market price of the Series B Debentures. See “Plan of Distribution”.

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Series B Debentures will be issued in registered form to the CDS Clearing and Depository Services Inc. (“CDS”) or its nominee as registered global securities and will be deposited with CDS on the closing date, which is expected to occur on or about March 20, 2008 or such later date as the REIT and the Agents may agree, but in any event not later than March 26, 2008. Series B Debentureholders will not be entitled to receive physical certificates representing their ownership. See “Description of the Series B Debentures - Book-Entry, Delivery and Form”.

**Each of National Bank Financial Inc. and Desjardins Securities Inc., two of the Agents, is a subsidiary of financial institutions which are among the REIT’s principal lenders. Consequently, the REIT may be considered a “connected issuer” of such Agents within the meaning of applicable securities legislation. As at March 12, 2008, the actual indebtedness of the REIT to such financial institutions amounted to approximately \$14 million in the aggregate. See “Plan of Distribution”.**

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## ABOUT THIS PROSPECTUS

In this short form prospectus, unless otherwise specified, all references to “dollars” or “\$” are to Canadian dollars.

### FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus and the documents incorporated by reference herein are forward-looking. Forward-looking statements are statements, other than statements of historical fact, that address or discuss activities, events or developments that the REIT expects or anticipates will or may occur in the future, including the ability of the REIT to identify additional properties, the strength of the real estate markets, business strategies and measures to implement these strategies, competitive strengths, benefits that may be achieved in connection with the integration of the proposed acquisitions, goals, expansion and growth of the REIT’s businesses and operations, plans and references to future acquisitions and success. Such forward-looking statements can be identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions or the negatives thereof.

The forward-looking statements reflect the current views and beliefs of the management of the REIT and are based on certain assumptions, including assumptions as to future economic conditions and courses of action, as well as information currently available to management and other factors management believes are appropriate and reasonable in the circumstances. Such forward-looking statements are subject to risks and uncertainties and no assurance can be made that any of the events anticipated by such statements will prove to be accurate or occur or, if they do occur, what the effect on the REIT would be. A number of factors could cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements, including:

- the general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors;
- the credit and financial stability of the tenants of the REIT’s properties and the economic environment in which they operate;
- the ability of the REIT to identify properties that meet its acquisition criteria or in completing acquisitions or investments on satisfactory terms;
- the failure of the newly acquired properties to perform as expected by management and the underestimation of the costs associated with the integration of such acquired properties;
- the failure to maintain mutual fund trust status;
- the value at which the REIT’s real estate portfolio will generate sufficient Distributable Income to exceed distributions; and
- other factors, many of which are beyond the control of the REIT, including those factors identified under the heading “Risk Factors and Investment Considerations”.

These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking-statements. Material assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include: the ability of the REIT to identify additional properties, the credit and financial stability of current and future tenants, the current hypothec and mortgage loan to value ratio and hypothec and mortgage interest rates remaining constant, equity and debt capital markets continuing to provide access to fund the REIT’s future growth on terms acceptable to the management of the REIT and the REIT being able to refinance its credit facilities, mortgage and hypothec loans on terms acceptable to the management of the REIT.

Certain statements included in this short form prospectus may be considered as a “financial outlook” for the purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than

this short form prospectus. The REIT's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be made that any of the events anticipated by the forward-looking statements will prove to be accurate or occur, or if any of them do so, what benefits, including the amount of proceeds, the REIT will derive therefrom. The REIT does not assume any obligation to update the aforementioned forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

### NON-GAAP FINANCIAL MEASURES

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

### DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the REIT at 1 Place Ville-Marie, Suite 3415, Montreal, Québec, H3B 3N6, telephone (514) 866-1990 ext. 231, and are also available electronically at [www.sedar.com](http://www.sedar.com). For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the documents incorporated herein by reference and of the permanent information record may be obtained without charge from the Chief Financial Officer of the REIT at the abovementioned address and telephone number and is also available electronically at [www.sedar.com](http://www.sedar.com).

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

- (a) the annual information form of the REIT dated January 16, 2008 (the "AIF");
- (b) the comparative audited consolidated financial statements of the REIT for the year ended December 31, 2006, together with the notes thereto and the auditors' report thereon (the "2006 Annual Financial Statements");
- (c) management's discussion and analysis of operating results and financial position of the REIT for the year ended December 31, 2006 (the "2006 Annual MD&A");
- (d) the comparative unaudited consolidated financial statements of the REIT for the nine-month period ended September 30, 2007, together with the notes thereto (the "September 2007 Interim Financial Statements");
- (e) management's discussion and analysis of operating results and financial position of the REIT for the nine-month period ended September 30, 2007 (the "September 2007 Interim MD&A");
- (f) the business acquisition report dated May 25, 2007 with respect to the completion of the acquisition on February 1, 2007 of an eight building real estate portfolio with a total of 209,083 square feet of leasable space, located in the greater Montreal area, consisting of mixed-used office, retail and light industrial buildings;
- (g) the material change report of the REIT dated March 5, 2007 with respect to the announcement of conditional agreements to purchase ten properties for approximately \$75 million;

- (h) the material change report of the REIT dated March 14, 2007 with respect to the nomination of Mr. Benoit Cyr, C.A. as Chief Financial Officer of the REIT, effective on April 1, 2007;
- (i) the material change report of the REIT dated April 17, 2007 with respect to the purchase of a real estate portfolio consisting of eight buildings valued at approximately \$26 million;
- (j) the material change report of the REIT dated May 15, 2007 with respect to the closing of a private placement offering under which the REIT issued a total of 18,055,000 Units, at a price of \$2.55 per Unit, for total gross proceeds of approximately \$46 million;
- (k) the management information circular of the REIT dated May 2, 2007 in connection with the annual and special meeting of Unitholders of the REIT held on May 31, 2007 which amends and restates the management information circular of the REIT dated April 27, 2007 in connection with the annual and special meeting of Unitholders of the REIT held on May 31, 2007; and
- (l) the management information circular of the REIT dated November 6, 2007 (in connection with the special meeting of the Unitholders held on December 7, 2007).

Any documents of the type referred to above and any material change reports (excluding confidential material change reports) filed by the REIT with the securities commissions or similar regulatory authorities in each of the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus. **Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.**

## GLOSSARY

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

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

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

**“affiliate”** has when used to indicate a relationship with a person, has the meaning that would be ascribed thereto in the *Securities Act* (Québec), as amended or replaced from time to time, if the word “company” were changed to “person” (as defined herein).

**“Agency Agreement”** means the agreement dated March 13, 2008 among the REIT and the Agents.

**“Agents”** means Blackmont Capital Inc., National Bank Financial Inc., Desjardins Securities Inc., Dundee Securities Corporation, Raymond James Ltd. and Genuity Capital Markets G.P.

**“Allowed Indebtedness Threshold”** means the authorized indebtedness threshold under subsection 6.2.5 of the Contract of Trust which states that the REIT shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total consolidated indebtedness of the REIT would be more than 75% of the Gross Book Value. For the purposes of this definition, the term “indebtedness” means any obligation of the REIT for borrowed money (excluding any premium in respect of indebtedness assumed by the REIT for which the REIT has the benefit of an interest rate subsidy, but only to the extent an amount receivable has been excluded in the calculation of Gross Book Value with respect to such interest rate subsidy), provided that:

- (a) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the REIT in accordance with GAAP;
- (b) indebtedness excludes trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business and short term acquisition credit facilities; and
- (c) subordinate debentures will not constitute indebtedness.

**“AMTB Management”** means AMTB Management Inc., a corporation controlled by Mr. Michel Léonard, the President and Chief Executive Officer of the REIT.

**“Applicable Securities Legislation”** means applicable securities law in each of the provinces and territories (if applicable) of Canada.

**“Asset Management Agreement”** means the asset management agreement between TB Trust and AMTB Management dated October 3, 2006 pursuant to which AMTB Management provides asset management, administrative and other services to TB Trust, including the services of certain management individuals to serve as the management of TB Trust.

**“Asset Manager”** means AMTB Management in its capacity as the asset manager of TB Trust, and its successors and permitted assigns pursuant to the Asset Management Agreement.

**“associate”** means, where used to indicate a relationship between a person and a corporation, a person who beneficially owns, directly or indirectly, voting securities carrying more than ten percent of the voting rights attached to all voting securities of the corporation, a spouse of such person that is an individual or an immediate family member of such person and, where used to indicate a relationship between a person and a partnership, a partner of that partnership and, if such partner is an individual, a spouse of such person that is an individual or an immediate family member of such

person, and where used to indicate a relationship between a person and a trust, a beneficiary or trustee of that trust and, if such person is a beneficiary or trustee of such trust, a spouse of such person that is an individual or any immediate family member of such person.

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

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

“**Change of Control**” has the meaning ascribed thereto under “Description of the Series B Debentures - Put Right upon a Change of Control”.

“**Civil Code**” means the *Civil Code of Québec*, as amended.

“**Contract of Trust**” means the contract of trust made as of July 12, 2006, as amended as of August 1, 2006 and governed by the laws of the Province of Québec, pursuant to which the REIT was established.

“**Conversion Price**” has the meaning ascribed thereto under “Description of the Series B Debentures - Conversion Rights”.

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

“**Credit Facilities**” means, collectively, the REIT’s current credit facilities in the aggregate amount \$54,000,000, in connection with which the lenders are financial institutions of which National Bank Financial Inc., one of the Agents, is a Subsidiary.

“**Debenture**” means a Series B Debenture or a Series A Debenture or any debenture of the REIT issued under the Indenture and “**Debentures**” means collectively, the Series B Debentures, the Series A Debentures and all other debentures to be issued from time to time pursuant to the terms and conditions of the Indenture, collectively.

“**Debentureholders**” means the holders of Debentures, and “**Debentureholder**” means one of them.

“**Debenture Trustee**” means Computershare Trust Company of Canada.

“**Deferred Income Plans**” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, each as defined in the Tax Act.

“**Distribution Date**” means the fifteenth day of each calendar month in each calendar year.

“**Distributable Income**” means, for any period, the net income of the REIT, on a consolidated basis, as determined in accordance with GAAP, adjusted by:

- (a) adding back: depreciation of buildings and improvements and amortization of related intangibles (including amortization of the value of tenant rents on in-place lease agreements, amortization of the differential between original rent and above market rents, amortization of customer relationships and excluding amortization of tenant inducements, leasing commissions and deferred financing costs), future income tax expense, losses on dispositions of assets and amortization of any net discount on long-term debt assumed from vendors of properties at rates of interest less than fair value;
- (b) deducting: amortization of differential between original rents and below market rents, future income tax credits, gains on dispositions of assets and amortization of any net premium on long-term debt assumed from vendors of properties at rates of interest greater than fair value (except where such amortization is funded); and

- (c) adjusting for differences, if any, resulting from recognizing revenues on a straight-line basis as opposed to contractual rental amounts;

provided that,

- (i) other adjustments may be made as determined by a majority of the Trustees in their discretion; and
- (ii) where appropriate, estimates may be made of Distributable Income by a majority of the Trustees where the actual amount has not been finally determined, which estimates shall be adjusted as of the subsequent Distribution Date when the amount of Distributable Income has been determined.

**“EBITDA”** means earnings before interest, taxes, depreciation and amortization.

**“Event of Default”** has the meaning ascribed thereto under “Description of the Series B Debentures - Events of Default”.

**“First Supplemental Indenture”** has the meaning ascribed thereto under “Description of the Series B Debentures - General”.

**“Freely Tradeable”** in respect of Units, means Units which (i) are issuable without the necessity of filing a prospectus or any other similar offering document (other than a prospectus or similar offering document that has been filed prior to the date hereof) under Applicable Securities Legislation and for which such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document) under Applicable Securities Legislation; and (ii) can be traded by the holder hereof without any restriction under Applicable Securities Legislation, such as hold periods, except in the case of a distribution by a control person (as interpreted within the meaning of Applicable Securities Legislation).

**“GAAP”** means Canadian generally accepted accounting principles.

**“Gross Book Value”** means, at any time, the book value of the properties and assets of the REIT and its consolidated 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 (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by the REIT and (ii) 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, if approved by a majority of the Independent Trustees, the appraised value of the properties and assets of the REIT and its consolidated Subsidiaries may be used instead of book value.

**“Indenture”** has the meaning ascribed thereto under “Description of the Series B Debentures - General”.

**“Investment Guidelines”** has the meaning ascribed thereto under “Contract of Trust - Investments Guidelines”.

**“Independent Trustee”** means a Trustee who, in relation to the REIT or any of its Related Parties is “independent” within the meaning of Multilateral Instrument 52-110 - *Audit Committees* and is not “related” within the meaning of the Tax Act, as amended or replaced from time to time.

**“Independent Trustee Matters”** means those decisions which require the approval of the majority of the Independent Trustees only, as set out in “Contract of Trust and Description of Units - Independent Trustee Matters”.

**“Management Services Agreement”** means the management services agreement between the REIT and AMTB Management dated October 3, 2006 pursuant to which AMTB Management provides certain advisory, management and administrative services to the REIT.

**“Manager”** means AMTB Management in its capacity as the provider of management services to the REIT and its successors and permitted assigns pursuant to the Management Services Agreement.

**“Maximum Offering”** means the maximum aggregate gross proceeds to the REIT from this Offering being \$17,000,000.

**“Minimum Offering”** means the minimum aggregate gross proceeds to the REIT from this Offering being \$12,000,000.

**“Note Indenture”** means the note indenture dated October 3, 2006 between TB Trust and Computershare Trust Company of Canada, as note indenture trustee which provides for the creation and issuance of the TB Notes, and any indenture supplemental thereto.

**“Non-Resident”** means a person who is a non-resident for the purposes of the Tax Act, including a partnership that is not a Canadian partnership within the meaning of the Tax Act.

**“Offering”** means the public offering by the REIT of Series B Debentures in the minimum of \$12,000,000 and a maximum aggregate principal amount of \$17,000,000.

**“Operating Policies”** has the meaning ascribed thereto under “Contract of Trust - Operating Policies”.

**“Original Trust Indenture”** has the meaning ascribed thereto under “Description of the Series B Debentures - General”.

**“Participant”** means a participant in the depository services of CDS.

**“Person”** means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, trustees, executors, administrators or other legal personal representatives, two or more persons who, together, constitute all the owners of a property, pension funds, land trusts, business trusts or other organizations, whether or not legal entities and regulatory bodies, governments and agencies and political subdivisions thereof and municipalities.

**“Put Date”** has the meaning ascribed thereto under “Description of the Series B Debentures - Put Right upon a Change of Control”.

**“Put Price”** has the meaning ascribed thereto under “Description of the Series B Debentures - Put Right upon a Change of Control”.

**“Qualifying Jurisdictions”** means the jurisdictions where the REIT is offering the Series B Debentures, being all the provinces of Canada.

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

**“REIT Exception”** has the meaning ascribed thereto under “Canadian Federal Income Tax Considerations - Status of the REIT - REIT Exception”.

**“Related Party”** means with respect to any person, a person who is a “related party” as the term is defined in MI 61-101.

**“Resident”** means a person who is a resident of Canada for the purposes of the Tax Act.

**“MI 61-101”** means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, as amended or replaced from time to time (including any successor rule or policy thereto).

**“Senior Indebtedness”** has the meaning ascribed thereto under “Description of the Series B Debentures - Subordination”.

**“Series A Debentures”** means the Series A Five Year 8% subordinated convertible debentures of the REIT.

**“Series B Debentureholders”** means the holders of Series B Debentures and “Series B Debentureholder” means one of them.

**“Series B Debentures”** means the Series B 8.5% convertible unsecured subordinated debentures of the REIT offered pursuant to the Offering.

**“Series 1 Notes”** means the interest-bearing Series 1 unsecured subordinated promissory notes of TB Trust that to be issued pursuant to the Note Indenture in two separate subseries, which subseries are designated as Series 1, 4% notes and Series 1, 8 and 1/8% notes, with each subseries having separate and distinct terms and conditions will be set out in the Note Indenture.

**“Series 2 Notes”** means the interest-bearing Series 2 unsecured subordinated promissory notes of TB Trust that have been or may be issued pursuant to the Note Indenture.

**“Series 3 Notes”** means the interest-bearing Series 3 unsecured subordinated promissory notes of TB Trust that have been or may be issued pursuant to the Note Indenture.

**“SIFT Amendments”** has the meaning ascribed thereto under “Canadian Federal Income Tax Considerations - Status of the REIT - New Tax Rules for Income Trusts”.

**“Special Resolution”** when used either in the Contract of Trust or the TB Contract of Trust means a resolution passed as a special resolution at a meeting of Unitholders of the REIT (or unitholders of TB Trust) (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions of Section 8.15 of the Contract of Trust (or of the TB Contract of Trust) at which two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 5% of the total number of votes attached to Units (or the units of TB Trust) then outstanding and passed by the affirmative votes of the holders of not less than 66 2/3% of the Units (or the units of TB Trust) represented at the meeting and voted on a poll upon such resolution.

**“Subsidiaries”** includes, with respect to any person, corporation, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, corporation, partnership, limited partnership, trust or other entity and, without limiting the generality of the foregoing, includes TB Trust in respect of the REIT and “Subsidiary” means any one of them.

**“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 announced by or on behalf of the Minister of Finance (Canada) prior to the date of this short form prospectus.

**“TB Contract of Trust”** means the contract of trust dated July 12, 2006 as amended and restated as of August 1, 2006 pursuant to which TB Subsidiary Trust was formed under the laws of the Province of Québec.

**“TB Notes”** means collectively Series 1 Notes, Series 2 Notes and Series 3 Notes.

**“TB Trust”** means TB Subsidiary Trust, a trust formed under the laws of the Province of Québec pursuant to the TB Contract of Trust.

**“TB Units”** means a unit of interest in TB Trust.

**“Transfer Agent”** means Computershare Investor Services Inc.

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

**“TSX”** means the TSX-V and/or the Toronto Stock Exchange.

**“TSX-V”** means the TSX Venture Exchange.

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

**“Unit Option Plan”** means the unit option plan of the REIT, as amended and restated, as described under “Management of the REIT - Unit Option Plan”.

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

## THE REIT

The REIT is an unincorporated open-ended real estate investment trust governed under the laws of the Province of Québec pursuant to the Contract of Trust.

The objectives of the REIT are to: (i) generate stable and growing cash distributions on a tax efficient basis; (ii) expand the real estate asset base of the REIT and increase its income available for distribution through an accretive acquisition program; and (iii) enhance the value of the REIT's assets and maximize long-term Unit value through the active management of its assets.

The REIT believes that the income-producing mid-market office, retail and industrial property segments represent a favourable risk/return investment environment with fewer national competitors than other segments of the market. By concentrating on both primary and secondary markets, the REIT believes it will be afforded greater opportunities to make accretive acquisitions that will contribute to achieving attractive yields for Unitholders.

The REIT has a strong executive team, including management and Trustees with a breadth of experience in all facets of office, retail and industrial real estate including acquisitions, asset management, development, property management, lease administration and asset level and corporate finance. In addition, the management and Trustees of the REIT have well established relationships with property owners in various sectors, particularly in geographical markets east of Ottawa, Ontario. These relationships have allowed and are expected to continue to allow the REIT to identify and complete acquisitions, in certain instances, through off-market transactions with little or no competition which may be completed at a favourable valuation for Unitholders. The initial geographic focus in markets east of Ottawa will allow the REIT to concentrate on sourcing new acquisitions in a well-defined geographical area. The services of Michel Leonard, President and Chief Executive Officer and those of Peter Polatos, Vice-President, Real Estate Management and Assistant Secretary are provided to the REIT through AMTB Management pursuant to the Management Services Agreement and the Asset Management Agreement and accordingly, all of the management operations of the REIT, other than the financial operations, are externalized. See "Risk Factors and Investment Considerations - Relationship with AMTB Management" and "Risk Factors and Investment Considerations - Reliance on Key Personnel".

Management of the REIT believes that there are a significant number of acquisition opportunities in the geographical markets east of Ottawa, Ontario; acquisitions which management of the REIT believes can be purchased at attractive capitalization rates. Management believes that geographic diversity decreases the likelihood that a single regional economic downturn will have a material adverse impact on the REIT's distributions. The REIT and the Manager regularly review the REIT's property portfolio and, based on experience and market knowledge, assess ongoing opportunities.

As of the date of this short form prospectus, based on its assessment of the SIFT Amendments, including the December 20, 2007 Tax Proposals, management of the REIT believes that the REIT meets, and has met at all times during the current taxation year, all the necessary conditions and qualifies for the REIT Exception. Management of the REIT intends to take all the necessary steps to continue to meet these conditions on a regular basis in the future. See "Risk Factors and Investment Considerations - Other Tax Related Risk Factors and SIFTs".

## RECENT DEVELOPMENTS

The following is a summary of significant developments in the operations and affairs of the REIT which have occurred since September 30, 2007, the last day of the most recently completed period for which interim financial statements of the REIT have been incorporated in this short form prospectus.

- (a) On October 12, 2007, the REIT announced the sale of one of its multi-use properties known as Plaza St-Louis, bearing civic numbers 53, 57, 61, 63 and 75-45<sup>th</sup> Avenue in Montreal (borough of Lachine), Québec. This multi-use property of 14,404 square feet was acquired on February 1<sup>st</sup>, 2007 as part of a larger portfolio.

- (b) On October 12, 2007, the REIT announced the acquisition of a one-storey retail building with approximately 19,082 square feet of leasable area at 2340 Lapinière Blvd. in Brossard, Québec.
- (c) On October 25, 2007, the REIT announced that it has entered into conditional agreements to purchase two office buildings at 1640 and 4650 King Blvd. West in Sherbrooke, one retail building at Place de la Vérendry in Gatineau and one industrial building at 1400 Marie-Victorin in St-Bruno, each in Québec, for a total purchase price of \$19.2 million.
- (d) On November 12, 2007, the REIT announced that it has entered into conditional agreements to purchase three offices buildings, two retail buildings, one industrial building and one mixed-use building, each located in or around Montreal, Québec, for a total purchase price of \$37.5 million.
- (e) On November 12, 2007, the REIT announced the acquisition of two office properties located in Montreal and Ste-Thérèse, each in Québec, for a purchase price of approximately \$17.375 million.
- (f) On November 16, 2007, the REIT announced the closing of a \$39 million mortgage financing with GE Canada Real Estate. The financing has a five-year term, without reimbursement of capital and bears interest at an annual rate of 6.36%.
- (g) On November 20, 2007, the REIT acquired five light industrial properties located in Cornwall, Ontario. The REIT also announced the acquisition in late September of a property in Montreal (borough of LaSalle), Québec.
- (h) On December 6, 2007, the REIT announced that it has entered into conditional agreements to purchase eight properties located in Lavaltrie, Laval, Montreal, Drummondville, Magog, Sherbrooke and Trois-Rivières, each in Québec, for a purchase price of approximately \$26.8 million.
- (i) On December 24, 2007, the REIT announced the acquisition of a retail and office property located in Québec City, Québec, for a purchase price of approximately \$21.3 million.
- (j) On January 18, 2008, the REIT announced the acquisition of a retail and office property located in Montreal, Québec, for a purchase price of approximately \$1.8 million.
- (k) On March 4, 2008, the REIT announced the acquisition of two office properties located in Sherbrooke, Québec, for a purchase price of approximately \$6.3 million.
- (l) Management of the REIT has recently been made aware of one circumstance where the vendor of a property that was not ultimately acquired has disputed the decision of management not to complete the proposed transaction. Management of the REIT believes that at all times it has acted in good faith and will contest any potential litigation that may arise in the future. In general, the purchase agreements with respect to the property acquisitions that the REIT enters into in the usual course of its business are subject to customary closing conditions, including the ability to obtain financing on terms acceptable to management of the REIT and the completion of satisfactory due diligence. In certain circumstances, following the execution of certain offers to purchase certain real estate properties, management of the REIT has elected not to close on certain properties for various reasons including: (i) the results from due diligence and (ii) financing terms that management of the REIT considers unreasonable.

### **Description of Properties**

The following is a detailed description of the acquired properties referred to above. Summary leasing information is as at the date of each acquisition.

*2340 Lapinière Boulevard, Brossard, Québec*

This one-storey building includes a mezzanine and is located in Brossard (South Shore of Montreal), at the intersection of Taschereau Boulevard and Lapinière Boulevard. This retail property has approximately 19,082 square feet of leasable area and sits on a lot of 79,573 square feet. It houses prime tenants, such as Vinnie Gambini's restaurant, and a retailer operating under the name Amsteco.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet)</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
Amsteco	6,900	2011	36.2%
Vinnie Gambini's	6,500	2010	34.1%

*1001 Sherbrooke Street East, Montreal, Québec*

In close proximity to Montreal's entertainment district, this 127,502 square foot building is located on one of Montreal's main streets. The property is leased to over 15 tenants including the Université du Québec à Montréal (UQAM), the Lasalle Conservatory, Collège April-Fortier, Synergie Contact and Groupe Aro.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
Groupe Aro	30,300	2009/2013	23.8%
Lasalle Conservatory	18,152	2010	14.2%
Synergie Contact	17,700	2013	13.9%
Collège April-Fortier	9,112	2011	7.1%
Université du Québec à Montréal (UQAM)	6,950	2008	5.5%

*81-83 Turgeon Street, Ste-Thérèse, Québec*

Within a few minutes from Highway 15, this property is a prominent fixture of the local community. It is fully-leased and has approximately 26,114 square feet of office space. The property is occupied by a CLSC and a major Canadian bank.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
CLSC (Community Clinic)	15,459	2011	59.2%
Major Canadian Bank	8,549	2012	32.7%

**Cornwall Portfolio**

Located in Cornwall, Ontario, the five buildings described below have ample parking spaces and comprise a total leasable area of approximately 453,430 square feet. With easy access to the CN railroad and Highway 401, the buildings are approximately 4.8 kilometers from the United States border and 3 kilometers from the Cornwall port. The buildings are used primarily for distribution purposes and third party warehousing.

*705 Boundary Road, Cornwall, Ontario*

This 144,000 square foot multi-tenant distribution warehouse has loading facilities with a train loading dock. The building houses a 40,000 square foot cold room and prime tenants such as Cornwall Warehousing and Benjamin News.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet)</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
Cornwall Warehousing	113,480	2017	78.8%
Benjamin News	28,000	2012	19.4%

*725 Boundary Road, Cornwall, Ontario*

This multi-tenant distribution warehouse facility consist of 170,800 square feet of leasable area. The building houses prime tenants such as Cornwall Warehousing, Morbern, Laminacorr Industries and Purolator.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet)</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
Cornwall Warehousing	68,000	2014	39.8%
Morbern	43,948	2010	25.7%
Laminacorr Industries	15,000	2012	8.8%
Purolator	13,147	2016	7.7%

*805 Boundary Road, Cornwall, Ontario*

The property consists of a multi-tenant distribution warehouse facility with a total of 106,990 square feet and the adjoining land offers development opportunities. The building includes a 40,000 square foot cold room and is leased to prime tenants such as Cornwall Warehousing and Canada Post.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet)</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
Cornwall Warehousing	40,899	2014	38.2%
Cornwall Warehousing	23,300	2010	21.8%
Canada Post	22,754	2012	21.3%

*2901 and 2905 Marleau Avenue, Cornwall, Ontario*

These two industrial properties are each leased to single tenants and consist of 31,640 square feet of leasable area with excess land that is currently used for parking. The buildings are each entirely leased to well-established tenants, namely SigmaPoint Technologies and to a Westburn affiliate.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet)</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
SigmaPoint Technologies	28,000	2017	88.5%
Westburn affiliate	3,640	2012	11.5%

*2212-2226 Dollard Avenue in Montreal, borough of LaSalle, Québec*

Located on a major commercial street in the Montreal borough of Lasalle, this building has a leasable area of nearly 30,489 square feet and is fully leased to various tenants, including the Société immobilière du Québec (SIQ), Centre Action and a call center of Pizza Hut Canada.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
Société Immobilière du Québec (SIQ)	15,063	2012	49.4%
Centre Action	8,721	2014	28.3%
Pizza Hut Call Center	3,390	2010	11.1%

*Place d’Affaires Lebourgneuf, Phase I, 6655 Pierre-Bertrand Blvd., Québec City, Québec*

This three-storey retail and office property sits right in the heart of the district of Lebourgneuf in the City of Québec. The building comprises of approximately 186,000 square feet of rentable area with a capacity of over 470 parking spaces. The property is occupied by over 40 tenants including government offices, a mobile phone company, a specialized residential carpet cleaning service company, a financial institution, a compressor and tool company, a travel agency, and a federal government cabinet minister’s office.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
Société Immobilière du Québec (SIQ)	32,732	2017	17.6%
Fixation Premier	14,762	2017	7.9 %
Steamatic	13,882	2017	7.5 %

*2153-2155 Crescent Street, Montreal, Québec*

This renovated four-storey greystone building sits in close proximity to the financial core of downtown Montreal, on a street that is home to several well-known restaurants and boutiques. The building is a few streets away from a Montreal university and is also in close proximity to a museum. The REIT anticipates relocating its head office in this property by the end of March 2008.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
BTB Real Estate Investment Trust	4,105	-	50.1%
Centre de Beauté	2,045	2010	24.9%

*Place Jacques-Cartier, 1645 and 1640 – 1650 King Street West, 30 Marchant Street, Sherbrooke, Québec*

These two office buildings consist of 60,631 square feet of leasable area with a parking lot that offers 166 parking spaces. The buildings are leased to major tenants including the *Commission de la santé et de la sécurité du travail (CSST)*, Laurentian Financial Services and the Solicitor General of Canada.

<b>Major Tenants</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>Percentage of Leasable Area</b>
CSST	25,036	2013	45.0%
Laurentian Financial Services	5,657	2012	11.2%
Solicitor General of Canada	3,381	2008	7.8%

## USE OF PROCEEDS

The estimated total net proceeds to be received by the REIT will amount to approximately \$10,940,000 for the Minimum Offering and \$15,665,000 for the Maximum Offering, after deducting the Agents' fee in respect of the Series B Debentures issued and sold by the REIT and the estimated expenses of the Offering. The net proceeds from the sale of the Series B Debentures will be used primarily to acquire real estate properties among those currently subject to conditional offers as more fully described in the AIF and under the heading "Recent Developments" above.

After giving effect to the Maximum Offering and the proposed use of the net proceeds therefrom, the indebtedness of the REIT, expressed as a percentage of the *pro forma* Gross Book Value as at March 12, 2008, will be 71.3%, including the Series B Debentures and the Series A Debentures. Excluding the Series B Debentures and the Series A Debentures for the computation of indebtedness, such indebtedness would represent 60.5% of the *pro forma* Gross Book Value as at March 12, 2008, being a percentage that is below the Allowed Indebtedness Threshold. In connection with the calculation of the percentages above, management of the REIT has assumed that future acquisitions will, subject to then prevailing market conditions, be leveraged in a manner consistent with past practices and the percentages above reflect that expectation. More specifically, management of the REIT expects to incur approximately \$45 million of additional mortgage and hypothec indebtedness in connection with the announced property acquisitions and in connection with the use of proceeds from this Offering. This amount has been included in the above percentages. See "Changes in Units Outstanding and Loan Capital".

## CONTRACT OF TRUST

### General

The REIT is an unincorporated open-ended investment trust created pursuant to the Contract of Trust and governed by the laws of the Province of Québec. The Contract of Trust is available for inspection during regular business hours at the head office of the REIT, 1000 De La Gauchetière St. West, Suite 2900, Montreal, Québec, H3B 4W5, without charge, during the distribution of the Series B Debentures being offered under this short form prospectus, and is also available electronically at [www.sedar.com](http://www.sedar.com). The REIT anticipates moving to its new head office on or about March 30, 2008, which office is located at 2153 Crescent Street, Montreal, Québec.

**The following is a brief summary of certain provisions of the Contract of Trust. The summary below does not purport to be complete and, for full particulars, reference should be made to the Contract of Trust.**

### Nature of the REIT

The REIT, its Trustees and its properties shall be governed by the general rules set forth in the Civil Code, except as such general law of trusts has been or is from time to time modified, altered or abridged for investment trusts or for the REIT by:

- (a) applicable laws, regulations or other requirements imposed by applicable securities or other regulatory authorities; and
- (b) the terms, conditions and trusts set forth in the Contract of Trust.

The beneficial interests and rights generally of a Unitholder in the REIT shall be limited to the right to participate *pro rata* in distributions when and as declared by the Trustees as contemplated in the Contract of Trust and in distributions upon the termination of the REIT as contemplated in the Contract of Trust. The REIT is not, and is not intended to be, shall not be deemed to be, and shall not be treated as, a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Trustees or any individual Trustee or the Unitholders or any of them or any officers or other employees of the REIT or any one of them for any purpose be, or be deemed to be, treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. Neither the Trustees nor any officer or other employee of the REIT shall be, or be deemed to be, agent of the Unitholders. The relationship of the Unitholders to the Trustees, to the REIT and to the property of the REIT shall be solely that of beneficiaries of the REIT and their rights shall be limited to those

conferred upon them by the Contract of Trust. In its first tax year, in filing a return of income for the REIT, the REIT shall elect, assuming that the requirements for such election are met, that the REIT shall be deemed to be a “mutual fund trust” for purposes of the Tax Act for the entire year.

### **Rights of Unitholders**

The rights of each Unitholder to call for a distribution or division of assets, monies, funds, income and capital gains held, received or realized by the Trustees are limited to those contained in the Contract of Trust and, except as provided in the Contract of Trust, no Unitholder shall be entitled to call for any partition or division of the REIT’s property or for a distribution of any particular asset forming part of the REIT’s property or of any particular monies or funds received by the Trustees. The legal ownership of the property of the REIT and the right to conduct the activities of the REIT are vested exclusively in the Trustees, and no Unitholder has or is deemed to have any right of ownership in any of the property of the REIT, except as specifically provided in the Contract of Trust. Except as specifically provided in the Contract of Trust, no Unitholder shall be entitled to interfere with or give any direction to the Trustees with respect to the affairs of the REIT or in connection with the exercise of any powers or authorities conferred upon the Trustees under the Contract of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in the Contract of Trust.

### **Number of Trustees**

There shall be a minimum of five and a maximum of fifteen Trustees. The number of Trustees within such minimum and maximum numbers may be changed by Unitholders or by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. In the event of any such increase, the Unitholders or Trustees, as the case may be, shall forthwith elect or appoint any such additional Trustee(s).

### **Independent Trustees**

There shall be a majority of Independent Trustees on the board of Trustees and on any committee of the Trustees.

### **Term of Office of Trustees**

Trustees will be elected for a term expiring at the next annual meeting and will be eligible for re-election. Trustees appointed by the Trustees between meetings of Unitholders in accordance with the Contract of Trust shall be appointed for a term expiring at the conclusion of the next annual meeting and will be eligible for election or re-election, as the case may be.

### **Qualifications of Trustees**

A Trustee shall be an individual at least 18 years of age, who is not of unsound mind or under any other legal disability and has not been found to be of unsound mind or incapable of managing property by a court in Canada or elsewhere, and who does not have the status of bankrupt. Trustees are not required to hold Units. There shall be a majority of Independent Trustees on the board of Trustees and on any committee of the Trustees and a majority of Independent Trustees must be Residents provided, however, that if at any time there are less than a majority of Independent Trustees because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstances of any Trustee who was an Independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which the remaining Trustees shall appoint a sufficient number of Independent Trustees to comply with this requirement.

### **Residency of Trustees**

A majority of the Trustees, a majority of the Independent Trustees and a majority of any committee of the Trustees must be Residents. If at any time a majority of the Trustees, a majority of the Independent Trustees, or a majority of any committee of Trustees are for any reason not Residents or there are no Trustees who are Residents, the Trustee

or Trustees who are Non-Residents shall, immediately before that time, be deemed to have resigned and shall cease to be Trustees with effect from the time of such deemed resignation. If at any time the number of Trustees is less than the number required under the Contract of Trust and the remaining Trustee or Trustees fail or are unable to act in accordance with the Contract of Trust to appoint one or more additional Trustees or if, upon the resignation or deemed resignation of one or more Trustees there would be no Trustees, then the Initial Unitholder shall appoint one or more Trustees so that following such appointment a majority of the Trustees, a majority of the Independent Trustees and a majority of any committee of Trustees are Residents and, failing such appointment, any remaining Trustee or Unitholder or officer of the REIT or the Auditors, as the case may be, may apply to the Court for an order appointing one or more Trustees so that following such appointment a majority of the Trustees, a majority of the Independent Trustees and a majority of any committee of Trustees are Residents, to act until the next annual meeting of Unitholders or on such other terms as the Court may order. Any Trustee who is a Resident who proposes to become a Non-Resident shall notify the other Trustees thereof as soon as reasonably practicable and shall resign as a Trustee effective upon the day of such notification and shall be replaced with a Trustee who is a Resident.

### **Election of Trustees**

Except where Trustees are appointed in accordance with the Contract of Trust, the election of the Trustees shall be by the vote of Unitholders. The appointment or election of any Trustee (other than an individual who is serving as a Trustee immediately prior to such appointment or election) shall not become effective unless and until such individual shall have in writing accepted such appointment or election and agreed to be bound by the terms of the Contract of Trust.

### **Limitations on Liability of Trustees**

Subject to the standard of care set forth in the Contract of Trust, none of the Trustees nor any officers, employees or agents of the REIT shall be liable to any Unitholder or any other person for fault, in tort, contract or otherwise for any action taken or not taken in good faith in reliance on any documents that are, *prima facie*, properly executed; for any depreciation of, or loss to, the REIT incurred by reason of the sale of any security; for the loss or disposition of monies or securities; for any action or failure to act by any person to whom the Trustees are permitted to delegate and have delegated any of their duties hereunder; or for any other action or failure to act including the failure to compel in any way any former Trustee to redress any breach of trust or any failure by any person to perform obligations or pay monies owed to the REIT, unless such liabilities arise out of a breach of the standard of care, diligence and skill as set out in the Contract of Trust. If the Trustees have retained an appropriate expert, advisor or legal counsel with respect to any matter connected with their duties under the Contract of Trust, the Trustees may act or refuse to act based on the advice of such expert, advisor or legal counsel and, notwithstanding any provision of the Contract of Trust, including the standard of care, diligence and skill set out in the Contract of Trust, the Trustees shall not be liable for and shall be fully protected from any action or refusal to act based on the advice of any such expert, advisor or legal counsel which it is reasonable to conclude is within the expertise of such expert or advisor to give.

The Trustees shall not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the REIT arising out of anything done or permitted or omitted to be done in respect of the execution of the duties of the office of Trustees for or in respect to the affairs of the REIT unless such Trustee shall have failed to meet the standard of care set out in the Contract of Trust. No property or assets of the Trustees, owned in their personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under the Contract of Trust or under any other related agreements unless such Trustee shall have failed to meet the standard of care set out in the Contract of Trust. No recourse may be had or taken, directly or indirectly, against the Trustees in their personal capacity or against any incorporator, shareholder, director, officer, employee or agent of the Trustees or any successor of the Trustees unless such Trustee shall have failed to meet the standard of care set out in the Contract of Trust. the REIT shall be solely liable therefor and resort shall be had solely to the REIT's property for payment or performance thereof unless such Trustee shall have failed to meet the standard of care set out in the Contract of Trust.

In the exercise of the powers, authorities or discretion conferred upon the Trustees under the Contract of Trust, the Trustees are and shall be conclusively deemed to be acting as trustees of the REIT's property.

## **Conflicts of Interest**

Subject to the provisions of the Contract of Trust, if a Trustee or officer of the REIT or any of their respective affiliates or associates:

- (a) is a party to a material contract or transaction or proposed material contract or transaction with the REIT (or an affiliate thereof); or
- (b) is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT (or an affiliate thereof),

such Trustee or officer of the REIT shall disclose in writing to the Trustees or request to have entered into the minutes of meetings of the Trustees the nature and extent of such interest.

A Trustee referred to above shall not vote on any resolution to approve the said contract or transaction unless the contract or transaction is:

- (a) one relating primarily to such Trustee's remuneration as a Trustee, officer, employee or agent of the REIT; or
- (b) one for indemnity of such Trustee under the Contract of Trust or the purchase of liability insurance;

provided, however, that the presence of such Trustee at the relevant meeting or the written recognition by such Trustee of any resolution in writing shall be counted toward any quorum requirement or requirement that at least a minimum number of Trustees or Independent Trustees act.

Where a material contract is made or a material transaction is entered into between the REIT and a Trustee or an officer of the REIT, or between the REIT and another person in which a Trustee or an officer of the REIT is a director or officer or in which he has a material interest:

- (a) such person is not accountable to the REIT or to the Unitholders for any profit or gain realized from the contract or transaction; and
- (b) the contract or transaction is neither void nor voidable, by reason only of that relationship or by reason only that such person is present at or is counted to determine the presence of a quorum at the meeting of the Trustees that authorized the contract or transaction, if such person disclosed such person's interest in accordance with the Contract of Trust, and the contract or transaction was reasonable and fair to the REIT at the time it was so approved.

## **Competition with the REIT**

The Manager, a property manager, the Trustees and officers of the REIT (and their respective affiliates and associates) and the directors and officers thereof may, from time to time, be engaged, directly or indirectly, for their own account or on behalf of others (including as trustee, administrator, asset manager or property manager of other trusts or portfolios) in real estate investments and other activities identical or similar to and competitive with the activities of the REIT and its Subsidiaries. Neither the Manager, the property manager, a Trustee or officer of the REIT, nor any of their respective affiliates or associates (or their respective directors and officers) shall incur or be under any liability to the REIT, any Unitholder or any annuitant by reason of, or as a result of any such engagement or competition or the manner in which such person may resolve any conflict of interest or duty arising therefrom.

## **Units**

The beneficial interests in the REIT shall constitute a single class of Units which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out in the Contract of Trust. The number of Units which the REIT may issue is unlimited. Each Unit when issued shall vest indefeasibly in the holder thereof. The interest of

each Unitholder shall be determined by the number of Units registered in the name of the Unitholder. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without Unitholder approval.

### **Ranking of Units**

Each Unit shall represent an equal undivided interest in the REIT with all other outstanding Units. All Units outstanding from time to time shall participate *pro rata* in any distributions by the REIT and, in the event of termination or winding up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities and no Unit shall have any preference or priority over any other. Units shall rank among themselves equally and rateably without discrimination, preference or priority.

### **Consideration for Units**

No Units shall be issued other than as fully paid and non-assessable. A Unit shall not be fully paid until the consideration therefor has been received in full by or on behalf of the REIT. The consideration for any Unit shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that the REIT would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Trustees may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the REIT.

### **No Pre-Emptive Rights**

There are no pre-emptive rights attaching to the Units.

### **Fractional Units**

If as a result of any act of the Trustees under the Contract of Trust any person becomes entitled to a fraction of a Unit, such person shall not be entitled to receive a certificate therefor. Fractional Units shall not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at, meetings of Unitholders. Subject to the foregoing, such fractional Units shall have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

### **Allotment and Issue**

The Trustees may allot and issue Units at such time and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by Unitholders of distributions of the REIT in Units) and for such consideration and to such person or class of persons as the Trustees in their sole discretion shall determine. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such Units shall express the fair equivalent in money of the other consideration received. The price or value of the consideration for which Units may be issued will be determined by the Trustees in their sole discretion, generally in consultation with investment dealers or brokers who may act as Agents in connection with offerings of Units.

### **Rights, Warrants and Options**

The REIT may create and issue rights, warrants or options or other instruments or securities to subscribe for fully paid Units which rights, warrants, options, instruments or securities may be exercisable at such subscription price or prices and at such time or times as the Trustees may determine. The rights, warrants, options, instruments or securities so created may be issued for such consideration or for no consideration, all as the Trustees may determine. A right, warrant, option, instrument or security shall not be a Unit and a holder thereof shall not be a Unitholder. Upon the approval by the Independent Trustees of any unit option plan for the Trustees, officers and/or employees of the REIT or any Subsidiary and/or their personal holding companies or family trusts and/or persons who provide

services to the REIT, the governance committee may, upon receiving authority from the Trustees, recommend to the Trustees the granting of options upon the terms and subject to the conditions set forth in such plan.

Subject to the provisions of the Contract of Trust, the Trustees may create and issue indebtedness of the REIT in respect of which interest, premium or principal payable thereon may be paid, at the option of the REIT or the holder, in fully paid Units, or which indebtedness, by its terms, may be convertible into Units at such time and for such prices as the Trustees may determine. Any indebtedness so created shall not be a Unit and a holder thereof shall not be a Unitholder unless and until fully paid Units are issued in accordance with the terms of such indebtedness.

### **Transferability**

The Units are freely transferable and, except in limited circumstances set forth in the Contract of Trust, the Trustees shall not impose any restriction on the transfer of Units by any Unitholder. The Trustees shall use all reasonable efforts to obtain and maintain a listing for the Units on one or more stock exchanges in Canada.

### **Transfer of Units**

Subject to the provisions of the Contract of Trust, the Units shall be, for all purposes of the REIT and the Contract of Trust, personal and moveable property, and the Units shall be fully transferable without charge as between persons, but no transfer of Units shall be effective as against the Trustees or shall be in any way binding upon the Trustees until the transfer has been recorded on the register or one of the branch transfer registers maintained by the Trustees, the REIT or the transfer agent of the REIT. No transfer of a Unit shall be recognized unless such transfer is of a whole Unit.

### **Non-Resident Ownership Constraint**

At no time may more than 49% of the Units outstanding be held or beneficially owned, directly or indirectly, for the benefit of Non-Residents. Furthermore, at no time shall Non-Residents hold or beneficially own, directly or indirectly, Units or any other rights or options, including convertible debentures (for the purpose of this paragraph, such other rights and options being known as "Options") that may entitle them (conditionally or otherwise) to acquire Units that would result in more than 49% of the Units, at any time, being held or beneficially owned, directly or indirectly, by Non-Residents. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are Resident. If the REIT becomes aware that 49% of the Units and/or Options then outstanding are held, or may be held, for the benefit of Non-Residents or that such a situation is imminent, the Trustees may make a public announcement to such effect and shall not accept any subscription for Units or Options from any Non-Resident, issue any Units or Options to any such person or register or otherwise recognize the transfer of any Units or Options to any Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units and/or Options are held or may become held for the benefit of Non-Residents, the Trustees may send a notice to Non-Resident holders of Units or Options, as shall be chosen on the basis of inverse order to the order of acquisition or registration, by law or by such other method that is authorized by the Trustees' determination, requiring them to sell their Units or Options or a portion thereof within a specified period of not more than 60 days. If the holders of Units or Options receiving such notice have not sold the specified number of Units or Options or provided the Trustees with satisfactory evidence that they are not Non-Residents of Canada and do not hold their Units or Options for the benefit of Non-Residents within such period, the Trustees may sell such Units or Options on behalf of such holders of Units or Options to a person or persons that are not Non-Residents of Canada and, in the interim, all rights attaching to such Units or Options (including any right to receive payments of interest) shall be immediately suspended and the rights of any such holders of Units or Options in respect of such Units or Options shall be limited to receiving the net proceeds of sale (net of any commission, tax or other cost of sale).

### **Redemption of Units**

Each Unitholder shall be entitled to require the REIT to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the conditions hereinafter provided that:

- (a) To exercise a Unitholder's right to require redemption under the Contract of Trust, a duly completed and properly executed notice requiring the REIT to redeem Units, in a form approved by the Trustees, shall be sent to the REIT at the head office of the REIT. No form or manner of completion or execution shall be sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such notice.
- (b) Upon receipt by the REIT of the notice to redeem Units, the Unitholder shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefor) including the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by the REIT of such notice. Units shall be considered to be tendered for redemption on the date that the REIT has, to the satisfaction of the Trustees, received the notice and other required documents or evidence as aforesaid.
- (c) Upon receipt by the REIT of the notice to redeem Units in accordance with the above provisions, the holder of the Units tendered for redemption shall be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:
  - (A) 90% of the "market price" of the Units on the principal market on which the Units are listed for trading during the 10 trading day period commencing immediately following the date (the "Redemption Date") on which the Units were surrendered for redemption; and
  - (B) 100% of the "closing market price" on the principal market on which the Units are listed for trading, on the Redemption Date;

for the purposes of this calculation, "market price" will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade during the specified trading day period; and provided that if there was trading on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, the "market price" will be the average of the following prices established for each of the trading days during the specified trading period: the average of the last bid and last asking prices of the Units for each day on which there was no trading and the weighted average trading prices of the Units for each day that there was trading. The "closing market price" will be an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable exchange or market provides a closing price; an amount equal to the average of the highest and lowest prices of the Units on the applicable market or exchange if there was trading on the specified date and the exchange or other market provides only the highest and lowest prices of Units traded on a particular day; or the average of the last bid and last asking prices of the Units if there was no trading on the specified date.

In the event that such Units are not listed and quoted for trading in a public market, the Redemption Price shall be the fair market value of such Units, which shall be determined by the Trustees in their sole discretion.

Subject to clause (d) and (e) below, the Redemption Price payable in respect of the Units tendered for redemption during any calendar month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, payable at par to or to the order of the Unitholder who exercised the right of redemption within 30 days after the end of the calendar month in which the Units were tendered for redemption. Payments made by the REIT of the Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Unitholder unless such cheque is dishonored upon presentment. Upon such payment, the REIT shall be discharged from all liability to the former Unitholder in respect of the Units so redeemed.

- (d) Clause (c) shall not be applicable to Units tendered for redemption by a Unitholder, if:

- (i) the total amount payable by the REIT pursuant to clause (c) in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000 (the “Monthly Limit”); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month and, in the absence of such a waiver, Units tendered for redemption in any calendar month in which the total amount payable by the REIT pursuant to clause (c) exceeds the Monthly Limit will be redeemed partly for cash pursuant to clause (c) and the balance, subject to any applicable regulatory approvals, by a distribution *in specie* of assets held by the REIT in clause (e) below on a *pro rata* basis;
  - (ii) at the time the Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on any stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; or
  - (iii) the normal trading of the outstanding Units is suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading, on the Redemption Date for such Units or for more than five trading days during the 10 trading day period commencing immediately after the Redemption Date for such Units.
- (e) To the extent that clause (c) is not applicable to all of the Units tendered for redemption by a Unitholder as a result of clause (d), the balance of the Redemption Price per Unit specified in clause (d)(i) shall, subject to receipt of all necessary regulatory approvals (which the REIT shall use reasonable commercial efforts to obtain forthwith), be paid and satisfied by way of a distribution *in specie* to such Unitholder of assets held by the REIT. To that extent, the REIT shall redeem that number of TB Units and Series 1 Notes, respectively, equal to the product of (i) the number of Units tendered for redemption divided by the total number of Units outstanding on the date on which the Units were tendered for redemption, and (ii) the number of TB Units and Series 1 Notes (in the principal amount of \$100.00), respectively, held by the REIT on the date the Units were tendered for redemption, for redemption proceeds consisting of Series 2 Notes and Series 3 Notes, respectively. The balance of the Redemption Price payable pursuant to this clause (e) in respect of Units tendered for redemption during any month shall, subject to receipt of all necessary regulatory approvals, be paid by the transfer, to or to the order of the holder of Units who exercised the right of redemption, within 30 days (the “Transfer Date”) after the end of the calendar month in which the Units were tendered for redemption, of the number of Series 2 Notes and Series 3 Notes determined as aforesaid. Payments by the REIT of the balance of the Redemption Price are conclusively deemed to have been made upon the mailing of certificates representing the Series 2 Notes and Series 3 Notes by registered mail in a postage prepaid envelope addressed to the former holder of Units and/or any party having a security interest. Upon such payment, together with any cash payable to the Unitholder pursuant to clause (c), the REIT shall be discharged from all liability to such former Unitholder and any party having a security interest in respect of the Units so redeemed. No Series 2 Notes or Series 3 Notes in integral multiples of less than \$100 will be distributed and, where notes to be received by a Unitholder includes a multiple less than that number, the number of notes shall be rounded to the next lowest integral multiple of \$100 and the balance shall be paid in cash. The REIT shall be entitled to all interest paid on the TB Notes, if any, and distributions paid on the TB Units on or before the date of distribution *in specie*. Where the REIT makes a distribution *in specie* of a *pro rata* number of securities of TB Trust on a redemption of Units pursuant to this Section, the Trustees may, in their sole discretion, designate to the redeeming Unitholders any capital gain or income realized by the REIT on or in connection with the distribution of such securities to the Unitholder.
- (f) All Units which are redeemed under the Contract of Trust shall be cancelled and such Units shall no longer be outstanding and shall not be reissued.

### **Annual Meeting**

There shall be an annual meeting of the Unitholders at such time and place in Canada as the Trustees shall prescribe for the purpose of electing Trustees, appointing or removing the auditors of the REIT and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of

Unitholders shall be held after delivery to the Unitholders of the annual report and, in any event, within 180 days after the end of each fiscal year of the REIT.

### **Other Meetings**

The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. Unitholders holding in the aggregate not less than 10% of the outstanding Units of the REIT may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition.

### **Notice of Meeting of Unitholders**

Notice of all meetings of the Unitholders shall be mailed or delivered by the transfer agent of the REIT to the Unitholders, each Trustee and to the auditors of the REIT not less than 21 nor more than 50 days (or within such other delays as required by law or relevant stock exchange) before the meeting. Such notice shall specify the time when, and the place where, such meeting is to be held and shall state briefly the general nature of the business to be transacted at such meeting and shall otherwise include such information as would be provided to shareholders of a corporation governed by the CBCA in connection with a meeting of shareholders. Any adjourned meeting, other than a meeting adjourned for lack of a quorum, may be held as adjourned without further notice. Notwithstanding the foregoing, a meeting of Unitholders may be held at any time without notice if all the Unitholders are present or represented thereat or those not so present or represented have waived notice. Any Unitholder (or a duly appointed proxy of a Unitholder) may waive any notice required to be given under the Contract of Trust, and such waiver, whether given before or after the meeting, shall cure any default in the giving of such notice. At any meeting at which a quorum is not present within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Unitholders, shall be terminated, but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy shall be deemed to constitute a quorum. Attendance at a meeting of Unitholders shall constitute a waiver of notice unless the Unitholder or other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called.

### **Chairperson**

The chairperson of any annual or special meeting shall be the chairman of the Trustees or any other Trustee specified by resolutions of the Trustees or, in the absence of any Trustee, any person appointed as chairperson of the meeting by the Unitholders present.

### **Quorum**

A quorum for any meeting of Unitholders shall be individuals present not being less than two in number and being Unitholders or representing by proxy Unitholders who hold in the aggregate not less in aggregate than five per cent of the total number of outstanding Units, provided that if the REIT has only one Unitholder, the Unitholder present in person or by proxy constitutes a meeting and a quorum for such meeting. If a quorum is present at the opening of a meeting, the Unitholders may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if called by request of Unitholders, shall be terminated and, if otherwise called, shall stand adjourned to such day being not less than seven days later and to such place and time as may be appointed by the chairperson of the meeting. If at such adjourned meeting a quorum as above defined is not present, the Unitholders present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

## **Voting**

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit shall entitle the Unitholder to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders shall, except as otherwise required by the Contract of Trust or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting shall not have second or casting vote. Every question submitted to a meeting, other than a Special Resolution, shall, unless a poll vote is demanded, be decided by a show of hands, on which every person present and entitled to vote shall be entitled to one vote.

At any such meeting, unless a poll is demanded, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority, or lost or not carried by a particular majority, shall be conclusive evidence of that fact. If a poll is demanded concerning the election of a chairman or an adjournment, it shall be taken immediately upon request and, in any other case, it shall be taken at such time as the chairman may direct. The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which the poll has been demanded.

At any meeting of Unitholders, on a show of hands every person who is present and entitled to vote, whether as a Unitholder or as a proxy, shall have one vote. At any meeting of Unitholders on a poll, each Unitholder present in person or represented by a duly appointed proxy shall have one vote for each Unit held on the applicable record date, except as otherwise set forth in the Contract of Trust.

## **Amendments to the Contract of Trust by the Trustees**

The Trustees may make the following amendments to the Contract of Trust in their sole discretion and without the approval of Unitholders:

- (a) amendments aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the REIT, its status as a “mutual fund trust” under the Tax Act or the distribution of Units;
- (b) amendments which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation or other laws;
- (c) amendments which, in the opinion of the Trustees, provide additional protection for Unitholders;
- (d) amendments to remove any conflicts or inconsistencies in the Contract of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (e) amendments which in the opinion of the Trustees are necessary or desirable to enable the REIT to issue Units for which the purchase price is payable on an instalment basis or to implement a Unit option, purchase or rights plan;
- (f) amendments to create one or more additional class of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units;
- (g) amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders; and
- (h) amendments for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees are not prejudicial to Unitholders and are necessary or desirable,

but notwithstanding the foregoing, no such amendment shall modify the right to vote attached to any Unit or the entitlement to distributions from the REIT provided hereunder represented by any Unit without the consent of the holder of such Unit.

#### **Matters on which Unitholders Shall Vote**

None of the following shall occur unless the same has been duly approved by the Unitholders at a meeting duly called and held:

- (a) except as provided in the Contract of Trust, the appointment, election or removal of Trustees;
- (b) except as provided in the Contract of Trust, the appointment or removal of auditors;
- (c) any amendment to the Contract of Trust (except for amendments which may be made at the discretion of the Trustees);
- (d) the sale of or transfer of the properties or assets of the REIT as an entirety or substantially as an entirety (other than as a part of an internal reorganization of the assets of the REIT as approved by the Trustees);
- (e) an increase or decrease in the number of Trustees;
- (f) any distribution of the property of the REIT following an affirmative vote of the Unitholders by Special Resolution;
- (g) the termination of the REIT; or
- (h) any action upon any matter, which under applicable law (including policies of Canadian securities commissions or authorities) or applicable stock exchange rules or policies, would require approval of a majority of the votes cast by the holders of TB Units had TB Trust been a reporting issuer (or the equivalent) in the jurisdictions in which the REIT is a reporting issuer (or the equivalent) and had TB Units been listed on the stock exchanges where the Units are listed for trading, respectively.

Nothing in clauses (a) to (h) above, however, shall prevent the Trustees from submitting to a vote of Unitholders any matter which they deem appropriate.

#### **Matters which must be approved by Special Resolution**

None of the following shall occur unless the same has been duly approved by Special Resolution of Unitholders at a meeting of Unitholders duly called and held for that purpose:

- (a) any amendment to the provisions of the Contract of Trust dealing with amendments to the Contract of Trust;
- (b) any exchange, reclassification or cancellation of all or part of the Units;
- (c) any amendment to change a right with respect to any outstanding Units of the REIT or to reduce the amount payable thereon upon termination of the REIT or to diminish or eliminate any voting rights pertaining thereto;
- (d) any amendment to the duration or term of the REIT;
- (e) any amendment to increase the maximum number of Trustees (to more than 15) or to decrease the minimum number of Trustees (to less than five), any change by the Unitholders in the number of Trustees within the minimum and maximum number of Trustees;

- (f) except as provided in the Contract of Trust, any constraint on the issue, transfer or ownership of Units or the change or removal of such constraints;
- (g) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees;
- (h) any sale or transfer of the properties or assets of the REIT as an entirety or substantially as an entirety other than as part of an internal reorganization of the REIT's property as approved by the Trustees;
- (i) any distribution of the REIT's property upon its termination;
- (j) the combination, merger, amalgamation or arrangement of the REIT, directly or indirectly, with any other person or entity;
- (k) any amendment to the Investment Guidelines and Operating Policies of the REIT, except as provided in the Contract of Trust; or
- (l) any matter required to be passed by a Special Resolution under the Contract of Trust of TB Trust, as may be amended and restated from time to time.

### **Investment Guidelines**

The Contract of Trust provides that the assets of the REIT may only be invested in accordance with the following investment guidelines of the REIT (the "Investment Guidelines"):

- (a) notwithstanding any other provisions of the Contract of Trust, the REIT shall not make any investment or take any action or omit to take any action: (i) that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act (or otherwise disqualify the REIT as a "mutual fund trust" within the meaning of the Tax Act); or (ii) that would result in Units being disqualified for investment by deferred income plans;
- (b) except as otherwise prohibited in the Contract of Trust, the REIT may, directly or indirectly, invest in:
  - (i) interests (including ownership and leasehold interests) in income-producing immovable property that is capital property of the REIT;
  - (ii) corporations, trusts, partnerships or other persons which principally have interests (including the ownership of leasehold interests) in income-producing immovable property (or activities relating or ancillary thereto); and
  - (iii) such other activities as are consistent with the other investment guidelines of the REIT;
- (c) the REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT; provided that such joint venture arrangement contains terms and conditions which, in the opinion of management of the REIT, are commercially reasonable, including such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT, provisions to limit the liability of the REIT and its Unitholders to third parties, and provisions to provide for the participation of the REIT in the management of the joint venture arrangement. For purposes hereof, a joint venture arrangement is an arrangement between the REIT and one or more other persons pursuant to which the REIT, directly or indirectly, conducts an undertaking for one or more of the purposes set out in the investment guidelines of the REIT and in respect of which the REIT may hold its interest jointly or in common or in another manner with others (subject to paragraph (a) above) either directly or through the ownership of securities of a corporation or other entity, including a limited partnership or a limited liability company;

- (d) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule 1 Canadian bank maturing prior to one year from the date of issue and except as otherwise permitted pursuant to the investment guidelines and operating policies of the REIT, the REIT may not hold securities of a person other than to the extent such securities would constitute an investment in immovable property (as determined by the Trustees) including securities of an entity wholly-owned, directly or indirectly, by the REIT formed and operated solely for the purpose of holding a particular immovable property or immovable properties and provided further that, notwithstanding anything contained in the Contract of Trust to the contrary, but subject to paragraph (a) above and Section 2.9 of the Contract of Trust, the REIT may acquire securities of other real estate investment trusts;
- (e) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil and gas, except as incidental to an investment in immovable property;
- (f) the REIT shall not invest, directly or indirectly, in operating businesses unless such investment is an indirect investment and is incidental to a transaction:
  - (i) where revenue will be derived, directly or indirectly, principally from an immovable property;
  - (ii) where the operating businesses principally involve the ownership, maintenance, improvement, leasing or management, directly or indirectly, of an immovable property (in each case as determined by the Trustees); or
  - (iii) where the operating businesses have a considerable underlying asset base in real estate;
- (g) the REIT shall not invest in raw land for development except for properties adjacent to existing properties of the REIT for the purpose of the renovation or expansion of existing properties that are capital property of the REIT or the development of new facilities which will be capital property of the REIT;
- (h) the REIT may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where the hypothec, mortgage, hypothecary bond or mortgage bond is issued by a Subsidiary;
- (i) the REIT may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where:
  - (i) the immovable property, which is security therefor, is income-producing immovable property which otherwise complies with the other investment guidelines of the REIT adopted from time to time in accordance with the Contract of Trust and the guidelines set out herein;
  - (ii) the immovable hypothec or mortgage is an immovable hypothec or mortgage registered on title to the immovable property which is security therefor; and
  - (iii) the aggregate value of the investments of the REIT in these instruments, after giving effect to the proposed investment, will not exceed 20% of the adjusted Unitholders' equity (calculated in accordance with *the Contract of Trust*);
- (j) subject to paragraph (a) above, the REIT may invest in immovable hypothecs or mortgages which are not first ranking for the purposes of providing, directly or indirectly, financing in connection with a transaction in which the REIT is the vendor or with the intention of using such hypothec or mortgage as part of a method for subsequently acquiring an interest in or control of an immovable property or a portfolio of properties; and

- (k) the REIT may invest an amount (which, in the case of an amount invested to acquire immovable property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of the Gross Book Value of the REIT in investments which do not comply with one or more of paragraphs (b), (c), (d), (g), (i), and (j) above and Section 6.2.3 of the Contract of Trust, but always subject to paragraph (a) above and Section 2.9 of the Contract of Trust.

For the purpose of the foregoing guidelines, the properties, assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing to investment in immovable property will be deemed to include an investment in a joint venture arrangement or a limited partnership. Except as specifically set forth in the Contract of Trust to the contrary, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by the REIT, but always subject to paragraph (a) above and Section 2.9 of the Contract of Trust and thus be constantly monitored for the purposes of the latter provisions.

### **Operating Policies**

The operations and affairs of the REIT shall be conducted in accordance with the following operating policies of the REIT (the “Operating Policies”), the whole subject to paragraph (a) of the Investment Guidelines above of the REIT and Section 2.9 of the Contract of Trust:

- (a) the REIT shall not purchase, sell, market or trade in currency or interest rate future contracts otherwise than for hedging purposes where, for the purposes hereof, the term “hedging” shall have the meaning ascribed thereto by National Instrument 81-102 Mutual Funds of the Canadian Securities Administrators, as amended or replaced from time to time;
- (b) any written instrument creating an obligation which is or includes the granting by the REIT of an hypothec or mortgage, and to the extent the Trustees determine to be practicable and consistent with their duty to act in the best interests of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof shall be bound; the REIT, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of immovable property;
- (c) in addition to the provisions of paragraph (g) of the investment guidelines above, the REIT may engage in construction or development of immovable property in order to maintain its immovable properties in good repair or to enhance the income-producing potential of properties that are capital property of the REIT;
- (d) the title to each immovable property shall be held by and registered in the name of the Trustees or, to the extent permitted by applicable law, in the name of the REIT or a corporation or other entity wholly-owned by the REIT or jointly by the REIT with joint venturers or a corporation which is a nominee of the REIT which holds a registered title to such immovable property pursuant to a nominee agreement with the REIT;
- (e) the REIT shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total consolidated indebtedness of the REIT would be more than 75% of the Gross Book Value. For the purposes of this paragraph, the term “indebtedness” means any obligation of the REIT for borrowed money (excluding any premium in respect of indebtedness assumed by the REIT for which the REIT has the benefit of an interest rate subsidy, but only to the extent an amount receivable has been excluded in the calculation of Gross Book Value with respect to such interest rate subsidy), provided that:
  - (i) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the REIT in accordance with GAAP;

- (ii) indebtedness excludes trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business and short term acquisition credit facilities; and
  - (iii) subordinate debentures will not constitute indebtedness;
- (f) the REIT shall not, directly or indirectly, guarantee any indebtedness or liabilities of any kind of any person, except indebtedness or liabilities assumed or incurred by a person in which the REIT holds an interest, directly or indirectly. The REIT is not required but shall use its reasonable best efforts to comply with this requirement (i) in respect of obligations assumed by the REIT pursuant to the acquisition of immovable property or (ii) if doing so is necessary or desirable in order to further the initiatives of the REIT permitted under the Contract of Trust;
- (g) the REIT shall obtain or have received an independent appraisal of each property or an independent valuation of a portfolio of properties that it intends to acquire;
- (h) the REIT shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of trust property from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and
- (i) the REIT shall have obtained or have received a Phase I environmental audit of each immovable property to be acquired by it conducted within three years of the date of acquisition and, if the Phase I environmental audit report recommends or recommended that a Phase II environmental audit be conducted, the REIT shall have conducted a Phase II environmental audit, in each case by an independent and experienced environmental consultant; such audit as a condition to any acquisition, shall be satisfactory to the Trustees.

For the purpose of the foregoing policies, the properties, assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to investment in immovable property will be deemed to include an investment in a joint venture. Except as specifically set forth to the contrary in the Contract of Trust, all of the foregoing prohibitions, limitations or requirements pursuant to the foregoing policies shall be determined as at the date of investment or other action by the REIT, but always subject to paragraph (a) of the investment guidelines above of the REIT and Section 2.9 of the Contract of Trust and thus be constantly monitored for the purposes of the latter provisions.

#### **Amendments to Investment Guidelines and Operating Policies**

Subject to the provisions of Section 6.4 of the Contract of Trust, the Investment Guidelines of the REIT set out in the Contract of Trust and the Operating Policies contained in paragraphs (a), (e), (f), (g), (h) and (i) above under the heading “Contract of Trust - Operating Policies” may be amended only by Special Resolution of Unitholders. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

#### **Application of Investment Guidelines and Operating Policies**

With respect to the Investment Guidelines and Operating Policies of the REIT contained in the Contract of Trust, where any maximum or minimum percentage limitation is specified in any of the guidelines and policies therein contained, such guidelines and policies shall be applied on the basis of the relevant amounts calculated immediately after the making of such investment or the taking of such action, the whole always subject to the provisions of paragraph (a) in the Investment Guidelines above of the REIT and Section 2.9 of the Contract of Trust. Any subsequent change relative to any percentage limitation which results from a subsequent change in the Gross Book Value or adjusted Unitholders’ equity (calculated in accordance with the Contract of Trust) will not require divestiture of any investment.

## **Regulatory Matters**

If at any time a government or regulatory authority having jurisdiction over the REIT or any property of the REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline of the REIT then in force (other than paragraph (a) of the Investment Guidelines above of the REIT), such guideline in conflict shall, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary herein contained, any such resolution of the Trustees shall not require the prior approval of Unitholders.

## **CHANGES IN UNITS OUTSTANDING AND LOAN CAPITAL**

As at September 30, 2007, there were 32,503,265 Units outstanding. As at the date of this short form prospectus, there were 32,780,097 Units outstanding. The only changes in the number of outstanding Units since September 30, 2007 resulted from: (i) the issuance of 158,832 Units pursuant to the Asset Management Agreement and (ii) the issuance of 118,000 Units pursuant to the exercise of options.

As at September 30, 2007, the total indebtedness of the REIT was \$61,599,501 (excluding accounts payable and accrued liabilities, distributions payable to Unitholders, future income taxes (see "Risks Factors and Investment Considerations - Other Tax Related Risk Factors and SIFTs), and deferred rent liability). Since September 30, 2007, the changes to the loan capital of the REIT resulted from the assumption of hypothecary loans in connection with the acquisition of properties by the REIT, including those described under "Recent Developments", amounts drawn down under the Credit Facilities, and the repayment of indebtedness of the REIT. Additional information regarding material indebtedness of the REIT is provided in the 2006 Annual Financial Statements, the 2006 Annual MD&A, the September 2007 Interim Financial Statements and the September 2007 Interim MD&A.

After giving effect to the Maximum Offering and the real estate acquisitions that have been completed subsequent to September 30, 2007 as detailed in the AIF and under the heading "Recent Developments", the total outstanding indebtedness of the REIT (excluding accounts payable and accrued liabilities, distributions payable to Unitholders, future income taxes (see "Risks Factors and Investment Considerations - Other Tax Related Risk Factors and SIFTs), and deferred rent liability) will be approximately \$145.8 million. See "Use of Proceeds" and "Plan of Distribution".

Management of the REIT expects that future acquisitions will, subject to the then prevailing market conditions, be leveraged in a manner consistent with past practices. Accordingly, assuming the use of proceeds described under the heading "Use of Proceeds", management of the REIT expects to incur approximately \$45 million of additional mortgage and hypothec indebtedness in connection with the announced property acquisitions.

## **DISTRIBUTION POLICY**

The REIT will distribute to Unitholders monthly, on or about the fifteenth day in each calendar month, such percentage of the Distributable Income of the REIT for the preceding calendar month as the Trustees determine in their discretion.

The REIT's current intention is to distribute \$0.02329 per Unit per month to Unitholders. Monthly distributions will be based on the Trustees' estimate of yearly Distributable Income, subject to adjustment from time to time throughout the year. See the section entitled "Distribution Policy" in the AIF.

For the year 2006, the REIT made a monthly distribution of \$0.0210 per Unit for October and distributions of \$0.02329 per Unit for each of the months of November and December. For the year 2007, the REIT made monthly distributions of \$0.02329 per Unit for each month from January to December and declared a monthly distribution of \$0.02329 per Unit for each of the months of January and February 2008.

## DESCRIPTION OF THE SERIES B DEBENTURES

The following is a summary of the material attributes and characteristics of the Series B Debentures. This summary does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the terms of the Indenture (as defined below).

### General

The Series B Debentures will be issued under a supplemental indenture to be dated the date of the closing of the Offering (anticipated to be March 20, 2008) (the “First Supplemental Indenture”) to the trust indenture dated as of October 3, 2006 (the “Original Trust Indenture” and together with the First Supplemental Indenture, the “Indenture”) between the REIT and Computershare Trust Company of Canada (the “Debenture Trustee”), as trustee. The Indenture does not limit the aggregate principal amount of Debentures that may be outstanding from time to time.

The Series B Debentures to be issued will be for a minimum of \$12,000,000 and a maximum of \$17,000,000 aggregate principal amount. The REIT may, from time to time, without the consent of the Debentureholders, issue additional Debentures of the same series or of a different series under the Indenture, in addition to the Series B Debentures offered hereby.

The Series B Debentures will be dated as of the closing of the Offering and will mature on March 31, 2013. The Series B Debentures will be issuable only in denominations of \$1,000 and integral 1,000 multiples thereof and will bear interest from and including the date of issue at 8.5% per annum, which will be payable semi-annually in arrears on March 31 and September 30 in each year, commencing on September 30, 2008. The first interest payment will include interest accrued from the date of the closing of the Offering to September 30, 2008.

The principal amount of the Series B Debentures is payable in lawful money of Canada or, at the option of the REIT and subject to applicable regulatory approval, by delivery of fully paid, non-assessable and Freely Tradeable Units, as further described under “*Method of Payment - Payment of Principal on Redemption or at Maturity*”. The interest on the Series B Debentures is payable in lawful money of Canada, including, at the option of the REIT and subject to applicable regulatory approval, in accordance with Interest Payment Election, as described under “*Method of Payment - Interest Payment Election*”.

The Series B Debentures are direct obligations of the REIT and are not to be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to other liabilities of the REIT as described under “*Description of the Series B Debentures - Subordination*”.

### Subordination

The Indenture provides that the Series B Debentures are subordinated in right of payment to all present and future Senior Indebtedness (as defined herein) of the REIT. No payment of principal (including redemption payments) or interest on the Series B Debentures may be made: (i) if any Senior Indebtedness is not paid when due and any applicable grace period with respect to such payment default on Senior Indebtedness has ended and such default has not been cured or waived or ceased to exist; or (ii) if the maturity of any Senior Indebtedness has been accelerated because of a default and either such acceleration has not been rescinded or such Senior Indebtedness has not been repaid. Upon any distribution of assets of the REIT to creditors upon any dissolution, winding-up, total liquidation or reorganization of the REIT, whether in bankruptcy, insolvency or receivership proceedings, upon an “assignment for the benefit of creditors”, or otherwise, all principal, premium, if any, and interest due on all Senior Indebtedness of the REIT must be paid in full before the Debentureholders are entitled to receive or retain any payment.

Neither the Indenture nor the Series B Debentures will limit the ability of the REIT to incur additional indebtedness, including indebtedness that ranks senior to the Series B Debentures, or from mortgaging, pledging or charging its properties to secure any indebtedness.

The term “Senior Indebtedness” means the principal of, and the interest and premium (or any other amounts payable thereunder), if any, on:

- (a) all indebtedness, liabilities and obligations of the REIT (other than the Series B Debentures and the Series A Debentures), whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed in connection with the acquisition by the REIT of any businesses, properties or other assets or for monies borrowed or raised by whatever means (including, by means of commercial paper, bankers’ acceptances, letters of credit, debt instruments, bank debt and financial leases, and any liability evidenced by bonds, debentures, notes or similar instruments) or in connection with the acquisition of any businesses, properties or other assets or for monies borrowed or raised by whatever means (including by means of commercial paper, bankers’ acceptances, letters of credit, debt instruments, bank debt and financial leases, and any liability evidenced by bonds, debentures, notes or similar instruments) by others including any Subsidiary of the REIT for payment of which the REIT is responsible or liable, whether absolutely or contingently; and
- (b) renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations;

unless in each case it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are not superior in right of payment to Series B Debentures which by their terms are subordinated.

The Series B Debentures are direct unsecured obligations of the REIT. Each Debenture will rank *pari passu* with each other debenture of the same series or with other series of debentures that have been or that may be issued under the Indenture (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the REIT except for sinking fund provisions (if any) applicable to different series of debentures or other similar types of obligations of the REIT.

### **Conversion Rights**

Each Debenture is convertible into Units of the REIT, at the option of the Series B Debentureholder, at any time prior to 4:00 p.m. (Montreal time) on the earlier of March 31, 2013 and the last business day immediately preceding the date specified by the REIT for redemption of the Series B Debentures, at a conversion price of \$2.30 per Unit (the “Conversion Price”), being a conversion rate of approximately 434.7826 Units per \$1,000 principal amount of Series B Debentures, subject to adjustment upon the occurrence of certain events in accordance with the Indenture. If all conversion rights attaching to the Series B Debentures are exercised, the REIT will be required to issue a maximum of 7,391,304 (assuming the Maximum Offering) additional fully paid, non-assessable and Freely Tradeable Units, subject to anti-dilution adjustments. No adjustment will be made for distributions on Units issuable upon conversion or for interest accrued on Series B Debentures surrendered for conversion; however, Series B Debentureholders converting their Series B Debentures will receive accrued and unpaid interest on such Series B Debentures for the period from the last interest payment date on their Series B Debentures (or the date of issue of their Series B Debentures if no interest has yet been paid by the REIT) to and including the last record date prior to such conversion declared by the REIT for determining the Unitholders entitled to receive distributions on the Units.

Subject to the provisions thereof, the Indenture provides for the adjustment of the Conversion Price in certain events including: (i) the subdivision or consolidation of the outstanding Units; (ii) the distribution of Units to Unitholders by way of distribution or otherwise other than an issue of securities to Unitholders who have elected to receive distributions in securities of the REIT in lieu of receiving cash distributions paid in the ordinary course; (iii) the issuance of options, rights or warrants to all or substantially all Unitholders entitling them to acquire Units or other securities convertible into Units at less than 95% of the then current market price (as defined in the Indenture to mean the weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event) of the Units; and (iv) the distribution to all or substantially all the Unitholders of (a) units of any class other than Units and other than units distributed to Unitholders who have elected to receive dividends or distributions in the form of such units in lieu of dividends or distributions paid in the ordinary course, (b) rights, options or warrants (excluding rights, options or warrants entitling the holders thereof for

a period of not more than 45 days to subscribe for or purchase Units or securities convertible into Units), (c) evidences of the REIT's indebtedness or (d) assets (excluding dividends or distributions paid in the ordinary course). There will be no adjustment of the Conversion Price in respect of any event described above if the Series B Debentureholders are allowed to participate as though they had converted their Series B Debentures prior to the applicable record date or effective date, as the case may be, of such event. The REIT will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Units or in the case of any consolidation, amalgamation, reorganization or merger of the REIT with or into any other entity, or in the case of any sale or conveyance of the property and assets of the REIT as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the REIT, the terms of the conversion privilege shall be adjusted so that each Series B Debentureholder shall, after such reclassification, capital reorganization, consolidation, amalgamation, reorganization, merger, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive and shall accept the number of Units or other securities or other property that, on the exercise of the conversion right, such Series B Debentureholder would be entitled to receive if, on the effective date thereof, it had been the holder of the number of Units into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, amalgamation, reorganization, combination, merger, sale, conveyance, liquidation, dissolution or winding-up.

No fractional Units will be issued on any conversion but in lieu thereof, the REIT shall satisfy fractional interests by a cash payment equal to the current market price of the fractional interest.

### **Redemption**

The Series B Debentures will not be redeemable prior to March 31, 2011, except in the event of the satisfaction of certain conditions after a Change of Control (as defined herein) has occurred. On or after March 31, 2011, and prior March 31, 2012, the Series B Debentures will be redeemable at the option of the REIT, in whole or in part and from time to time, on not more than 60 days' nor less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given (the "Current Market Price") is at least 150% of the Conversion Price. On or after March 31, 2012, and prior to March 31, 2013, on not more than 60 days' nor less than 30 days' prior notice, the Series B Debentures will be redeemable at the option of the REIT, in whole or in part and from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the Current Market Price on the day preceding the date on which notice of redemption is given is at least 125% of the Conversion Price.

In the case of redemption of less than all of the Series B Debentures, the Series B Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis to the nearest multiple of \$1,000 or by lot in such manner as the Debenture Trustee deems equitable.

### **Put Right upon a Change of Control**

Upon the occurrence of a change of control involving the acquisition, by any person or persons acting jointly or in concert, of voting control or direction over an aggregate of 66 $\frac{2}{3}$ % or more of the outstanding Units (a "Change of Control"), each Series B Debentureholder may require the REIT to purchase, on the date which is 30 days following the giving of notice of a Change of Control as set out below (the "Put Date"), all or any part of such holder's Series B Debentures at a price equal to 101% of the principal amount thereof (the "Put Price") plus accrued and unpaid interest up to but excluding the Put Date.

If 90% or more in aggregate principal amount of the Series B Debentures outstanding on the date the REIT provides notice of a Change of Control to the Debenture Trustee have been tendered for purchase on the Put Date, the REIT has the right to redeem all the remaining Series B Debentures on such date at the Put Price. Notice of such redemption must be given to the Debenture Trustee by the REIT prior to the Put Date and, as soon as possible

thereafter, by the Debenture Trustee to the Series B Debentureholders whose Series B Debentures have not been tendered for purchase.

## **Method of Payment**

### *Payment of Principal on Redemption or at Maturity*

On redemption or at maturity, the REIT will repay the indebtedness represented by the Series B Debentures by paying to the Debenture Trustee in lawful money of Canada an amount required to repay the principal amount of the outstanding Series B Debentures, together with accrued and unpaid interest thereon. The REIT may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no Event of Default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the Series B Debentures that are to be redeemed or that are to mature, by issuing and delivering Freely Tradeable Units to the Series B Debentureholders. The number of Freely Tradeable Units to be issued in respect of each Debenture will be determined by dividing the principal amount of the Series B Debentures that are to be redeemed or that are to mature, as the case may be, by 95% of the volume-weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the maturity date, as the case may be. No fractional Units will be issued on redemption or at maturity but in lieu thereof, the REIT shall satisfy fractional interests by a cash payment equal to the market price, as determined above, of the fractional interest.

### *Interest Payment Election*

Subject to receiving any required regulatory approvals, provided it is not in default under the Indenture, the REIT may elect, from time to time, to satisfy its obligation to pay interest on the Series B Debentures (the "Interest Obligation") on the date it is payable under the Indenture (an "Interest Payment Date"), by delivering a sufficient number of Units to the Debenture Trustee required to satisfy all or any part of the Interest Obligation in accordance with the Indenture (the "Interest Payment Election"). The Indenture provides that, upon such election, the Debenture Trustee shall: (i) accept delivery from the REIT of the Units; (ii) accept bids with respect to, and consummate sales of such Units, each as the REIT shall direct in its absolute discretion; (iii) invest the proceeds of such sales in Canadian government obligations (as defined in the Indenture) that mature prior to the applicable Interest Payment Date, and use the proceeds received from such government securities, together with any proceeds from the sale of Units not invested as aforesaid, to satisfy the Interest Obligation; and (iv) perform any other action necessarily incidental thereto.

The Indenture sets forth the procedures to be followed by the REIT and the Debenture Trustee in order to effect the Interest Payment Election. If an Interest Payment Election is made, the sole right of a Series B Debentureholder in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Units (plus any amount received by the Debenture Trustee from the REIT attributable to fractional Units) in full satisfaction of the Interest Obligation, and the holder of such Series B Debentures will have no further recourse to the REIT in respect of the Interest Obligation.

Neither the REIT's making of the Interest Payment Election nor the consummation of sales of Units will (i) result in the Series B Debentureholders not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation payable on such date or (ii) entitle such Series B Debentureholders to receive any Units in satisfaction of the Interest Obligation.

## **Events of Default**

The Indenture provides that each of the following events constitutes, and is herein sometimes referred to as, an "Event of Default":

- (a) if the REIT defaults in payment of the principal on any Debenture when the same becomes due and payable under any provision of the Indenture or of the Debentures;

- (b) if the REIT defaults in payment of any interest due on any Debenture and such default continues for a period of 30 days;
- (c) if a decree or order of a court having jurisdiction in the premises is entered adjudging the REIT a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against all or any substantial part of the property of the REIT, or appointing a receiver or receiver-manager of or of any substantial part of the property of the REIT or ordering the winding-up or liquidation of its affairs;
- (d) if a resolution is passed for the winding-up or liquidation of the REIT except in the course of carrying out or pursuant to a transaction with respect to which the conditions of the Indenture with respect to successor entities are duly observed and performed, or the REIT institutes proceeds to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws or consents to the filing of any such petition, or if a receiver or receiver-manager is appointed over all or any substantial part of the property of the REIT, or the REIT makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due or takes corporate action in furtherance of any of the aforesaid purposes;
- (e) if an event of default, as defined in any indenture or instrument under which the REIT has or will thereafter have outstanding any indebtedness for borrowed money which matures by its terms, or which is renewable at the option of the payor, to a date more than 18 months after the creation, assumption or guarantee thereof, will happen and be continuing and such indebtedness will have been accelerated so that an amount in excess of \$200,000 will be or become due and payable prior to the date on which the same would otherwise have become due and payable, and such acceleration will not be rescinded or annulled, or such event of default under such indenture or instrument will not be remedied or cured, whether by payment or otherwise, or waived by the holders of such indebtedness, within 10 days after such acceleration will have occurred; or
- (f) if the REIT neglects to observe or perform any other covenant or condition contained in the Indenture on its part to be observed or performed and, after a notice in writing has been given by the Debenture Trustee to the REIT specifying such default and requiring the REIT to rectify the same (which said notice may be given by the Debenture Trustee upon receipt of a request by holders of Debentures in accordance with the Indenture, the REIT fails to make good such default within a period of 30 days, unless the Debenture Trustee (having regard to the subject matter of the default) will have agreed to a longer period, and in such event, within the period agreed to by the Debenture Trustee.

### **Notice of Events of Default**

The Indenture provides that if an Event of Default shall occur and be continuing the Debenture Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Article 15 of the Original Trust Indenture, provided that notwithstanding the foregoing, unless the Debenture Trustee shall have been requested to do so by the holders of not less than 51% of the principal amount of the Debentures then outstanding, the Debenture Trustee shall not be required to give such notice if the Debenture Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the REIT in writing.

### **Waiver of Default**

The Indenture provides that upon the happening of any Event of Default:

- (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as defined below under the heading “Description of the Series B Debentures - Modification”) by requisition in writing by the holders of not less than 51% of the principal amount of Debentures then outstanding or by a resolution at a meeting held in accordance with Article 14 of the Original Trust Indenture passed by the favourable votes of the holders of more than 66⅔% of the principal amount of the outstanding Debentures to instruct the Debenture Trustee to waive any Event of Default and to cancel any declaration made by the Debenture Trustee pursuant to Section 9.1 of the Original Trust Indenture and the Debenture Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; provided that notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the REIT of any covenant applicable only to one or more series of Debentures, then the holders of not less than 51% of the principal amount of the outstanding Debentures of that series shall be entitled to exercise the foregoing power and the Debenture Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and
- (b) the Debenture Trustee, so long as it has not become bound to declare the principal of and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, will have power to waive any Event of Default if, in the Debenture Trustee’s opinion, the same will have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Debenture Trustee in the exercise of its discretion, upon such terms and conditions as the Debenture Trustee may deem advisable.

The Indenture also provides that no such act or omission either of the Debenture Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

#### **Modification, Defeasance and Satisfaction**

With certain exceptions, the Indenture and the rights of the holders of Debentures under the Indenture may be modified by the REIT with the consent of a majority of the holders of Debentures under the Indenture present and voting at a meeting at which not less than 25% of the principal amount of the Debentures then outstanding under the Indenture are present in person or by proxy, unless a poll is to be taken, in which case questions submitted shall be decided by the votes of the holders of a majority in principal amount of the Debentures represented at the meeting and voting (an “Ordinary Resolution”).

The Indenture also provides that certain changes, including: (i) changes relating to the modification of the terms of the Debentures, or any reduction of the rate of interest or extension of the time of payment of any principal or interest due thereon; (ii) the modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Debenture Trustee against the REIT; (iii) defeasance; or (iv) the waiver of any default under the Indenture, may be made if authorized by Extraordinary Resolution. The term “Extraordinary Resolution” is defined in the Indenture to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than 66⅔% of the aggregate principal amount of the Series B Debentures under the Indenture represented and voting at a duly constituted meeting of holders of Series B Debentures under the Indenture.

If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, especially affects the rights of holders of Debentures under the Indenture of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of holders of Debentures under the Indenture of any other series are affected, then the holders of that specially affected series shall be entitled to vote separately at a meeting at which not less than 25% of the principal amount of the Debentures of that series then outstanding are present in person or by proxy and such matter must be passed by a resolution adopted by the affirmative vote of the holders of not less than 66⅔% of the aggregate principal amount of the Debentures of that series represented and voting at such meeting.

All actions which may be taken by holders of Debentures under the Indenture by Ordinary Resolution and Extraordinary Resolution and all actions requiring the approval of at least 66⅔% of a series of Debentures may also be taken and exercised by an instrument or instruments in writing signed by the holders of not less than 66⅔% in

aggregate principal amount of the Debentures or series of Debentures then outstanding under the Indenture, as the case may be.

The REIT and the Debenture Trustee may, without the consent or concurrence of the holders of Debentures under the Indenture, by supplemental indenture or otherwise, make any changes or corrections in the Indenture which it shall have been advised by counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained therein or in any indenture supplemental thereto.

In addition to defeasance, the REIT may, without the consent or concurrence of the holders of Debentures under the Indenture, satisfy and discharge the Debentures subject to the fulfillment of the terms and conditions related thereto set out in the Indenture.

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

No Units may be issued pursuant to the conversion of all or part of the Debentures, no Debentures will be issued, no payment of interest or principal (whether upon maturity, redemption, or otherwise) will be made by the issuance of Units, and no Units will be issued in connection with the retraction of all or part of the Debentures upon a change of control, if any such issuance of Units or Debentures would result in persons who are Non-Residents of Canada for the purpose of the Tax Act holding or beneficially owning more than 49% of the Units (on either a basic or fully-diluted basis).

In addition, the Debenture Trustee may require declarations as to the jurisdictions in which holders or beneficial owners of Debentures are Resident. If the REIT becomes aware that 49% of the Units (on either a basic or fully-diluted basis) then outstanding are held, or may be held, for the benefit of Non-Residents or that such a situation is imminent, the REIT may make a public announcement thereof and will notify the Debenture Trustee in writing and the Debenture Trustee shall not accept a subscription for Debentures from or issue or register a transfer of Debentures to a person unless the person provides a declaration that the person is not a Non-Resident of Canada. If, notwithstanding the foregoing, the REIT determines that more than 49% of the Units (on either a basic or fully-diluted basis) are held for the benefit of Non-Residents, the REIT may send a notice to Non-Resident Debentureholders, chosen in inverse order to the order of acquisition or registration or in such manner as the REIT may consider equitable and practicable, requiring them to sell their Debentures or a portion thereof within a specified period of not more than 60 days. If the Debentureholders receiving such notice have not sold the specified number of Debentures or provided the REIT with satisfactory evidence that they are not Non-Residents of Canada and do not hold their Debentures for the benefit of Non-Residents of Canada within such period, the REIT may sell such Debentures on behalf of such Debentureholders to a person or persons that are not Non-Residents of Canada and, in the interim, all rights attaching to such Debentures (including any right to receive payments of interest) will be immediately suspended and the rights of any such Debentureholders in respect of such Debentures will be limited to receiving the net proceeds of sale (net of any withholding tax).

### **Book-Entry, Delivery and Form**

Debentures will be issued in the form of one or more global Debentures (the “Global Debentures”) held by, or on behalf of, CDS or its successor (the “Depository”) as custodian for its participants.

All Debentures will be represented in the form of Global Debentures registered in the name of the Depository or its nominee. Purchasers of Debentures represented by Global Debentures will not receive Debentures in definitive form. Rather, the Debentures will be represented only in “book-entry only” form (unless the REIT, in its sole discretion, elects to prepare and deliver definitive Debentures in fully-registered form). Interests in the Global Debentures will be represented through book-entry accounts of institutions (including the Agents) acting on behalf of holders of interests, as direct and indirect participants of the Depository (the “participants”). Each purchaser of a Debenture represented by a Global Debenture will receive a customer confirmation of purchase from the Agent or Agents from whom the Debenture is purchased in accordance with the practices and procedures of the selling Agent or Agents. The practices of the Agents may vary but generally, customer confirmations are issued promptly after execution of a customer order. The Depository will be responsible for establishing and maintaining book-entry accounts for its participants having interest in Global Debentures.

If the Depository notifies the REIT that it is unwilling or unable to continue as depository in connection with the Global Debentures, or if at any time the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the REIT and the Debenture Trustee are unable to locate a qualified successor, or if the REIT elects, in its sole discretion, to terminate the book-entry system, with the consent of the Debenture Trustee, beneficial owners of Debentures represented by Global Debentures at such time will receive Debentures in registered and definitive form (the “Definitive Debentures”).

### **Transfer and Exchange of Debentures**

Transfers of interests in Debentures represented by Global Debentures will be effected through records maintained by the Depository for such Global Debentures or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver Definitive Debentures, beneficial owners who are not participants in the Depository’s book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Debentures, may do so only through participants in the Depository’s book-entry system.

The ability of a holder of an interest in a Debenture represented by a Global Debenture to pledge the Debenture or otherwise take action with respect to such owner’s interest in a Debenture represented by a Global Debenture (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of Definitive Debentures may transfer such Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Debentures to the registrar for the Debentures at its principal offices in Montreal, Québec, or such other city or cities as may from time to time be designated by the REIT whereupon new Debentures will be issued in authorized denominations in the same aggregate principal amount as the Debentures so transferred, registered in the names of the transferees. No transfer or exchange of a Debenture will be registered during the period from the date of any selection by the Debenture Trustee of any Debentures to be redeemed or during the 15 preceding days or thereafter until the close of business on the date upon which notice of redemption of such Debentures is given. In addition, no transfer or exchange of any Debentures which have been selected or called for redemption will be registered.

### **Reports to Debentureholders**

The REIT will file with the Debenture Trustee, within 15 days after the filing thereof with the applicable Canadian securities regulatory authorities, copies of the REIT’s annual report and the information, documents and other reports that the REIT is required to file with the applicable Canadian securities regulatory authorities and deliver to its Unitholders. Notwithstanding that the REIT may not be required to remain subject to the reporting requirements of the Canadian securities regulatory authorities, the REIT shall provide to the Debenture Trustee (i) within 90 days after the end of each fiscal year, annual financial statements, and (ii) within 45 days after the end of the first three fiscal quarters of each fiscal year, interim financial statements which shall, at a minimum, contain such information as is required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of an entity with securities listed on the TSX-V, whether or not the REIT has any of its securities so listed. Each of such reports will be prepared in accordance with applicable Canadian disclosure requirements and generally accepted accounting principles. The REIT will provide copies of such information, documents and reports to Debentureholders upon request.

### **Governing Law**

The Indenture is governed by the laws of the Province of Québec and the laws of Canada applicable therein.

## **CONSOLIDATED CAPITALIZATION**

The changes in consolidated capitalization of the REIT since September 30, 2007 to the date of this prospectus are as follows :

- (a) indebtedness increased by \$64 million mainly as a result of: (i) a \$68.4 million net increase in

mortgage financing; and (ii) a \$4.4 million net decrease in bank loans; and

- (b) Unitholders' equity increased mainly due to (i) the issuance of 158,832 Units pursuant to the Asset Management Agreement; (ii) the issuance of 118,000 Units pursuant to the exercise of options; and (iii) the net income for the period, net of distribution.

As a result of the planned issuance of Series B Debentures under the Maximum Offering, indebtedness would increase by \$17 million assuming that the Series B Debentures would be characterized 100% as debt. For the purpose of financial statements prepared in accordance with GAAP, upon issuance of the Series B Debentures, the Series B Debentures will be allocated into debt and equity components.

### EARNINGS COVERAGE RATIOS

The following *pro forma* consolidated earnings coverage ratios have been calculated for the year ended December 31, 2006 and the twelve-month period ended September 30, 2007, and after giving effect to the issuance of the Maximum Offering but without giving effect to any of the proposed property acquisitions.

	<b>Year ended December 31, 2006</b>	<b>Twelve-month period ended September 30, 2007</b>
<i>Pro forma</i> interest expense .....	\$1,760,835	\$4,148,173
<i>Pro forma</i> earnings (loss) before interest expense <sup>(1)</sup> .....	\$(145,290)	\$2,447,461
<i>Pro forma</i> earnings coverage ratio <sup>(2)(3)</sup> .....	N/A <sup>(4)</sup>	0.59 <sup>(5)</sup>

- (1) Earnings before interest are equal to net income before interest expense on all debt and income taxes.
- (2) The *pro forma* earnings coverage ratio includes the interest expense on the Debentures in the calculation assuming that the Series B Debentures would be characterized 100% as debt and interest payments would be characterized as interest expense in the financial statements. For purposes of the REIT's financial statements prepared in accordance with GAAP, upon issuance of the Series B Debentures, the REIT will allocate the Series B Debentures into debt and equity components.
- (3) Earnings coverage ratio is equal to earnings before interest expense divided by interest expense on all debt.
- (4) The ratio based on the calculation referred to in note 3 above is negative. The amount of additional earnings required to attain a ratio of one-to-one is \$1,906,125.
- (5) The amount of additional earnings required to attain a ratio of one-to-one is \$1,700,712.

### PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to sell the Series B Debentures on a best efforts basis in the Qualifying Jurisdictions on or about March 20, 2008, a minimum of \$12,000,000 and a maximum of \$17,000,000 principal amount of Series B Debentures, for a total net proceeds to the REIT of \$11,340,000 for the Minimum Offering and up to \$16,065,000 for the Maximum Offering, excluding the expenses of this Offering. The REIT has agreed to pay the Agents a fee of 5.5% of the aggregate gross proceeds of the Offering. The terms of the Offering and the prices of the Series B Debentures have been determined by negotiation between the REIT and the Agents. The Agents' fee in respect of the Series B Debentures is payable on closing of the Offering.

The TSX-V has conditionally approved the listing of the Series B Debentures and the Units issuable upon conversion of the Series B Debentures subject to the compliance with all of the listing requirements of the TSX-V on or before June 13, 2008.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, the Agents may not, throughout the period of distribution, bid for or purchase Series B Debentures. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Series B Debentures. These exceptions include: (i) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution. Such transactions, if commenced, may be discontinued at any time.

The Securities offered by this short form prospectus have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “1933 Act”), or the securities laws of any state, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in limited circumstances. The Agents have agreed that they will not offer or sell the Securities within the United States, its territories or possessions or other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. Person (as such term is defined under the 1933 Act), except in accordance with the Agency Agreement pursuant to an exemption from the registration requirements of the 1933 Act provided by Rule 144A thereunder and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of the Offering, an offer or sale of Securities, or any Units issued pursuant to conversion of the Series B Debentures, within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer is made otherwise than in compliance with Rule 144A.

Under the Agency Agreement, the REIT has agreed to indemnify and hold harmless the Agents and their respective officers, directors, employees and agents against certain liabilities.

Each of National Bank Financial Inc. and Desjardins Securities Inc. is a Subsidiary of financial institutions which are lenders to the REIT. Consequently, the REIT may be considered to be a “connected issuer” of those Agents under applicable securities legislation. As at March 12, 2008, the actual indebtedness of the REIT to such financial institutions amounted to approximately \$13.93 million in the aggregate; namely, approximately \$10.65 million of hypothecary loans owed to the financial institution of which Desjardins Securities Inc. is a Subsidiary, and approximately \$3.28 million outstanding under the Credit Facilities, in respect of which a lender to the REIT is a financial institution of which National Bank Financial Inc. is a Subsidiary. After giving effect to the Offering and the use of proceeds therefrom, but without increasing the indebtedness to any financial institution to which an Agent is a Subsidiary, the indebtedness of the REIT, on a *pro forma* basis, to such financial institutions will amount to approximately \$13.93 million in the aggregate; namely approximately \$10.65 million of hypothecary loans owed to the financial institution of which Desjardins Securities Inc. is a Subsidiary, and approximately \$3.28 million outstanding under the Credit Facilities, in respect of which the lender to the REIT is the financial institution of which National Bank Financial Inc. is a Subsidiary. The amount of additional mortgage and hypothec indebtedness to be incurred in connection with the announced property acquisitions is expected to be approximately \$45 million, including the refinancing of certain mortgages and hypothecs related to properties recently acquired. See “Changes in Units Outstanding and Loan Capital”. The REIT is in compliance with the terms of the agreements governing such indebtedness, in all material respects. The decision of each Agent which is a Subsidiary of an aforesaid financial institution to participate in this offering was made independently of such financial institutions. In addition, the Agents having no “connected issuer” relationship with the REIT, being Blackmont Capital Inc., Dundee Securities Corporation, Raymond James Ltd. and Genuity Capital Markets G.P. took part in the due diligence process and the decision to proceed with the Offering. None of the Agents will receive any benefit from this Offering, other than its respective portion of the fee payable by the REIT. See “Use of Proceeds”.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of De Grandpré Chait LLP, counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, counsel to the Agents, provided that at the date of closing the REIT qualifies under the Tax Act as a “mutual fund trust” and the Units are listed on a prescribed stock exchange in Canada, then on that date the Series B Debentures and any Units acquired under the terms of the Series B Debentures will be qualified investments for Deferred Income Plans (other than for a trust governed by a deferred profit sharing plan to which contributions are made by the REIT, or by a corporation with which the REIT does not deal at arm’s length within the meaning of the Tax Act).

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

### **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of De Grandpré Chait LLP, counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Series B

Debentures by a holder who acquires Series B Debentures pursuant to this short form prospectus. This summary is applicable to a holder who, for purposes of the Tax Act, is Resident in Canada, deals at arm's length with the REIT and holds the Series B Debentures and any Units acquired under the terms of the Series B Debentures (collectively, the "Securities") as capital property (a "Holder"). Generally, Securities will be considered to be capital property to a Holder provided that the Holder does not hold the Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, a "specified financial institution" or a Holder an interest in which is a "tax shelter investment" (all as defined in the Tax Act). Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Securities acquired pursuant to this short form prospectus. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire the Securities.

This summary is based upon the facts set out in this short form prospectus, including management of the REIT's belief, based on its assessment of the SIFT Amendments, including the December 20, 2007 Tax Proposals, that the REIT will not exceed "normal growth" as determined under the Growth Guidelines for its 2008 taxation year as a result of the completion of the Offering, and information provided by the REIT (including an officers' certificate from the management of the REIT) and takes into account the Tax Proposals, the current provisions of the Tax Act and the regulations thereunder, and counsel's understanding, based on publicly available published materials, of the current administrative and assessing practices of the CRA, all in effect as of the date of this short form prospectus. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative governmental or judicial decision or action, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be enacted as proposed, but no assurances can be given that this will be the case. There can be no assurances that the CRA will not change its administrative and assessing practices. With respect to opinions and views based on representations and statements as to matter of fact, counsel has assumed the accuracy of such representations and statements in giving such opinions and views. This summary is also based on the assumption that the REIT will at all times comply with the Contract of Trust and the Indenture. See "Risk Factors and Investment Considerations - Other Tax Related Risk Factors and SIFTS".

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

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

**This summary does not address any Canadian federal income tax considerations applicable to Non-Residents of Canada, and Non-Residents should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Securities. Distributions on Series B Debentures or Units or amounts paid in respect thereof and all payments to Non-Residents of interest (or amounts deemed to be interest under the Tax Act) whether paid in cash or Units, will be paid net of any applicable withholding tax.**

## **Taxation of Holders of Series B Debentures**

### *Interest on Series B Debentures*

A Holder of Series B Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Series B Debentures that accrues (or is deemed to accrue) to it to the end of the particular taxation year (or if the Holder of Series B Debentures disposes of the Series B Debentures in the year, that accrues or is deemed to accrue to it until the time of disposition) or that has become receivable by or is received by the Holder of Series B Debentures before the end of that taxation year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder of Series B Debentures' income for a preceding taxation year.

Any other Holder of Series B Debentures will be required to include in computing income for a taxation year all interest on the Series B Debentures that is received or receivable by such Holder in that taxation year (depending upon the method regularly followed by the Holder of Series B Debentures in computing income), including on a conversion, redemption or repayment on maturity, except to the extent that the interest was included in the Holder of Series B Debentures' income for a preceding taxation year.

The fair market value of the premium paid by the REIT to a Holder of Series B Debentures on a Put Date will generally be deemed to be interest received at that time by such Holder if such premium is paid by the REIT because of the repayment by it to the Holder of Series B Debentures before their maturity and to the extent that such premium can reasonably be considered to relate to, and does not exceed the value on the Put Date, of the interest that would have been paid or payable by the REIT on the Series B Debentures for taxation years of the REIT ending after the Put Date.

A Holder of Series B Debentures that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" for the year which will include an amount in respect of interest.

### *Exercise of Conversion Privilege*

A Holder of Series B Debentures who converts a Series B Debenture into Units pursuant to the conversion privilege will be considered to have disposed of the Series B Debenture for proceeds of disposition equal to the aggregate of the fair market value of the Units so acquired at the time of the exchange and the amount of any cash received in lieu of fractional units. The Holder of Series B Debentures will realize a capital gain or capital loss computed as described below under "Dispositions of Series B Debentures". The cost to the Holder of any Units must be averaged with the adjusted cost base of other Units held as capital property by the Holder for the purposes of calculating adjusted cost base.

### *Redemption or Repayment of Series B Debentures*

If the REIT redeems a Series B Debenture prior to maturity or repays a Series B Debenture upon maturity and the Holder of Series B Debentures does not exercise the conversion privilege prior to such redemption or repayment, the Holder of Series B Debentures will be considered to have disposed of the Series B Debenture for proceeds of disposition equal to the amount received by the Holder of Series B Debentures (other than the amount received on account of interest) on such redemption or repayment. If the Holder receives Units on redemption or repayment, the Holder will be considered to have proceeds of disposition equal to the aggregate of the fair market value of the Units so received and the amount of any cash received in lieu of fractional units. The Holder of Series B Debentures may realize a capital gain or capital loss computed as described below under "Dispositions of Series B Debentures". The cost to the Holder of the Units so received will also be equal to their fair market value at the time of acquisition, and must be averaged with the adjusted cost base of all other Units held as capital property by the Holder of Units for the purpose of calculating the adjusted cost base of such Units.

### *Dispositions of Series B Debentures*

A disposition or deemed disposition by a Holder of Series B Debentures will generally result in the Holder of Series B Debentures realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the Holder of Series B Debentures' adjusted cost base thereof and any reasonable costs of disposition. Any such capital gain or capital loss will be treated, for tax purposes, in the same manner as capital gains and capital losses arising from a disposition of Units, which treatment is discussed below under "Taxation of Holders of Units - Dispositions of Units".

Upon such a disposition or deemed disposition of a Series B Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Holder of Series B Debentures' income, except to the extent such amount was otherwise included in the Holder of Series B Debentures' income, and will be excluded in computing the Holder of Series B Debentures' proceeds of disposition of the Series B Debenture.

A capital gain realized by a Holder who is an individual (or certain trusts) may give rise to a liability for alternative minimum tax. A "Canadian-controlled private corporation" (as defined in the Tax Act) that disposes of Series B Debentures may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" for the year which will include an amount in respect of taxable capital gains.

### **Taxation of Holders of Units**

#### *Trust Distributions*

Holders of Units will generally be required to include in income for a particular taxation year the portion of the net income of the REIT for a taxation year, including net realized taxable capital gains (determined for purposes of the Tax Act), that is paid or payable, or deemed to be paid or payable, to the Holders of Units in the particular taxation year.

The non-taxable portion of any net realized capital gains of the REIT paid or payable to a Holder of Units in a taxation year will not be included in computing the Holders of Units' income for the year.

The Contract of Trust generally requires the REIT to claim the maximum amount of capital cost allowance available to it in computing its income for tax purposes. Based on the distribution policy, the amount distributed to Unitholders in a year may exceed the net income of the REIT for tax purposes for that year. Distributions in excess of the REIT's net income for tax purposes in a year will not generally be included in the Holder of Units' income for the year. However, such amount (other than the non-taxable portion of the net realized capital gains of the REIT for the year, the taxable portion of which was designated by the REIT in respect of the Holder of Units) will reduce the adjusted cost base of the Units held by the Holder of Units, and the Holder of Units will realize a capital gain in the year to the extent the adjusted cost base of the Units would otherwise be a negative amount.

The REIT will designate, to the extent permitted by the Tax Act, the portion of the taxable income distributed to Holders of Units as may reasonably be considered to consist of net taxable capital gains of the REIT. Any such designated amount will be deemed for tax purposes to be received by Holders of Units in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below. The REIT will also designate, to the extent permitted by the Tax Act, the portion of taxable dividends received by the REIT from any taxable Canadian corporation owned by the REIT as may reasonably be considered to be an amount included in the income of Holders of Units. Any such designated amount will be deemed for purposes of the Tax Act, other than Non-Resident withholding tax purposes, to be received by the Holders of Units as a taxable dividend and will be subject to the general rules regarding the taxation of taxable dividends paid by taxable Canadian corporations. Thus, to the extent that amounts are designated as taxable dividends from any taxable Canadian corporation owned by the REIT, they will be subject, *inter alia*, to the gross-up and dividend tax credit provisions in respect of Holders of Units who are individuals, to the refundable tax under Part IV of the Tax Act in respect of Holders of Units that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals, and to the deduction in computing taxable income in respect of Holders of Units that are corporations. A Holder of Units which is a "Canadian-controlled private

corporation” (as defined in the Tax Act) may also be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including taxable capital gains. Holders of Units should consult their own tax advisors for advice with respect to the potential application of these provisions.

For the purposes of determining the adjusted cost base to a Holder of Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Holder of Units as capital property immediately before that time.

Certain taxable dividends received by individuals from a corporation Resident in Canada will be eligible for an enhanced dividend tax credit to the extent certain conditions are met and designations are made, such as the dividend being sourced out of income that is subject to tax at the general corporate income tax rate. This could apply to distributions made by the REIT that have as their sources eligible taxable dividends received from a corporation Resident in Canada, to the extent the REIT makes the appropriate designation to have such eligible taxable dividend deemed received by the Holder of Units and provided that the corporate dividend payer makes the required designation to treat such taxable dividend as an eligible dividend.

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

#### *Dispositions of Units*

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

One-half of any capital gains realized by a Holder of Units and the amount of any net taxable capital gains designated by the REIT in respect of a Holder of Units will be included in the Holder of Units’ income as a taxable capital gain. One-half of any capital loss realized by a Holder of Units may generally be deducted only from taxable capital gains in accordance with the provisions of the Tax Act. Where a Holder of Units that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Holder of Units’ capital loss from the disposition will generally be reduced by the amount of any dividends received by the REIT previously designated by the REIT to the Holder of Units, except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

A Holder of Units that is a “Canadian-controlled private corporation” as defined in the Tax Act may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its “aggregate investment income” for the year, which will include an amount in respect of taxable capital gains.

In general terms, net income of the REIT paid or payable to a Holder of Units who is an individual or a certain type of trust, that is designated as taxable dividends or as net realized capital gains and capital gains realized on the disposition of Units may increase the Holder of Units’ liability for alternative minimum tax.

#### **Status of the REIT**

##### *Qualification as a Mutual Fund Trust*

The REIT elected to be a “mutual fund trust” from the date it was established, and all comments in “Canadian Federal Income Tax Considerations” assume that the REIT will continue to qualify as a “unit trust” and a “mutual fund trust” under the provisions of the Tax Act.

As a “mutual fund trust”, the REIT must remain a “unit trust” and must, among other matters, restrict its undertaking to: (i) the investing of its funds in property (other than real property or an interest in real property); and (ii) the

acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of the REIT; or (iii) any combination of the activities described in (i) and (ii). The REIT must also meet certain prescribed conditions, which currently are that the REIT must have at least 150 Unitholders holding not less than one block of Units (100 Units, if the fair market value of a Unit is less than \$25) of the REIT which are qualified for distribution to the public and each of such Unitholders must hold Units which have an aggregate fair market value of not less than \$500.

All comments in “Canadian Federal Income Tax Considerations” also assume that the REIT is not established or maintained primarily for the benefit of Non-Residents. Counsel is of the view that the foregoing assumptions are reasonable in light of the terms of the Contract of Trust and the restrictions on the ownership of Units and Series B Debentures by Non-Resident persons which are contained in the Contract of Trust and the Indenture.

If the REIT were not to qualify as a “mutual fund trust”, the income tax considerations as described herein would, in some respects, be materially and adversely different. In particular, if the REIT ceases to qualify as a mutual fund trust, the REIT may be required to pay a tax under Part XII.2 of the Tax Act. The payment of Part XII.2 tax by the REIT may have adverse income tax consequences for certain Unitholders.

#### *New Tax Rules for Income Trusts*

On October 31, 2006, the Minister of Finance (Canada) (the “Minister”) announced proposals which dealt with the taxation regime applicable to specified investment flow-through trusts or partnerships (a “SIFT”). In addition, on December 15, 2006, the Minister released growth guidelines (the “Growth Guidelines”), which addressed the circumstances in which a SIFT which was publicly traded on October 31, 2006, could become taxable in a taxation year before 2011. Such circumstance is generally where the SIFT has exceeded “normal growth” as circumscribed by the Growth Guidelines. Bill C-52, which incorporates the SIFT rules (the “SIFT Amendments”) received Royal Assent on June 22, 2007. The SIFT Amendments will be modified by the Tax Proposals announced on December 20, 2007 by the Minister.

#### *New Taxation Regime*

The SIFT Amendments alter the taxation regime applicable to income trusts that are SIFTs and their investors. If the REIT were to become subject to this regime (the “SIFT Regime”), it would no longer be able to deduct any part of the amounts payable to Unitholders in respect of its “non-portfolio earnings”, which include (i) income from its “non-portfolio properties” (in excess of any losses for the taxation year from non-portfolio properties); and (ii) taxable capital gains from dispositions of non-portfolio properties (exceeding allowable capital losses from the disposition of such properties). For this purpose, “non-portfolio properties” include: (i) the Canadian real and immovable properties (or resource properties) of the REIT if their total fair market value is greater than 50% of the equity value of the REIT; (ii) a property that the REIT (or a person or partnership with which it does not deal at arm’s length) uses in the course of carrying on a business in Canada; and (iii) securities of a “subject entity” if the REIT hold securities of the subject entity that have a total fair market value that is a greater than 10% of the subject entity’s equity value or if the REIT holds securities of the subject entity which, together with all securities held by it in entities affiliated with the subject entity, have a total fair market value that is greater than 50% of the REIT’s equity value. A “subject entity” includes corporations Resident in Canada, trusts Resident in Canada, and “Canadian Resident partnerships”. “Securities” are broadly defined.

Income which the REIT is unable to deduct by virtue of the SIFT Regime would be taxed under the SIFT Regime at the federal general corporate tax rate, plus 13% on account of provincial tax. The application of the SIFT Regime to the REIT would not change the treatment under the Tax Act of distributions in a year that are in excess of the REIT’s net income for the year.

#### *Effective Dates for New Taxation Regime*

The SIFT Amendments are contemplated to apply beginning with the 2007 taxation year of a trust unless the trust would have been a SIFT trust on October 31, 2006, if the definition “SIFT trust” had been in force on that date and applied to the trust on that date (the “Existing Trust Exception”). For trusts that meet the Existing Trust Exception,

the SIFT Amendments will apply commencing with the earlier of the trust's 2011 taxation year and the first taxation year of the trust in which it exceeds "normal growth" as determined under the Growth Guidelines.

In the Growth Guidelines, the Minister stated that a SIFT will not be considered to have exceeded "normal growth" if its equity capital were to grow as a result of issuances of new equity, in any of the intervening periods described below, by an amount that does not exceed the greater of \$50 million and an objective "safe harbour". The Minister indicated that the safe harbour amount will be measured by reference to a SIFT's market capitalization as at the end of trading on October 31, 2006 measured in terms of a SIFT's issued and outstanding publicly-traded units (the "Market Capitalization"). For the period from November 1, 2006 to the end of 2007 (the "Initial Safe Harbour Period"), a SIFT's safe harbour will be 40% of the Market Capitalization. A SIFT's safe harbour for each of the 2008 through 2010 calendar years will be 20% of the Market Capitalization. The annual safe harbour amounts are cumulative; whereas the \$50 million amounts are not cumulative. Consequently, any unused portion of the \$50 million annual amount cannot be carried forward to another year. New equity for these purposes includes units and debt that is convertible into units.

Management of the REIT has advised that the REIT has not exceeded "normal growth" as determined under the Growth Guidelines for its 2007 taxation year and will not exceed normal growth upon the completion of the Offering, but that for the REIT to complete its currently proposed acquisitions in 2008, additional funds will have to be raised through subsequent offerings. This would likely result in the REIT exceeding the Growth Guidelines, and so to not be a SIFT the REIT would have to meet the REIT Exception conditions throughout the year. See "Risk Factors and Investment Considerations - Other Tax Related Risk Factors and SIFTS".

#### *REIT Exception*

This new taxation regime is not applicable to REITs that meet certain specified criteria relating to the nature of their income and investments. In particular, to qualify for the exception under the SIFT Amendments applicable to REITs (the "REIT Exception") in a particular taxation year (i) the REIT must, at no time in the taxation year, hold "non-portfolio property" other than "qualified REIT properties", (ii) not less than 95% of the REIT's revenues for the taxation year must be derived from one or more of the following: rent from "real or immovable properties"; interest, capital gains from dispositions of real or immovable properties; dividends; and royalties, (iii) not less than 75% of the REIT's revenues for the taxation year must be derived from one or more of the following: rent from "real or immovable properties", to the extent that it is derived from real or immovable properties situated in Canada; interest from mortgages, or hypothecs, on real or immovable property situated in Canada; and capital gains from dispositions of real or immovable properties situated in Canada, and (iv) at no time in the taxation year may the total fair market value of all properties held by the REIT, each of which is a real or immovable property situated in Canada, cash, or, generally, a debt obligation of a government in Canada or certain other public bodies, be less than 75% of the equity value of the REIT at that time.

The definition of "qualified REIT property" includes property held by the REIT that is: "real or immovable property" situated in Canada; a security of a "subject entity" that derives all or substantially all of its revenues 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; a security of a "subject entity" that holds no property other than legal title to real or immovable property of the trust (including real or immovable property that the trust holds together with one or more other persons or partnerships) and property that is ancillary to the earning by the REIT of (i) rent from "real or immovable property" or (ii) capital gains from the disposition of such properties; and property that is ancillary to the earning by the REIT of (i) rent from "real or immovable property" or (ii) capital gains from the disposition of such properties. In addition, "real or immovable property" includes a security of a trust that satisfies (or of any other corporation or partnership that would, if it were a trust, satisfy) the REIT Exception tests. This look-through rule allows a REIT to qualify for the REIT Exception where it holds Canadian real properties indirectly through an intermediate entity.

If the REIT does not qualify for the REIT Exception, the SIFT Regime will, subject to the Existing Trust Exception, apply to the REIT. Application of the SIFT Regime may, depending on the nature of distributions from the REIT, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of certain Unitholders. Management of the REIT believes that any impact of the SIFT

Regime on Unitholders would be significantly mitigated in 2008 due to the large proportion of the distributions which are expected to be made by way of return of capital. Generally, distributions that are characterized as returns of capital are not taxable to Unitholders but serve to reduce the adjusted cost base of a Unitholder's Units. Since the REIT's formation, approximately 100% of the REIT's distributions have been characterized as returns of capital and management of the REIT believes it is likely that a high return of capital component will continue in 2008. However, there can be no assurance that this will be the case.

The REIT Exception is applied on an annual basis. Accordingly, if the REIT did not qualify for the REIT Exception in a particular taxation year, it may be possible to restructure the REIT such that it may qualify in a subsequent taxation year. There can be no assurances, however, that the REIT will be able to restructure such that it will not be subject to the tax imposed by the SIFT Regime, or that any such restructuring, if implemented, would not result in material costs or other adverse consequences to the REIT and the Unitholders. The REIT intends to take such steps as are necessary to ensure that, to the extent possible, it qualifies for the REIT Exception and any negative effects of the SIFT Regime on the REIT and the Unitholders are minimized. The remainder of this summary assumes that the REIT qualifies for the REIT Exception currently, and that it will so qualify at all material times.

On December 20, 2007, the Minister announced proposed technical amendments to further clarify the tax rules that apply to SIFTs. These proposed technical amendments would clarify that rent revenue from real estate earned by a Subsidiary trust and paid to a REIT is qualified revenue for the purposes of the REIT Exception. In the February 26, 2008 federal budget, the Minister confirmed the intention to proceed with the December 20, 2007 proposed technical amendments.

### **Taxation of the REIT**

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

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

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

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

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

The Tax Act provides for a special tax, the Part XII.2 tax, on the designated income (including income from Canadian real property) of certain trusts which have designated beneficiaries (including Non-Resident persons and

certain tax exempt persons). This special tax does not apply to a trust for a taxation year if the trust is a mutual fund trust throughout such year. Accordingly, provided the REIT qualifies as a mutual trust fund throughout a taxation year, it will not be subject to the special tax for such taxation year.

## **RISK FACTORS AND INVESTMENT CONSIDERATIONS**

*The activities of the REIT and an investment in its securities, including, without limitation Series B Debentures, involves certain risks and investment considerations. Investors should carefully consider, in light of their own financial circumstances, the factors set out below as well as other information contained or incorporated by reference in this short form prospectus.*

### **Public Market Risk**

It is not possible to predict the price at which Units will trade and there can be no assurance that an active trading market for the Units will be sustained. The Units will not necessarily trade at values determined solely by reference to the value of the properties of the REIT. Accordingly, the Units may trade at a premium or a discount to the value implied by the value of the properties of the REIT. The market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the REIT.

### **General Risks Associated with Immovable Property Ownership**

All real property (or immovables) investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and the economic environment in which they operate. The REIT's financial performance would be adversely affected if its tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties in which the Trust will have an interest is not able to be leased on economically favourable terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and costs incurred in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the REIT's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby adversely affect the financial performance of the REIT.

Certain significant expenditures, including property taxes, maintenance costs, hypothecary payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the real property is producing any income. If the Trust is unable to meet hypothecary payments on any property, loss could be sustained as a result of the hypothecary creditor's exercise of its hypothecary recourses.

### **Future Property Acquisitions**

The REIT's business strategy involves expansion through acquisitions. These activities require the REIT to identify acquisition or investment opportunities that meet its criteria and are compatible with its growth strategy. The REIT may not be successful in identifying properties that meet its acquisition criteria or in completing acquisitions or investments on satisfactory terms. Failure to identify or complete acquisitions or to purchase future properties, including announced but not yet closed acquisitions, will slow the REIT's growth. The REIT could also face significant competition for acquisitions opportunities. This competition for investments may reduce the number of suitable investment opportunities available to the REIT and may increase acquisition costs and may reduce demand for retail, office and industrial space in certain areas where the REIT's facilities are located and, as a result, may adversely affect the REIT's operating results.

As at March 12, 2008, the REIT's property portfolio was comprised of 34 properties totaling approximately 1.932 million square feet of office, retail and industrial properties. The REIT has also entered into various conditional agreements to purchase additional properties located in Québec. The conditional offers are for 26 additional properties, representing a potential of an additional 1.170 million square feet at an approximate acquisition cost of \$126 million (plus additional transaction related costs and expenses) bringing the REIT's portfolio to approximately \$316 million. Upon the completion of the Offering, even if the maximum gross proceeds are obtained by the REIT, the REIT will have insufficient funds to complete all of the currently proposed acquisitions. It may be difficult, especially given the current status of the debt markets, to raise any additional funds and the REIT may not be able to complete all of the currently proposed acquisitions or potential acquisitions in the future. There can be no certainty that the REIT will ultimately acquire any or all of the properties that it has previously announced that it intends to acquire or that it will have sufficient resources, both professional and financial, to successfully integrate and manage such properties. Failure to acquire such properties, or to properly manage or integrate such properties could have a significant impact on the value of the REIT and the distributions to Unitholders.

In addition, even if the REIT is successful in identifying suitable acquisitions, newly acquired properties may fail to perform as expected and management of the REIT may underestimate the costs associated with the integration of the acquired properties. In addition, any expansions the REIT undertakes in the future are subject to a number of risks, including, but not limited to, financing risks, the failure to meet anticipated occupancy or rent levels, failure to receive required zoning, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. If any of these problems occur, expansion costs will increase, and there may be significant costs incurred for properties that are not ultimately acquired. In deciding whether to acquire or expand a particular property, the REIT will make certain assumptions regarding the expected future performance of that property. If the REIT's acquisition or expansion of properties fail to perform as expected or incur significant increases in projected costs, the REIT's rental revenues could be lower, and its operating expenses higher, than expected.

#### **Failure to Maintain Mutual Fund Trust Status**

If the REIT ceases to qualify as a mutual fund trust for the purposes of the Tax Act, the Units and the Debentures will not be qualified investments for plans, which will have adverse consequences to such plans and/or their annuitants or beneficiaries. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments. Investors should consult their own professional advisors as to the tax consequences to them in the event that the REIT were not to qualify as a mutual fund trust.

#### **Other Tax Related Risk Factors and SIFTs**

The extent to which distributions will be tax deferred in the future will depend on the extent to which the REIT and/or TB Trust can shelter its taxable income by claiming capital cost allowances and other available deductions.

The Tax Act imposes penalties for the acquisition or holding of non-qualified investments. Any TB Note distributed to a Unitholder on an *in specie* redemption of Units will not be a qualified investment for plans.

Interest on the Series 1 Notes accrues at the REIT level for income tax purposes whether or not actually paid. As the Contract of Trust provides that the REIT shall, subject to the Trustees resolving otherwise, distribute to Unitholders in each year an amount of net income and net realized capital gains in order to eliminate the REIT's liability for tax under Part I of the Tax Act, where the amount of net income and net realized capital gains of the REIT in a taxation year exceeds the cash available for distribution in the year (including, for instance, where interest payments on the Series 1 Notes are due but not paid in whole or in part during such year), such excess net income and net realized capital gains may be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, notwithstanding that they do not directly receive a cash distribution.

Although the REIT is of the view that all expenses to be claimed by the REIT and its Subsidiaries (which includes TB Trust) in the determination of their respective incomes under the Tax Act will be reasonable and deductible in accordance with the applicable provisions of the Tax Act, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed.

On October 31, 2006, the Minister of Finance (Canada) announced the SIFT Proposals to amend the Tax Act to change the taxation regime applicable to most publicly-traded flow-through entities, referred to as “specified investment flow-through” entities, including certain income trusts, and their investors. A SIFT is a trust or a limited partnership that is publicly traded, such as an income trust or a real estate investment trust. On March 27, 2007, a Notice of Ways and Means Motion was tabled in Parliament proposing draft legislation to implement the SIFT Proposals. Bill C-52, which implements the SIFT Amendments, received Royal Assent on June 22, 2007.

The SIFT Amendments alter the taxation regime applicable to certain distributions from SIFTs that are attributable to the SIFT’s “non-portfolio earnings”. A SIFT includes a trust Resident in Canada with publicly traded units that holds one or more “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 SIFT holds securities of the subject entity that have a fair market value greater than 10% of the subject entity’s equity value, or if the SIFT 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). A subject entity is a corporation Resident in Canada, a trust Resident in Canada, a Canadian Resident partnership, or a Non-Resident person or partnership if its principal source of income is from one or more sources in Canada.

A SIFT paying a distribution attributable to the SIFT’s “non-portfolio earnings” will not be able to deduct the distribution and will be subject to tax on the amount of the distribution, levied at rates similar to the combined federal and provincial corporate rate. “Non-portfolio earnings” of a SIFT are generally income of the SIFT attributable to a business carried on by the SIFT in Canada or to income from, or capital gains on, non-portfolio properties (other than certain dividends).

A distribution attributable to “non-portfolio earnings” will be taxed in the hands of the unitholder as though it were a taxable dividend from a taxable Canadian corporation, and such taxable dividend will be eligible for the new enhanced tax credit if paid to an individual Resident in Canada. Distributions that are paid as returns of capital will generally not attract this tax at the Unitholder level.

Under the SIFT Amendments, the new taxation system will not apply to a REIT that meets prescribed conditions relating to the nature of its income and investments, known as the REIT Exception. On December 20, 2007, the Minister announced proposed technical amendments to clarify the SIFT tax rules. These proposed technical amendments would clarify that rent revenue from real estate earned by a Subsidiary trust and paid to a REIT is qualified revenue for the purposes of the REIT Exception. If the proposed amendments are enacted, the REIT believes that it would meet the REIT Exception and would not be considered a SIFT. As a result, the REIT would not be subject to tax on its distributions of income to the Unitholders. However, if the proposed amendments are not enacted, then the CRA might consider that rent revenue from real estate earned by a Subsidiary trust and paid to a REIT would not be qualified revenue for the purposes of the REIT Exception. The result of this would be, if the REIT were to exceed the Growth Guidelines, that the REIT would be a SIFT. As discussed below, application of the SIFT Regime may, depending on the nature of the distributions from the REIT, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of certain Unitholders.

Management of the REIT has advised the REIT that the REIT will not exceed “normal growth” as determined under the Growth Guidelines upon the completion of the Offering, but that for the REIT to complete its currently proposed acquisitions in 2008, additional funds will have to be raised through subsequent offerings. This would likely result in the REIT exceeding the Growth Guidelines, and so to not be a SIFT, the REIT would have to meet the REIT Exception conditions throughout the year.

As at the date of this short form prospectus, based on its assessment of the SIFT Amendments including the December 20, 2007 Tax Proposals, management of the REIT believes that the REIT meets, and has met at all times during the current taxation year, all the necessary conditions and qualifies for the REIT Exception. The SIFT Amendments have only recently been enacted and there is a relative lack of guidance from the tax authorities or

courts on how these rules should be interpreted. The December 20, 2007 Tax Proposals appear to have rectified the need to re-structure the REIT to remove its trust-on-trust structure in order to continue to qualify as a real estate investment trust. In the February 26, 2008 federal budget, the Minister confirmed the intention to proceed with the December 20, 2007 Tax Proposals. Management of the REIT's belief that the REIT qualifies for the REIT Exception is based on its assessment of the SIFT Amendments and assumes that the December 20, 2007 Tax Proposals will be implemented to clarify the uncertainties in the SIFT Amendments. Although the formal text of the December 20, 2007 Tax Proposals is unknown, the REIT views the December 20, 2007 Tax Proposals as a positive move towards rectifying the uncertainty surrounding the SIFT Amendments. During the third quarter of 2007, the REIT took a non-cash charge of \$150,000 for the three-month period ending September 30, 2007, representing a potential future income tax liability in the event that the REIT ceases to be eligible for the REIT Exception. A similar non-cash charge of \$256,400 was taken for the period ending June 30, 2007. Consequently, the total non-cash charge for the first three quarters of 2007 was of \$406,400. This charge has not been reversed in light of the December 20, 2007 Tax Proposals and will not be reversed unless and until the proposed amendments are considered to be substantially enacted. Until then, this non-cash charge will be reviewed and adjusted, if necessary, on a quarterly basis. Unfortunately, management of the REIT is not able to provide any guidance on the likelihood or the expected timing of this reversal.

Should management of the REIT's interpretation of these rules not coincide with the interpretation of the tax authorities or the courts, or should the December 20, 2007 Tax Proposals not be implemented, the REIT would not meet the REIT Exception and, as a result, the new SIFT Regime would be applicable to the REIT. Management of the REIT intends to take all the necessary steps to continue to meet these conditions on a regular basis in the future. Were the REIT Exception not applicable to the REIT at any time in a year (including the current taxation year), the SIFT Amendments and the SIFT Regime (under which amounts deductible will no longer be deductible in computing the income of the REIT and additional taxes will be payable by the REIT) may, depending on the nature of the distributions from the REIT, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of Unitholders.

### **Fluctuations in Cash Distributions**

A return on an investment in Units is not comparable to the return on an investment in a fixed-income security. The recovery of the initial investment in Units is at risk, and the return on an investment in Units is based on many performance assumptions. Although the REIT intends to distribute its Distributable Income, the actual amount of Distributable Income distributed in respect of Units will depend on numerous factors, including the amount of principal repayments, tenant allowances, leasing commissions, capital expenditures and other factors that may be beyond the control of the REIT. In addition, the market value of the Units may decline if the REIT is unable to provide a satisfactory return to Unitholders. The REIT began operations on October 3, 2006. On that date, management of the REIT agreed to pay a cash distribution of \$0.28 per Unit on an annual basis even though the REIT's operations and real estate portfolio were not yet of a sufficient magnitude to ensure that Distributable Income would cover monthly distributions. Distributions exceeded Distributable Income by \$3,886,353 for the nine-month period ended September 30, 2007. In addition, distributions exceeded operating cash flows by \$743,334 for the quarter and by \$2,795,984 for the nine-month period ended September 30, 2007. The REIT used its excess cash flows as at January 1, 2007 and its cash flows from financing activities, to carry out these distributions. In particular, the REIT negotiated a bank loan in the form of an unsecured \$4 million line of credit for the primary purpose of ensuring sufficient liquidity to pay the monthly distributions. As at the date of this prospectus, a total of \$860,000 of this line of credit had been used. The REIT will continue to operate in this way until its operating cash flows fully cover the distributions. Management of the REIT expects that Distributable Income will exceed distributions when the value of its real estate portfolio reaches approximately \$325 million. There can be no guarantee, however, that the REIT will complete any or all of the potential acquisitions or that Distributable Income will exceed distributions.

Management of the REIT's belief that there will be sufficient Distributable Income to meet the distributions actually made to Unitholders when the value of its real estate portfolio reaches approximately \$325 million of closed acquisitions is derived from certain assumptions by management that are based on past practices and current market conditions that management believes to be realistic, including: the current hypothec and mortgage loan to value ratio and hypothec and mortgage interest rates remaining constant, the capitalization rates of any new property acquisitions remaining stable as compared to the current property portfolio, and access to the public and/or private equity markets for equity financing at terms consistent with the current equity environment. There can be no

assurance that any of the management of the REIT's expectations will be met and any variation in such factors may significantly impact the value at which the REIT's property portfolio will be able to generate sufficient Distributable Income to exceed its distributions.

### **Liquidity**

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

### **Debt Financing Risk**

The REIT and TB Trust may have outstanding indebtedness which will include any debentures. The REIT and/or TB Trust intend to incur additional indebtedness in the future, including by way of mortgage loans and may include additional debentures and/or a revolving line of credit. A portion of the cash flow generated by properties owned by TB Trust will be devoted to servicing such debt, and there can be no assurance that TB Trust will continue to generate sufficient cash flow from operations to meet the required interest and principal payments on the debt of the REIT and/or TB Trust.

The indebtedness represented by mortgage debt incurred in the future and a revolving line of credit will be senior to the indebtedness under the Debentures.

The REIT will be subject to the risks associated with debt financing, including the risk that the hypothecary indebtedness and banking facilities secured by properties of TB Trust will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. In addition, if TB Trust were to fail to meet its obligations under its mortgage indebtedness or revolving line of credit, distributions to the REIT may be affected, which would in turn may affect distribution to Unitholders or the repayment of indebtedness under the Debentures.

In order to minimize this risk, the REIT will attempt to appropriately structure the timing of the renewal of significant tenant leases on the respective property in relation to the time at which hypothecary indebtedness on such property becomes due for refinancing.

### **Competition**

The real estate business is extremely competitive. Numerous other developers, managers and owners of office, industrial and retail properties will compete with the REIT in seeking properties. The existence of competing developers and owners could have an adverse effect on the REIT's ability to acquire properties and on the rents charged or concessions granted. There can be no guarantee that additional properties will be available to the REIT at fair prices or at all. Some of the REIT's competitors have greater financial resources than the REIT and, accordingly, have a greater ability to borrow funds to acquire properties. These competitors may also be willing and/or able to accept more risk than the REIT can prudently manage, including risks with respect to the geographic concentration of investments and the payment of higher prices.

### **General Uninsured Losses**

The REIT will carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from its properties, and the REIT would continue to be obliged to repay any recourse hypothecary indebtedness on such properties.

## **Interest Rate Fluctuations and Financing Risk**

The REIT's financing may include indebtedness with interest rates based on variable interest rates that result in fluctuations in the REIT's cost of borrowing. The REIT will be required to refinance its debt from time to time and, if new debt has less favourable terms or if such refinancing cannot be obtained, there is a potential negative impact on Distributable Income.

## **Environmental Matters**

As an owner of real property the REIT will be subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the REIT could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect the REIT's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the REIT. Management of the REIT is not aware of any material non-compliance with environmental laws with respect to the Properties. The REIT is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with its real estate properties.

## **Restrictions on Redemptions**

It is anticipated that the redemption right will not be the primary mechanism for holders of Units to liquidate their investments. Series 2 Notes or Series 3 Notes which may be distributed *in specie* to holders of Units in connection with a redemption will not be listed on any stock exchange and no established market is expected to develop for such securities, and such securities may be subject to an indefinite "hold period" or other resale restriction under applicable securities laws. Series 2 Notes and Series 3 Notes so distributed may not be qualified investments for deferred income plans. Regulatory approvals will be required in connection with a distribution of a Series 2 Notes or Series 3 Notes *in specie* to holders of Units in connection with a redemption of Units.

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

## **Lack of Availability of Growth Opportunities**

The REIT's business plan includes growth through it and TB Trust identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If the REIT and TB Trust are unable to manage their growth effectively, the REIT's business, operating results, financial condition and distributions could be adversely affected.

There can be no assurance that either the REIT or TB Trust will be able to acquire assets on an accretive basis or that distributions from the REIT to Unitholders will be maintained or increased.

## **Reliance on Single or Anchor Tenants**

Some real estate properties may have a single tenant and therefore the amount of Distributable Income may be largely dependant on income derived from rent paid by such tenant. In the event that a tenant defaults on or ceases to satisfy its payment obligations under its lease, the business, operating results, financial condition and distributions of TB Trust could be adversely affected and there will be a negative effect on the REIT.

Retail shopping centres have traditionally relied upon anchor tenants and therefore an investment in retail shopping centres is subject to the risk that such anchor tenants may move out of the property or default on their obligations under their leases.

### **Potential Unitholder Liability**

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

The Contract of Trust further provides that certain written instruments signed by the REIT (including all immovable hypothecs and mortgages and, to the extent the Trustees determine to be practicable and consistent with their obligation as Trustees to act in the best interests of the Unitholders, other written instruments creating a material obligation of the REIT) shall contain a provision or be subject to an acknowledgement to the effect that such obligation will not be binding upon Unitholders personally or upon any Annuitant. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Québec to Unitholder or Annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

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

The REIT will use all reasonable efforts to obtain acknowledgements from the hypothecary creditors under assumed hypothecs that assumed hypothec obligations will not be binding personally upon the Trustees, the Unitholders or any Annuitant.

Claims against the REIT may arise other than under contracts, including claims, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of Unitholders for such claims is considered remote under the laws of the Province of Québec and, as well, the nature of the REIT’s activities will be such that most of its obligations will arise by contract, with non-contractual risks being largely insurable. In the event that payment of an obligation of the REIT were to be made by a Unitholder, such Unitholder would be entitled to reimbursement from the available assets of the REIT.

Article 1322 of the Civil Code effectively states that the beneficiary of a trust is liable towards third persons for the damage caused by the fault of the trustees of such trust in carrying out their duties only up to the amount of the benefit such beneficiary has derived from the act of such trustees and that such obligations are to be satisfied from the trust patrimony. Accordingly, although this provision remains to be interpreted by the courts, it should provide additional protection to Unitholders with respect to such obligations.

The Trustees will cause the activities of the REIT to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine to be practicable and consistent with their duty to act in the best interest of the Unitholders, any material risk of liability on the Unitholders for claims against the REIT. The Trustees will to the extent available on terms which they determine to be practicable, cause the insurance carried by the REIT, to the extent applicable, to cover the Unitholders and Annuitants as additional insureds.

## **Potential Conflicts of Interest**

There are potential conflicts of interest to which the Trustees and officers of the REIT will be subject to in connection with the operations of the REIT. Messrs. Michel Léonard and Peter Polatos are independent contractors of Colliers International (Québec) Inc., (“Colliers”) which is engaged in a wide range of real estate and other business activities. Colliers acted as an intermediary in respect of most of the properties of the REIT, including those under contract.

As such, Messrs. Michel Léonard and Peter Polatos, either directly or through AMTB Management, were involved or may become involved in transactions in which their interests actually, or are perceived to, conflict with the interests of the REIT. In such instances, Messrs. Michel Léonard and Peter Polatos have and will disclose their interest in such transactions and have and will refrain from voting on any resolution relating to the approval of any such transaction.

The Contract of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitations on the REIT. As the Trustees may be engaged in a wide range of real estate and other activities, the Contract of Trust contains provisions, similar to those contained in the CBCA that require each Trustee to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (or an affiliate of the REIT). A Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction except in limited circumstances such as where the contract or transaction is one for indemnity under the provisions of the Contract of Trust or liability insurance. Each of Messrs. Michel Léonard and Peter Polatos have disclosed in writing that they have an interest in contracts or transactions or proposed contracts or transactions with AMTB Management and its affiliates, including the Management Services Agreement and the Asset Management Agreement.

The Contract of Trust further provides that AMTB Management, a property manager, the Trustees and officers of the REIT (and their respective affiliates and associates) and the directors and officers thereof may, from time to time, be engaged, directly or indirectly, for their own account or on behalf of others (including without limitation as trustee, administrator, manager or property manager of other trusts or portfolios) in real estate investments and other activities identical or similar to and competitive with the activities of the REIT and its Subsidiaries. The Contract of Trust further provides that neither AMTB Management, a property manager, a Trustee or officer of the REIT, nor any of their respective affiliates or associates (or their respective directors and officers) shall incur or be under any liability to the REIT, any Unitholder or any annuitant by reason of, or as a result of any such engagement or competition or the manner in which such person may resolve any conflict of interest or duty arising therefrom.

During the financial year ended December 31, 2007, Mr. Michel Léonard received, directly or indirectly from third parties, a total of \$782,631 sale commissions with respect to real estate acquisitions by the REIT. During that same period, Mr. Peter Polatos received, directly or indirectly, a total of \$782,631 sale commissions with respect to real estate acquisitions by the REIT. Pursuant to the terms of the Asset Management Agreement, AMTB Management was paid, for its services in the financial year ended December 31, 2007, an amount of \$713,233, which amount was paid in Units.

In addition, Messrs Léonard and Polatos, in connection with their capacity as independent contractors, have also received remuneration from third parties in connection with services rendered that are unrelated to the REIT.

## **Relationship with AMTB Management**

The financial performance of the REIT will depend in part on the performance of AMTB Management. AMTB Management is the manager of the REIT pursuant to the Management Services Agreement and the asset manager of TB Trust pursuant to the Asset Management Agreement and provides the services of Mr. Léonard, President and Chief Executive Officer of the REIT and Mr. Polatos, Vice President Real Estate and Assistant Secretary of the REIT.

### **Reliance on Key Personnel**

The success of the REIT is highly dependent on the services of certain management personnel, including Messrs. Michel Léonard, Peter Polatos and Benoit Cyr. The loss of the services of such personnel could have a material adverse effect on the REIT.

### **Availability of Cash Flow**

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

### **Market Price of Units**

One of the factors that may influence the market price of the Units is the annual yield thereon. Accordingly, an increase in market interest rates may lead purchasers of Units to expect a higher annual yield, which could adversely affect the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the market for equity securities, short-term supply and demand factors for real estate investment trusts and numerous other factors beyond the control of the REIT.

### **Legal Rights Attaching to Units**

As a holder of Units, a Unitholder will not have all of the statutory rights normally associated with the ownership of shares in a corporation including, for example, the right to bring “oppression” or “derivative” actions against the REIT. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of the act or any other legislation. Furthermore, the REIT will not be 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.

### **Failure to Obtain Additional Financing**

The REIT may require additional financing in order to grow and expand its operations. It is possible that such financing will not be available or, if it is available, will not be available on favourable terms. In addition, upon the expiry of the term of financing or refinancing of any particular property owned by the REIT, refinancing may not be available in amounts required or may be available only on terms less favourable to the REIT than existing financing. Future financing may take many forms, including debt or equity financing which could alter the debt-to-equity ratio or which could be dilutive to Unitholders.

### **Dilution**

The number of Units that the REIT is authorized to issue is unlimited. The Trustees have the discretion to issue additional Units which may have a dilutive effect on Unitholders.

### **Credit Risk**

The REIT may experience loss due to failure of a tenant to fulfill the obligation of required payments. Also, there is a risk that current tenants will be unable or unwilling to fulfill their lease term commitments. To mitigate this risk, the REIT will endeavor to acquire additional properties in order to diversify its investments.

### **Changes in Legislation**

There can be no assurance that income tax laws will not be changed in a manner that will adversely affect the REIT or its Unitholders.

## **Risk Factors Related to the Ownership of Series B Debentures**

### *Market Price*

There is currently no trading market for the Series B Debentures. The REIT has applied to have the Series B Debentures and the Units issuable upon conversion of the Series B Debentures listed on the TSX-V. Listing will be subject to the REIT fulfilling all the listing requirements of the TSX-V. No assurance can be given that an active or liquid trading market for the Series B Debentures will develop or be sustained. If an active or liquid market for the Series B Debentures fails to develop or be sustained, the prices at which the Series B Debentures trade may be adversely affected.

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

Whether or not the Series B Debentures will trade at lower prices depends on many factors, including liquidity of the Series B Debentures, prevailing interest rates and the markets for similar securities, the market price of the Units, general economic conditions and the REIT's financial condition, historic financial performance and future prospects.

Although the REIT intends to make distributions of its available cash to Unitholders, these cash distributions are not assured. The actual amount distributed will depend on numerous factors including, but not limited to, the REIT's financial performance, debt covenants and obligations, working capital requirements and future capital requirements. The market price of the Units may deteriorate if the REIT is unable to meet its cash distribution targets in the future.

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

One of the factors that may influence the market price of the Units is the annual yield on the Units. Accordingly, an increase in market interest rates may lead purchasers of Units to demand a higher annual yield which could adversely affect the market price of the Units. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount and reductions in, or suspensions of, distributions may occur that would reduce yield based on the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities, changes in the economic environment and numerous other factors beyond the control of the REIT.

### *Structural Subordination of Units and Debentures*

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its Subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the REIT and those Subsidiaries before any assets are made available for distribution to the Unitholders and Debentureholders. The Units and Debentures will be effectively subordinated to most of the other indebtedness and liabilities of the REIT and its Subsidiaries. Neither the REIT, nor any of its Subsidiaries will be limited in their ability to incur additional secured or unsecured indebtedness.

### *Credit Risk and Prior Ranking Indebtedness: Absence Of Covenant Protection*

The likelihood that Debentureholders will receive payments owing to them under the terms of the Debentures will depend on the financial health of the REIT and its creditworthiness. In addition, the Debentures are unsecured obligations of the REIT and are subordinate in right of payment to all the REIT's existing and future senior indebtedness (as defined in the Indenture). Therefore, if the REIT becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the REIT's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be

insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Debentures are also effectively subordinate to claims of creditors of the REIT's Subsidiaries except to the extent the REIT is a creditor of such Subsidiaries ranking at least pari passu with such other creditors. The Indenture does not prohibit or limit the ability of the REIT or its Subsidiaries to incur additional debt or liabilities (including senior indebtedness) or to make distributions, except, in respect of distributions, where an Event of Default (as defined in the Indenture) has occurred and such default has not been cured or waived. The Indenture does not contain any provision specifically intended to protect Debentureholders in the event of a future leveraged transaction involving the REIT.

#### *Conversion following Certain Transactions*

In the case of certain transactions, each Debenture will become convertible into the securities, cash or property receivable by a Unitholder in the kind and amount of securities, cash or property into which the Debenture was convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future. For example, if the REIT were acquired in a cash merger, each Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on the REIT's future prospects and other factors.

#### **PROMOTER**

Capital ABTB Inc. a capital pool company under the TSX-V's Policy 2.4 ("Policy 2.4") effected its Qualifying Transaction, as defined in "Policy 2.4", effective October 3, 2006 by way of a plan of arrangement under section 192 of the CBCA involving the REIT and TB Trust and the shareholders of Capital ABTB Inc. Concurrently with the Qualifying Transaction, Capital ABTB Inc. was liquidated and dissolved pursuant to a plan of arrangement sanctioned by the Superior Court of Québec on September 7, 2006 and evidenced by Certificate of Arrangement dated October 3, 2006. Mr. Michel Léonard, President and Chief Executive Officer of the REIT, acted as President, Chief Executive Officer and promoter of Capital ABTB Inc.

Mr. Daniel Bouffard was Chief Financial Officer, Secretary, Director and promoter of Capital ABTB Inc. He resigned as Chief Financial Officer and Secretary of Capital ABTB Inc. on August 3, 2006. Mr. Bouffard was also one of the initial trustees of the REIT and he resigned as trustee of the REIT on October 19, 2006.

Capital ABTB Inc. may be considered to have been a "promoter" of the REIT for the purposes of applicable securities legislation.

#### **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the Series B Debentures and the Units issuable upon conversion of the Series B Debentures offered hereby will be passed upon on behalf of the REIT by De Grandpré Chait LLP and on behalf of the Agents by Davies Ward Phillips & Vineberg LLP. As of the date of this short form prospectus, partners and associate lawyers of De Grandpré Chait LLP, as a group, and partners and associate lawyers of Davies Ward Phillips & Vineberg LLP as a group, each owned, beneficially or of record, less than 1% of the outstanding Units.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR AND DEBENTURE TRUSTEE**

The auditors of the REIT are KPMG, LLP.

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

The Debenture Trustee is Computershare Trust Company of Canada, at its principal offices in Montreal and Toronto.

## **PURCHASERS' STATUTORY RIGHTS**

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

## AUDITORS' CONSENT

We have read the short form prospectus of BTB Real Estate Investment Trust ("the Trust") dated March 13, 2008 relating to the sale and issue of Series B 5 year 8.5% Convertible Unsecured Subordinated Debentures in the aggregate minimum principal amount of \$12,000,000 and aggregate maximum principal amount of \$17,000,000. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the unitholders of the Trust on the consolidated balance sheets of the Trust as at December 31, 2006 and 2005 and the consolidated statements of income, unitholder's equity and cash flows for the year ended December 31, 2006 and for the 25-day period ended December 31, 2005. Our report is dated March 2, 2007 (except as to notes 10 and 16 b) and c) which are as of April 10, 2007).

We also consent to the incorporation by reference in the above-mentioned short form prospectus (through the business acquisition report dated May 25, 2007) of our report to the owner of 3627-3645 Boul. Des Sources, 7205 & 7235 Rue St-Jacques, 12055-12085 Boul. Laurentien, 4890-4898 Boul. Taschereau, 53-75 45e Avenue, 1125 Boul. St-Martin Ouest, 3781 Boul. Des Sources and 1863-1865 Autoroute Transcanadienne ("the buildings") on the combined statement of income before amortization, interest and income taxes of the buildings for the year ended December 31, 2006. Our report is dated March 26, 2007.

We also consent to the incorporation by reference in the above-mentioned short form prospectus (through the business acquisition report dated May 25, 2007) of our report to the owner of 3627-3645 Boul. Des Sources, 7205 & 7235 Rue St-Jacques, 12055-12085 Boul. Laurentien, 4890-4898 Boul. Taschereau, 53-75 45e Avenue, 1125 Boul. St-Martin Ouest, 3781 Boul. Des Sources and 1863-1865 Autoroute Transcanadienne ("the buildings") on the combined statement of assets purchased and liabilities assumed of the buildings as at February 1, 2007. Our report is dated March 26, 2007.

*(s) KPMG LLP*

Chartered Accountants

Montreal, Canada  
March 13, 2008

## CERTIFICATE OF THE REIT

Dated: March 13, 2008

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. For the purpose of the Province of Québec, this simplified prospectus, together with the documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

### BTB REAL ESTATE INVESTMENT TRUST

*(s) Michel Léonard*

\_\_\_\_\_  
Michel Léonard  
President and Chief Executive Officer

*(s) Benoit Cyr*

\_\_\_\_\_  
Benoit Cyr  
Chief Financial Officer

### ON BEHALF OF THE TRUSTEES

*(s) Claude Garcia*

\_\_\_\_\_  
Claude Garcia  
Trustee

*(s) Richard Lord*

\_\_\_\_\_  
Richard Lord  
Trustee

**CERTIFICATE OF THE AGENTS**

Dated: March 13, 2008

To the best of our knowledge, information and belief, this prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

**BLACKMONT CAPITAL INC.**

By: (s) Michael Klax  
Michael Klax, Director

**NATIONAL BANK FINANCIAL INC.**

By: (s) Craig J. Shannon  
Craig J. Shannon, Managing Director

**DESJARDINS SECURITIES INC.**

By: (s) Pierre Colas  
Pierre Colas, Senior Vice President

**DUNDEE SECURITIES CORPORATION**

By: (s) Onorio Lucchese  
Onorio Lucchese, Director

**RAYMOND JAMES LTD.**

By: (s) J. Graham Fell  
J. Graham Fell, Senior Managing Director

**GENUITY CAPITAL MARKETS G.P.**

By: (s) Marc Fredette  
Marc Fredette, Principal