



**NOTICES OF SPECIAL MEETINGS
AND
JOINT MANAGEMENT INFORMATION CIRCULAR
WITH RESPECT TO**

**THE PROPOSED ARRANGEMENT BETWEEN
PARTNERS REAL ESTATE INVESTMENT TRUST
-and-
NORROCK REALTY FINANCE CORPORATION**

November 16, 2011

These materials are important and require your immediate attention. They require unitholders of Partners Real Estate Investment Trust and shareholders of NorRock Realty Finance Corporation to make important decisions. If you are in doubt as to how to make your decisions, please contact your financial, legal or other professional advisors. If you have any questions or require more information with regard to the procedures for voting or completing your proxy or have questions regarding the transactions described in the enclosed notices of special meetings and joint management information circular, please contact Kingsdale Shareholder Services Inc., the proxy solicitation agent of NorRock Realty Finance Corporation at 1-866-851-3217 toll free in North America or (416) 867- 2272 outside of North America or by email at contactus@kingsdaleshareholder.com.

November 16, 2011



Dear valued unitholders and shareholders of Partners REIT and NorRock:

The board of trustees of Partners Real Estate Investment Trust ("**Partners REIT**") and the board of directors of NorRock Realty Finance Corporation ("**NorRock**") have each unanimously approved a plan of arrangement (the "**Arrangement**") whereby Partners REIT will purchase substantially all of the assets of NorRock. Partners REIT and NorRock will each hold a special meeting of their unitholders and shareholders, respectively, on December 15, 2011 to consider and vote on proposals related to the Arrangement.

We are very excited about the future prospects of this Arrangement and strongly recommend that unitholders of Partners REIT and shareholders of NorRock vote FOR the Arrangement.

We are confident that your support for the Arrangement is warranted, based on the strengths of the transaction, which include:

Partners REIT Unitholders

- The Arrangement is a cost effective manner to obtain funds to permit Partners REIT to invest in and grow its portfolio of attractive income producing real estate assets in Canada. See "Risk Factors".

NorRock Shareholders

- **Premium to Market Value:**

The estimated consideration at Closing for NorRock Preferred Shareholders of \$23.75 in Partners REIT Units or a combination of Partners REIT Units and cash (based on an agreed issue price of \$1.73 per Partners REIT Unit) represents a 20.8% premium to the closing price of \$19.65 on October 11, 2011 (the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011). The estimated consideration at Closing for NorRock Class A Shareholders of \$5.94 in Partners REIT Units (based on an agreed issue price of \$1.73 per Partners REIT Unit) represents a 38.1% premium to the closing price of \$4.30 on October 14, 2011 (the last trading day before the Arrangement was announced on October 17, 2011) and estimated total consideration of \$7.41 represents a 72.3% premium to the closing price of \$4.30 on October 14, 2011. See "Risk Factors".

- **Liquidity & Market Capitalization:**

The Partners REIT Units trade more frequently and thus are more liquid than the NorRock Preferred Shares or the NorRock Class A Shares. The estimated *pro forma* market capitalization of Partners REIT is approximately \$100 million (based on a price of \$1.73 per Partners REIT Unit) as compared to Class A Share market capitalization of approximately \$13 million and Preferred Share market capitalization of approximately \$29 million, each as of October 11, 2011 (the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011). See "Risk Factors".

- **Attractive yield:**

Partners REIT Units have an effective yield of 9.25% (based on the issue price of \$1.73 and an aggregate annual distribution of \$0.16 per Partners REIT Unit). This yield is higher than that on: (a) the NorRock

Preferred Shares which have an effective yield of 8.59% (based on the closing price of \$19.65 on October 11, 2011 (the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011) and an aggregate annual dividend of \$1.69 per NorRock Preferred Share) and an effective yield of 7.11% (assuming a NorRock Preferred Share price of \$23.75 and an aggregate annual dividend of \$1.69 per NorRock Preferred Share); and (b) the NorRock Class A Shares, which do not currently pay a dividend. See "Risk Factors".

The Arrangement consists of the exchange of NorRock's cash, cash equivalents, mortgages and other assets for the issuance of Partners REIT Units and Rights and, in certain cases, a cash payment, as represented below and more particularly described in the accompanying joint management information circular (the "**Joint Circular**").

In view of the importance of the actions to be taken at the Partners REIT Unitholder meeting and at the NorRock shareholder meeting, the Joint Circular contains essential information about the Arrangement and includes compelling strategic rationale for why we believe the Arrangement is in the best interest of both Partners REIT and NorRock. We urge you to read the enclosed materials carefully, as they have been prepared to help you make an informed decision.

We urge you to vote FOR the proposals related to the Arrangement by promptly submitting your proxy – by signing, dating and returning the appropriate enclosed proxy in the postage-paid envelope provided, even if you plan to attend the meeting in person. Your vote is important regardless of the number of units or shares you own.

In addition to seeking approval of the Arrangement, Partners REIT Unitholders will be asked to approve a consolidation of Partners REIT Units on the basis of one post-consolidation unit for every four pre-consolidation units. Partners REIT urges Partners REIT Unitholders to vote for the consolidation.

If you have any questions or require more information with regard to the procedures for voting or completing your proxy, please contact Kingsdale Shareholder Services Inc., the proxy solicitation agent of NorRock, by telephone at 1-866-851-3217 toll free in North America or (416) 867- 2272 outside of North America or by email at contactus@kingsdaleshareholder.com.

You may also obtain more information about Partners REIT and NorRock at www.sedar.com and, if you require further assistance, please consult your financial, legal, tax or other professional advisor.

WE ENTHUSIASTICALLY SUPPORT THIS ARRANGEMENT AND, TOGETHER WITH OUR BOARDS OF TRUSTEES AND DIRECTORS, RECOMMEND THAT YOU VOTE FOR THE ARRANGEMENT.

Sincerely,

Louis Maroun
Chairman
Partners Real Estate Investment Trust

Gordon Pridham
Chairman
NorRock Realty Finance Corporation



200 - 710 Redbrick Street
Victoria, British Columbia
V8T 5J3

NOTICE OF SPECIAL MEETING OF PARTNERS REIT UNITHOLDERS

To the unitholders of Partners Real Estate Investment Trust ("**Partners REIT**"):

NOTICE IS HEREBY GIVEN that a special meeting of the unitholders (the "**Partners REIT Meeting**") of Partners REIT will be held at 11:00 a.m. (Toronto Time) on Thursday, December 15, 2011, at the offices of McCarthy Tétrault LLP, 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6. The purpose of the Partners REIT Meeting is to:

1. consider and, if deemed advisable, to pass a special resolution (the "**Partners REIT Arrangement Resolution**") (the full text of which is reproduced as Appendix "A-1" of the Joint Circular) approving the transaction as provided in the acquisition agreement (the "**Acquisition Agreement**") dated as of October 17, 2011 between Partners REIT and NorRock Realty Finance Corporation ("**NorRock**") to be carried out by NorRock as a plan of arrangement (the "**Arrangement**") under s. 182 of the *Business Corporations Act* (Ontario) and the transactions contemplated thereby or relating thereto, all as more particularly described in the accompanying joint management information circular (the "**Joint Circular**") that accompanies this notice of meeting; and
2. consider and, if deemed advisable, to pass, with or without variation, a resolution (the "**Partners REIT Consolidation Resolution**") (the full text of which is reproduced as Appendix "A-2" of the Joint Circular) to consolidate Partners REIT's issued and outstanding units (the "**Partners REIT Units**") on the basis of a ratio of one post-consolidation Partners REIT Unit for every four pre-consolidation Partners REIT Units; and
3. transact such other business as may properly come before the Partners REIT Meeting or any adjournment or postponement thereof.

The Partners REIT Arrangement Resolution and completion of the Arrangement is not conditional on the approval of the Partners REIT Consolidation Resolution.

Detailed summaries of the Arrangement, the Acquisition Agreement and the transactions contemplated thereby are included in the Joint Circular. The Joint Circular provides additional information relating to the matters to be dealt with at the Partners REIT Meeting and is incorporated into and forms part of this notice of meeting. Among other things, the Joint Circular sets forth the unitholder approvals required in connection with the Arrangement, the Acquisition Agreement and the transactions contemplated thereby. The full text of the Partners REIT Arrangement Resolution is set forth in Appendix "A-1" to the Joint Circular. The full text of the Partners REIT Consolidation Resolution is set forth in Appendix "A-2" to the Joint Circular.

The board of trustees of Partners REIT has fixed the close of business on November 7, 2011 as the record date for the determination of unitholders entitled to vote at the Partners REIT Meeting and to receive notice thereof. Unitholders of record at the close of business on November 7, 2011 are entitled to receive notice of and to vote at the Partners REIT Meeting and any adjournment or postponement thereof.

Voting by proxy will not prevent you from voting in person if you attend the Partners REIT Meeting, but will ensure that your vote is counted if you are unable to attend. **Unitholders who do not expect to attend the Partners REIT Meeting in person are urged to complete, sign, date and return the enclosed form of proxy promptly in the envelope provided or by facsimile to Partners REIT's transfer agent, Computershare Investor Services Inc. ("Computershare"), at facsimile number: 1-866-249-7775 or 416-263-9524, as instructed on the form of proxy. To be effective, proxies must be received by Computershare, not later than 11:00 a.m. (Toronto Time) on December 13, 2011, or, if the Partners REIT Meeting is adjourned or postponed, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned or postponed Partners REIT Meeting, or any further adjournment or postponement thereof.**

DATED at Victoria, British Columbia, this 16th day
of November, 2011.

By **ORDER** of the board of trustees

Louis Maroun
Chairman
Partners Real Estate Investment Trust



Registered Office:
2355 Skymark Avenue, Suite 300
Mississauga , Ontario
L4W 4Y6

**NOTICE OF SPECIAL MEETING OF NORROCK REALTY FINANCE CORPORATION ("NorRock")
SHAREHOLDERS**

To the holders of NorRock Class A Shares:

And to the holders of NorRock Preferred Shares, Series 1:

NOTICE IS HEREBY GIVEN that a special meeting (the "**NorRock Meeting**") of the holders of NorRock Class A Shares ("**NorRock Class A Shareholders**") and holders of NorRock Preferred Shares, Series 1 ("**NorRock Preferred Shareholders**"), together with the NorRock Class A Shareholders the "**NorRock Shareholders**") will be held at 10:00 a.m. (Toronto Time) on Thursday, December 15, 2011 at the offices of Bennett Jones LLP, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4. The purpose of the NorRock Meeting is to:

1. consider and, if deemed advisable, to pass a resolution of each of the NorRock Class A Shareholders and the NorRock Preferred Shareholders (collectively, the "**NorRock Arrangement Resolutions**") approving the transaction as provided in the acquisition agreement dated as of October 17, 2011 between NorRock and Partners Real Estate Investment Trust (the "**Acquisition Agreement**") to be carried out by NorRock as a Plan of Arrangement (the "**Arrangement**") under section 182 of the *Business Corporations Act* (Ontario), and the transactions contemplated thereby or relating thereto, all as more particularly described in the joint management information circular (the "**Joint Circular**") that accompanies this Notice of Meeting; and

transact such other business as may properly come before the NorRock Meeting or any postponement or adjournment thereof.

Detailed summaries of the Acquisition Agreement, the Arrangement and the transactions contemplated thereby are included in the Joint Circular. The Joint Circular provides additional information relating to the matters to be dealt with at the NorRock Meeting and is incorporated into and forms part of this Notice of Meeting. Among other things, the Joint Circular sets forth the NorRock Shareholder approvals required in connection with the Arrangement, the Acquisition Agreement and the transactions contemplated thereby. The full text of the NorRock Arrangement Resolutions are set forth in Appendix "B-1" and Appendix "B-2" to the Joint Circular.

The board of directors of NorRock has fixed the close of business on November 7, 2011 as the record date for the determination of NorRock Shareholders entitled to vote at the NorRock Meeting and to receive notice thereof. Only NorRock Shareholders of record at the close of business on November 7, 2011 are entitled to notice of and to vote at the NorRock Meeting and any adjournment or postponement thereof.

Pursuant to the Interim Order, registered NorRock Shareholders ("**NorRock Registered Shareholders**") have been granted the right to dissent in respect of the applicable Arrangement Resolution, subject to certain conditions. This dissent right and the procedures for its exercise pursuant to section 185 of the OBCA, as modified by the Interim Order and the Plan of Arrangement, are summarized under "Dissent Rights of NorRock Registered Shareholders" in this Joint Circular and the text of section 185 of the OBCA, which is set out in Appendix "L" to

this Joint Circular. Failure to comply strictly with the dissent procedures may result in the loss or unavailability of the right to dissent. Only NorRock Registered Shareholders are entitled to exercise rights of dissent; accordingly, nonregistered beneficial NorRock Shareholders should contact their broker, investment dealer, bank, trust company or other Intermediary to exercise dissent rights.

Voting by proxy will not prevent you from voting in person if you attend the NorRock Meeting, but will ensure that your vote is counted if you are unable to attend. **NorRock Shareholders who do not expect to attend the meeting in person are urged to complete, sign, date and return the enclosed form of proxy promptly in the envelope provided or by facsimile to NorRock's transfer agent, Computershare Investor Services Inc., at facsimile number: 1-866-249-7775 or 416-263-9524 as instructed on the form of proxy. To be effective, proxies must be received by Computershare, not later than 10:00 a.m. (Toronto Time) on December 13, 2011, or, if the NorRock Meeting is adjourned or postponed, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned or postponed NorRock Meeting, or any further adjournment or postponement thereof.**

DATED at Toronto, this 16th day of November, 2011.

By ORDER of the Board of Directors

**Gordon Pridham
Chairman
NorRock Realty Finance Corporation**



JOINT MANAGEMENT INFORMATION CIRCULAR

This joint management information circular (the "**Joint Circular**") is being furnished to holders of units of Partners Real Estate Investment Trust ("**Partners REIT**"), a trust formed under the laws of Ontario in connection with the solicitation of proxies by management of Partners REIT for use at the special meeting of the Partners REIT Unitholders, to be held at 11:00 a.m. (Toronto Time) on Thursday, December 15, 2011 at the offices of McCarthy Tétrault LLP, 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6, and any adjournment or postponement thereof.

This Joint Circular is also being furnished to holders of NorRock Class A Shares, NorRock Preferred Shares and the Class J Share of NorRock Realty Finance Corporation ("**NorRock**"), an Ontario corporation, in connection with the solicitation of proxies by management of NorRock for use at the special meeting of NorRock Shareholders, to be held at 10:00 a.m. (Toronto Time) on Thursday, December 15, 2011 at the offices of Bennett Jones LLP, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4, and any adjournment or postponement thereof.

Information in this Joint Circular is given as of November 16, 2011, except as otherwise indicated herein. Unless otherwise indicated, dollar amounts are expressed in Canadian dollars.

These security holder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and either Partners REIT or NorRock (or their respective agents) has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

Please see the section entitled "Risk Factors" for certain considerations relevant to the approval of the Arrangement and the transactions contemplated in connection therewith and an investment in the securities referred to in this Joint Circular.

No person is authorized to give any information or to make any representation not contained in this Joint Circular, and, if given or made, such information or representation should not be relied upon as having been authorized. This Joint Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. Neither delivery of this Joint Circular nor any distribution of the securities referred to in this Joint Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Joint Circular.

INFORMATION PROVIDED BY PARTNERS REIT AND NORROCK

The information concerning NorRock contained in this Joint Circular, including the appendices attached hereto and the information incorporated by reference herein, has been provided by NorRock. Partners REIT and the Partners REIT Board has relied upon this information without having made any independent inquiry as to the accuracy thereof. Partners REIT and the Partners REIT Board assumes no responsibility for the accuracy or completeness of such information, nor for any omission on the part of NorRock to disclose facts or events which may affect the accuracy of any such information.

The information concerning Partners REIT and the securities of Partners REIT to be issued in connection with the Arrangement contained in this Joint Circular, including the appendices attached hereto and the information incorporated by reference herein, has been provided by Partners REIT. NorRock and the NorRock Board have relied upon this information without having made any independent inquiry as to the accuracy thereof. NorRock and the NorRock Board assume no responsibility for the accuracy or completeness of such information, nor for any omission on the part of Partners REIT to disclose facts or events which may affect the accuracy of any such information.

INFORMATION FOR UNITED STATES SECURITY HOLDERS

The Partners REIT Units and Rights issuable to NorRock Shareholders in connection with the Arrangement have not been and will not be registered under the U.S. Securities Act, and will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

The solicitation of proxies for the Partners REIT Meeting and the NorRock Meeting by means of this Joint Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitations and transactions contemplated in this Joint Circular are being made in the United States for securities of Canadian issuers in accordance with Canadian corporate and securities laws, and this Joint Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Securityholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. Specifically, information concerning assets and operations of NorRock and Partners REIT contained or incorporated by reference herein has been prepared in accordance with Canadian standards and is not comparable in all respects to similar information for United States companies.

The enforcement by United States securityholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that both Partners REIT and NorRock are organized under the laws of a jurisdiction outside the United States, that some or all of their officers and directors are residents of countries other than the United States, that the experts named in this Joint Circular are residents of countries other than the United States, and that all or a substantial portion of the assets of Partners REIT, NorRock and such persons are located outside the United States. You may not be able to sue a foreign corporation, trust or its officers, directors or trustees in a foreign court for violations of United States securities laws. It may be difficult to compel a foreign entity and its affiliates to subject themselves to the judgment of a United States court.

NorRock Shareholders should be aware that the receipt, ownership and disposition of the Partners REIT Units and Rights (including, without limitation, Partners REIT Units that may be issued pursuant to the Rights) as described herein may have tax consequences in both the United States and Canada. Such consequences for NorRock Shareholders who are resident in, or citizens of, the United States are not described herein. All NorRock Shareholders should seek their own tax advice with respect to the tax consequences to them under the laws of any relevant domestic or foreign, state, local or other taxing jurisdiction of the transactions contemplated by the Arrangement in light of their particular situation.

THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR PROVINCE OR TERRITORY OF CANADA, NOR HAS THE SEC OR ANY SUCH SECURITIES REGULATORY AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS JOINT CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

DOCUMENTS INCORPORATED BY REFERENCE

Partners REIT

The following publicly filed documents of Partners REIT are incorporated by reference in, and form part of, this Joint Circular:

1. Partners REIT's annual information form dated March 31, 2011;
2. Partners REIT's audited consolidated financial statements as at and for the years ended December 31, 2010 and 2009, together with the independent auditor's report thereon and management's discussion and analysis, as amended, filed in connection with those audited financial statements;
3. Partners REIT's unaudited condensed consolidated interim financial statements as at September 30, 2011 and for the three and nine months ended September 30, 2011 and 2010, together with management's discussion and analysis filed in connection with those unaudited condensed consolidated interim financial statements;
4. Partners REIT's management information circular dated May 13, 2011;
5. Partners REIT's material change report dated February 16, 2011 with respect to the announcement of Partners REIT's offering of Debentures and the SDM Acquisition;
6. Partners REIT's material change report dated March 11, 2011 with respect to the closing of Partners REIT's offering of Debentures;
7. Partners REIT's material change report dated March 21, 2011 with respect to the closing of the over-allotment option exercised in connection with Partners REIT's offering of Debentures and the closing of the SDM Acquisition; and
8. Partners REIT's material change report dated October 27, 2011 with respect to the Acquisition Agreement.

Any document of the type referred to in the preceding paragraph, including any material change reports (excluding confidential reports), any unaudited interim financial statements for interim periods following September 30, 2011 (together with any management's discussion and analysis filed in connection therewith) and any management information circulars (including any amendments or supplements to this Joint Circular), and any business acquisition report, in each case filed by Partners REIT with a provincial securities commission or any similar authority in Canada after the date of this Joint Circular and prior to the Effective Date, will be deemed to be incorporated by reference into this Joint Circular. Copies of these documents and all the other public filings of Partners REIT may be obtained at www.sedar.com or upon request and without charge from Partners REIT at: 200 - 710 Redbrick Street, Victoria, British Columbia, V8T 5J3, telephone (250) 592-3395.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Joint Circular 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 supersedes that statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Joint Circular.

NorRock

The following publicly filed documents of NorRock are incorporated by reference in, and form part of, this Joint Circular:

1. NorRock's annual information form (the "**NorRock AIF**") dated March 31, 2011;
2. NorRock's management information circular dated April 25, 2011;

3. NorRock's material change report dated May 19, 2011 with respect to the acquisition of control of the manager from C.A. Bancorp Inc. to Green Tree Capital Management Corp. and related transactions; and
4. NorRock's material change report dated October 27, 2011 with respect to the Acquisition Agreement.

Copies of these documents and all the other public filings of NorRock, including the most recent unaudited interim financial statements for the three and six months ending June 30, 2011 which are not incorporated herein (together with any management report of fund performance filed in connection therewith), may be obtained at www.sedar.com or upon request and without charge from NorRock at: 36 Toronto Street, Suite 1150, Toronto, Ontario, M5C 2C5, telephone (416) 479-9510 x301.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Joint Circular 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 supersedes that statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Joint Circular.

QUESTIONS AND FURTHER ASSISTANCE

If you have any questions or require more information with regard to the procedures for voting or completing your transmittal documentation, please contact Kingsdale Shareholder Services Inc., the proxy solicitation agent of NorRock, by telephone at 1-866-851-3217 toll free in North America or (416) 867- 2272 outside of North America or by email at contactus@kingsdaleshareholder.com.

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GLOSSARY OF TERMS

Unless otherwise defined or the context otherwise requires, capitalized terms used in this Joint Circular shall have the following meanings. Words importing the singular number only include the plural and vice versa and words importing any gender include all genders.

"**2007 Offering**" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT - Previous Purchases and Sales – 2007 Partners REIT Offerings".

"**2246329**" means 2246329 Ontario Limited, a corporation incorporated under the laws of the Province of Ontario and a direct, wholly-owned subsidiary of Reference L.P.

"**2246329 Shares**" means all of the issued and outstanding shares in the capital of 2246329.

"**633003**" means 633003 N.B. Inc., a corporation incorporated and existing under the laws of New Brunswick.

"**633003 Option to Purchase**" means the option in favour of Three Under Par Inc. to purchase a further 49 common shares of the issued and outstanding shares of 633003 from 2246329 pursuant to the 633003 Share Purchase Agreement.

"**633003 Share Purchase Agreement**" means the share purchase agreement dated August 5, 2010 between 2246329 and Three Under Par Inc., as amended by an amending agreement dated July 25, 2011.

"**Acquisition Agreement**" means the acquisition agreement dated October 17, 2011 between Partners REIT and NorRock, a copy of which is attached as Appendix "D" to this Joint Circular, as amended by an amending agreement dated November 16, 2011, a copy of which is attached as Appendix "D-1".

"**Aggregate Class A/SARs**" means the aggregate number of NorRock Class A Shares (excluding NorRock Class A Shares with respect to which Dissent Rights have been, and remain, validly exercised) and SARs outstanding on the Closing Date.

"**allowable capital loss**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Losses".

"**Amending Agreement**" means the amending agreement dated as of November 16, 2011 between Partners REIT and NorRock amending certain provisions of the Acquisition Agreement, a copy of which is attached as Appendix "D-1" to this Joint Circular.

"**Applicable Laws**" means, in relation to any Person, property, transaction or event, all applicable provisions in effect at the relevant time (or mandatory applicable provisions) of federal, provincial, territorial, state, local or foreign laws, statutes, rules, regulations, directives and orders of all Governmental Authorities, and all judgments, orders, decrees, decisions, rulings or awards of all Governmental Authorities to which the Person in question is a party or by which it is bound or having application to the Person, property, transaction or event, including Canadian securities legislation or laws.

"**arm's length**" has the meaning that it has for purposes of the Tax Act.

"**Arrangement**" means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Acquisition Agreement and/or of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of each of NorRock and Partners REIT, acting reasonably.

"**Arrangement Resolutions**" means, collectively, the Partners REIT Arrangement Resolution and the NorRock Arrangement Resolutions.

"**Articles of Arrangement**" means the articles of arrangement of NorRock giving effect to the Arrangement which, pursuant to the OBCA and subject to the provisions of the Acquisition Agreement, will be filed with the Director after the Final Order has been issued.

"**Assets at Closing Payment**" has the meaning ascribed thereto under "Summary – Effects of the Arrangement".

"**Assigned Mortgages**" means the mortgages to be transferred and assigned by Reference L.P. (or its Subsidiaries) to NorRock upon the wind-up of Reference L.P. and further transferred and assigned by NorRock to Partners REIT, all in accordance with the Plan of Arrangement, and as more specifically described in Schedule B to the Acquisition Agreement, excluding such mortgages that are sold, mature or are otherwise liquidated by NorRock prior to the Effective Time with the cash realized from such sale being held as part of the Cash Amount.

"**Assigned Shares**" means the 2246329 Shares, as more specifically described in Schedule B to the Acquisition Agreement.

"**BFT**" has the meaning ascribed thereto under "Summary – Interests of Certain Persons in the Arrangement – Green Tree".

"**Boddaert**" means Jacqueline Boddaert, the Chief Executive Officer of each of NorRock and the Manager.

"**Breach Provisions**" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts – Management Agreement – Term and Termination".

"**Broadridge**" means Broadridge Investor Communications Solutions.

"**Brookfield Fairness Opinion**" means the fairness opinion of Brookfield dated as of October 17, 2011, a copy of which is attached as Appendix "H" to this Joint Circular.

"**Brookfield**" means Brookfield Financial Corp., the financial advisor to Partners REIT.

"**Business Day**" means any day on which commercial deposit taking banks are generally open for business in Toronto, Ontario and Victoria, British Columbia other than a Saturday, a Sunday, a day observed as a holiday in either of such locations under applicable Laws, or a day when the TSXV and the TSX are not open for trading.

"**CAB**" means C.A. Bancorp Inc.

"**Canadian Securities Regulatory Authorities**" has the meaning ascribed thereto in NI 14-101.

"**Capital Canada Valuation**" means the valuation opinion of Capital Canada a copy of which is attached as Appendix "I" to this Joint Circular.

"**Capital Canada**" means Capital Canada Limited.

"**capital gains refund**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Taxation of Partners REIT".

"**Cash Amount**" means the amount of cash and Cash Equivalents held by NorRock as of the Effective Time plus an amount equal to the Transaction Expenses, which for clarity includes the net cash received in respect of any Assigned Mortgages or other assets that are sold, mature or are otherwise liquidated after the execution of the Acquisition Agreement and realized prior to the Effective Time (the "**Realized Cash**"), less:

- the amounts needed to satisfy all creditors of NorRock and its subsidiaries and any other obligations (contingent or otherwise including amounts required to pay NorRock Shareholders who exercise Dissent Rights) of NorRock and its subsidiaries which are due or become payable following the Effective Time;
- the aggregate Stub Period Payment paid out in accordance with Section 3.01(4)(a) of the Plan of Arrangement; and

- any amounts to be paid by NorRock under Section 3.01(4)(c) of the Plan of Arrangement.

"**Cash and Unit Election Consideration**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Holders of NorRock Preferred Shares".

"**Cash at Closing Payment**" has the meaning ascribed thereto under "Summary – Effects of the Arrangement".

"**Cash Elected Amount**" has the meaning ascribed thereto under "Arrangement Mechanics".

"**Cash Equivalents**" means Canadian bankers' acceptances and Canadian government-backed debt, in each case having terms to maturity of less than 90 days.

"**CCA**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Status of Partners REIT – Qualification as a "Real Estate Investment Trust – REIT Exception".

"**CDS**" has the meaning ascribed thereto under "Voting Information and General Proxy Matters for NorRock Shareholders – Advice to Beneficial Holders of Securities".

"**Change in Business**" has the meaning ascribed thereto under "Summary - NorRock Following Closing".

"**Closing**" means the closing of the Arrangement.

"**Closing Date**" means the date that Closing occurs.

"**Closing Payment**" means the amount of \$12,600,000 minus the amount of Realized Cash (if any) payable in respect of the Assigned Mortgages and the Assigned Shares.

"**Closing Time**" means 9:00 a.m. (Toronto time) on the Closing Date unless otherwise agreed in writing by the Partners REIT and NorRock.

"**Commitment Agreement**" has the meaning ascribed thereto under "Termination Agreement".

"**Common Share Portfolio**" has the meaning ascribed thereto under "Certain Information Concerning NorRock – Preferred Share Offering".

"**Computershare**" means Computershare Investor Services Inc.

"**Confidentiality Agreement**" means the confidentiality agreement dated June 1, 2011 between Partners REIT and NorRock.

"**Consolidation**" means the consolidation of the Partners REIT Units on the basis of a ratio of one post-consolidation Partners REIT Unit for every four pre-consolidation Partners REIT Units to be effected, if at all, prior to the next scheduled meeting of Partners REIT Unitholders subject to any required regulatory approvals.

"**Cormark**" means Cormark Securities Inc., the financial advisor to NorRock.

"**Cormark Fairness Opinion**" means the fairness opinion of Cormark a copy of which is attached as Appendix "F" to this Joint Circular.

"**Court**" means the Ontario Superior Court of Justice.

"**CRA**" means the Canada Revenue Agency.

"**Credit Facility**" has the meaning ascribed thereto under "Summary – NorRock Following Closing".

"**Debentures**" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Previous Purchases and Sales – Convertible Debenture Offering".

"**December 16, 2010 Proposals**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Status of Partners REIT – Qualification as a 'Real Estate Investment Trust'".

"**Declaration of Trust**" means the amended and restated declaration of trust of Partners REIT dated as of November 3, 2010.

"**Deferred Consideration**" means the Deferred Units and/or the cash payable by Partners REIT, to a holder of Rights in accordance with the terms of the Rights Indenture.

"**Deferred Payment**" has the meaning ascribed thereto under "Summary of Rights Indenture".

"**Deferred Units**" means the Partners REIT Units, if any, issuable to a holder of Rights in accordance with the terms of the Rights Indenture.

"**Demand Notice**" has the meaning ascribed thereto under "Dissent Rights of NorRock Registered Shareholders".

"**Depository**" means Computershare Investor Services Inc., the appointed depository in respect of the Arrangement at its principal transfer office in Toronto.

"**Director**" means the Director appointed under section 278 of the OBCA.

"**Dissent Procedures**" means the dissent procedures set out in Section 185 of the OBCA, as modified by the Interim Order and the Plan of Arrangement and summarized under "Dissent Rights of NorRock Registered Shareholders".

"**Dissent Rights**" means the rights of dissent exercisable by NorRock Registered Shareholders in respect of the applicable NorRock Arrangement Resolution as provided for in the Plan of Arrangement.

"**Dissenting Shareholder**" means a registered NorRock Class A Shareholder or a registered NorRock Preferred Shareholder (as the case may be), who has validly exercised Dissent Rights in respect of the Arrangement in strict compliance with the procedures for exercising Dissent Rights as described in the Plan of Arrangement and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights.

"**DRIP**" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Distributions – Distribution Reinvestment and Optional Unit Purchase Plan".

"**Effective Date**" means the effective date set out in the Articles of Arrangement which are filed with the Director.

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date or such other time as Partners REIT and NorRock may agree, each acting reasonably.

"**Extraordinary Resolution**" has the meaning ascribed thereto under "Summary of Rights Indenture- Matters to Be Approved by Extraordinary Resolution".

"**Fair Market Value Report**" has the meaning ascribed thereto under "Summary of Rights Indenture".

"**Final Order**" means the final order of the Court issued in connection with the approval of the Arrangement, providing, among other matters, for the Arrangement to be sanctioned and to take effect and compliance with the *Bulk Sales Act* (Ontario), as such order may be affirmed, amended or modified by any court of competent jurisdiction, with the consent of each of NorRock and Partners REIT, acting reasonably.

"**Five Day VWAP**" means the volume weighted average trading price per unit of the Partners REIT Units on the principal exchange on which the Partners REIT Units then trade for the five Trading Days immediately preceding the date of calculation.

"**Forward Contract**" has the meaning ascribed thereto under "Termination of the Forward Contract".

"**Fovere**" has the meaning ascribed thereto under "Benefits of the Arrangement/Other Benefits".

"**Gant**" means Adam Gant, the Chief Executive Officer of each of Partners REIT and IGW.

"**Governmental Authority**" or "**Governmental Entity**" means any federal, provincial, territorial, state, local or foreign government or any department, agency, board, tribunal (judicial, quasi-judicial, administrative, quasi-administrative or arbitral) or authority thereof or other political subdivision thereof and any Person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining thereto or the operation thereof, including the Canadian Securities Regulatory Authorities, the TSX and the TSXV and any local, domestic or foreign taxing authority.

"**Green Tree**" means Green Tree Capital Management Corp., an Ontario corporation.

"**Green Tree Support Agreement**" has the meaning ascribed thereto under "Green Tree Support Agreement".

"**GTT**" has the meaning ascribed thereto under "Summary – Interests of Certain Persons in the Arrangement".

"**IGW**" has the meaning ascribed thereto under "Voting Information and General Proxy Matters for Partners REIT Unitholders – Voting Securities and Principal Holders of Voting Securities".

"**IGW GP**" has the meaning ascribed thereto under "Summary – Interests of Certain Persons in the Arrangement – Partners REIT".

"**IGW LP**" has the meaning ascribed thereto under "Summary – Interests of Certain Persons in the Arrangement" – Partners REIT.

"**IGW Support Agreement**" has the meaning ascribed thereto under "IGW Support Agreement".

"**Initial Asset Value**" means the Cash Amount as at the Effective Time plus the Closing Payment.

"**Interim Order**" means the interim order of the Court concerning the Arrangement under subsection 182(5) of the OBCA, containing declarations and directions with respect to the Arrangement and the holding of the NorRock Meeting and compliance with the *Bulk Sales Act* (Ontario), as such order may be affirmed, amended or modified by any court of competent jurisdiction, with the consent of each of NorRock and Partners REIT, acting reasonably.

"**Interim Report**" has the meaning ascribed thereto under "Summary of Rights Indenture- Covenants of Partners REIT- To Provide Notices"

"**Intermediary**" means, with respect to a Non-Registered Partners REIT Unitholders or a Non-Registered NorRock Shareholder, an intermediary such as a broker, investment dealer, bank, trust company, trustee or administrator that holds Partners REIT Units on behalf of such Non-Registered Partners REIT Unitholders or holds NorRock Shares on behalf of such Non-Registered NorRock Shareholders, respectively.

"**Internalization Decision**" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts – Management Agreement".

"**Joint Circular**" means this joint management information circular of Partners REIT and NorRock.

"**Kingsdale**" means Kingsdale Shareholder Services Inc.

"**LAC**" has the meaning ascribed thereto under "Summary – Interests of Certain Persons in the Arrangement".

"**LALP**" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts – Management Agreement – Term and Termination".

"**LAPP**" has the meaning ascribed thereto under "Summary – Interests of Certain Persons in the Arrangement – Partners REIT".

"**Liquidated Value**" has the meaning ascribed thereto under "Summary of Rights Indenture".

"**MMPP**" has the meaning ascribed thereto under "Certain Information Concerning NorRock – Mandatory Market Purchase Program".

"**M Partners**" means M Partners Inc.

"**M Partners Engagement Letter**" has the meaning ascribed thereto under "Opinion of the Independent Valuator of NorRock – Selection of the Independent Valuator of NorRock".

"**M Partners Valuation**" means the valuation opinion of M Partners a copy of which is attached as Appendix "G" to this Joint Circular.

"**Management Agreement**" has the meaning ascribed thereto under "Termination Agreement".

"**Manager**" means NorRock Realty Management Services Ltd., an Ontario corporation.

"**Material Adverse Change**" or "**Material Adverse Effect**" (and other formulations) means:

- when used in connection with Partners REIT, any change, effect, event, occurrence or change in a state of facts that is, or would reasonably be expected to be, material and adverse to the business, operations, assets, capitalization, liabilities or condition (financial or otherwise) of Partners REIT and its subsidiaries, on a consolidated basis other than:
 - any change affecting economic or financial conditions generally (global, national or regional, as applicable) that does not have a disproportionate effect on Partners REIT and its subsidiaries on a consolidated basis;
 - any change in the trading price of the Partners REIT Unit; it being understood that the cause or causes of such change may constitute, in and of itself, a Material Adverse Change or Material Adverse Effect and may be taken into account when determining if a Material Adverse Change or Material Adverse Effect has occurred;
 - any failure by Partners REIT to meet analysts or internal earnings estimates, milestones or business plans; it being understood that the cause or causes of such failure may constitute, in and of itself, a Material Adverse Change or Material Adverse Effect and may be taken into account when determining if a Material Adverse Change or Material Adverse Effect has occurred;
 - any change, effect, event, occurrence or change in a state of facts resulting from or relating to the public announcement of the execution of the Acquisition Agreement or the transactions contemplated by the Acquisition Agreement or the performance of any obligation under the Acquisition Agreement; or
 - any action taken by Partners REIT at NorRock's written request; and
- when used in connection with NorRock, any change, effect, event, occurrence or change in a state of facts that is, or would reasonably be expected to be, material and adverse to the value or marketability of the Assigned Mortgages, the Assigned Shares, the Royal Oaks Golf Course and the Royal Oaks Condo, taken as a whole, other than:
 - any change affecting economic or financial conditions generally (global, national or regional, as applicable) that does not have a disproportionate effect on the value or marketability of the Transferred Assets;
 - any change, effect, event, occurrence or change in a state of facts resulting from or relating to the public announcement of the execution of the Acquisition Agreement or the transactions contemplated by the Acquisition Agreement or the performance of any obligation under the Acquisition Agreement; or

- any action taken by NorRock, at Partners REIT's written request.

"**Meeting**" means the Partners REIT Meeting or the NorRock Meeting, as applicable.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, of certain of the Canadian Securities Regulatory Authorities, as such instrument may be amended or supplemented from time to time, or any similar instrument, rule or regulation hereafter adopted by any of the applicable Canadian Securities Regulatory Authorities having substantially the same effect as such instrument.

"**Minister**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations".

"**Miniutti**" means Patrick Miniutti, the President and Chief Operating Officer of Partners REIT.

"**Minority NorRock Class A Shareholders**" means all of the NorRock Class A Shareholders other than Persons described in items (a) through (d) of Section 8.1(2) of MI 61-101.

"**Minority NorRock Preferred Shareholders**" means all of the NorRock Preferred Shareholders other than Persons described in items (a) through (d) of Section 8.1(2) of MI 61-101.

"**Minority NorRock Shareholders**" means, collectively, the Minority NorRock Class A Shareholders and the Minority NorRock Preferred Shareholders.

"**Minority Partners REIT Unitholders**" means all of the Partners REIT Unitholders other than Persons described in items (a) through (d) of Section 8.1(2) of MI 61-101.

"**Monthly Redemption Date**" has the meaning ascribed thereto under "Certain Information Concerning NorRock – Previous Purchases and Sales - Monthly Redemption of NorRock Preferred Shares".

"**NCIB**" has the meaning ascribed thereto under "Certain Information Concerning NorRock – Previous Purchases and Sales – Normal Course Issuer Bid".

"**NI 14-101**" means National Instrument 14-101 – *Definitions*, of the Canadian Securities Regulatory Authorities, as such instrument may be amended or supplemented from time to time, or any similar instrument, rule or regulation hereafter adopted by any of the Canadian Securities Regulatory Authorities having substantially the same effect as such instrument.

"**NI 81-107**" means National Instrument 81-107 *Independent Review Committee for Investment Funds* of the Canadian Securities Regulatory Authorities, as such instrument may be amended or supplemented from time to time, or any similar instrument, rule or regulation hereafter adopted by any of the Canadian Securities Regulatory Authorities having substantially the same effect as such instrument.

"**Non-Competition Agreement**" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts – Non-Competition Agreement".

"**Non-Registered NorRock Shareholder**" means a Person who beneficially owns NorRock Shares through an Intermediary.

"**Non-Registered Partners REIT Unitholder**" means a Person who beneficially owns Partners REIT Units through an Intermediary.

"**NorRock**" means NorRock Realty Finance Corporation, a corporation existing under the laws of Ontario.

"**NorRock Acquisition Proposal**" means any *bona fide* written proposal by a third party or third parties that constitutes or may reasonably be expected to lead to the purchase of a material amount of assets of NorRock or Reference L.P., or a merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or business combination involving NorRock or any of its subsidiaries, including Reference L.P., excluding the transactions contemplated by the Acquisition Agreement and the Plan of Arrangement.

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

"**NorRock Arrangement Resolutions**" means, collectively, the NorRock Class A Shares Arrangement Resolution, the NorRock Preferred Shares Arrangement Resolution, and the NorRock Class J Share Arrangement Resolution copies of which are attached as Appendix "B-1", Appendix "B-2" and Appendix "B-3" to this Joint Circular.

"**NorRock Board**" means the board of directors of NorRock.

"**NorRock Certificate**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations".

"**NorRock Class A Amount**" means the Initial Asset Value, less the NorRock Preferred Share Amount.

"**NorRock Class A Share Consideration**" has the meaning ascribed thereto under "Summary – Effects of Arrangement".

"**NorRock Class A Shareholder**" means a holder of NorRock Class A Shares.

"**NorRock Class A Shares**" means the Class A shares in the capital of NorRock.

"**NorRock Class A Shares Arrangement Resolution**" means the special resolution of the holders of NorRock Class A Shares approving, among other things, the Arrangement, as required by the Interim Order and Applicable Laws, a copy of which is attached as Appendix "B-1" to this Joint Circular.

"**NorRock Class J Holder**" has the meaning ascribed thereto under "NorRock Class J Support Agreement".

"**NorRock Class J Share**" means the single Class J share in the capital of NorRock.

"**NorRock Class J Share Arrangement Resolution**" means the special resolution of the holder of the NorRock Class J Share approving, among other things, the Arrangement, as required by the Interim Order and Applicable Laws, a copy of which is attached as Appendix "B-3" to this Joint Circular.

"**NorRock Class J Support Agreement**" has the meaning ascribed thereto under "NorRock Class J Support Agreement".

"**NorRock Governing Documents**" means the articles and by laws of NorRock in effect as of the date of the Acquisition Agreement.

"**NorRock Independent Committee**" means the independent committee of NorRock directors formed in connection with the Arrangement and who together also constitute the Independent Review Committee of NorRock for the purposes of NI 81-107.

"**NorRock Interested Parties**" has the meaning ascribed thereto under "Legal Matters – Multilateral Instrument 61-101 – NorRock".

"**NorRock Material Contracts**" means, collectively, the NorRock Governing Documents, the Assigned Mortgages, the related mortgage documents, the Management Agreement, the Forward Contract, the Commitment Agreement, the Royal Oaks Shareholders agreement, the 633003 Option To Purchase, the 633003 Share Purchase Agreement and the Partnership Agreement.

"**NorRock Meeting**" means the special meeting of NorRock Shareholders, to be held at 10:00 a.m. (Toronto Time) on Thursday, December 15, 2011 at the offices of Bennett Jones LLP, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4, and any adjournments or postponements thereof.

"**NorRock Non-Completion Fee**" has the meaning ascribed thereto under the "Acquisition Agreement – NorRock Non-Completion Fee".

"NorRock Preferred Share Amount" means an amount equal to \$23.75 multiplied by the number of NorRock Preferred Shares issued and outstanding immediately prior to the Effective Time.

"NorRock Preferred Share Consideration" has the meaning ascribed thereto under "Arrangement Mechanics".

"NorRock Preferred Shareholder" means a holder of NorRock Preferred Shares.

"NorRock Preferred Shares" means the preferred shares, Series 1 in the capital of NorRock.

"NorRock Preferred Shares Arrangement Resolution" means the special resolution of holders of NorRock Preferred Shares approving, among other things, the Arrangement, as required by the Interim Order and Applicable Laws, a copy of which is attached as Appendix "B-2" to this Joint Circular.

"NorRock Registered Shareholder" means a registered holder of NorRock Shares as shown in the register maintained by or on behalf of NorRock with respect to such shares including, without limitation, any such holder who is holding such NorRock Shares on behalf of any beneficial non-registered shareholder or shareholders.

"NorRock Shareholder" means a holder of NorRock Shares.

"NorRock Shares" means, collectively, the NorRock Class A Shares, the NorRock Preferred Shares and the NorRock Class J Share.

"Notice of Dissent" means a written objection to either the NorRock Class A Shares Arrangement Resolution or the NorRock Preferred Shares Arrangement Resolution, as the case may be, submitted to NorRock in accordance with the Dissent Procedures.

"Notice of Resolution" has the meaning ascribed thereto under "Dissent Rights of NorRock Registered Shareholders".

"Notice Period" has the meaning ascribed thereto under "Acquisition Agreement – Covenants Regarding Non-solicitation – Superior Proposal Determination".

"OBCA" means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended.

"October 31 Proposals" has the meaning ascribed thereto under "Risk Factors – Risks Related to Federal Income Tax Matters – NorRock Tax Related Risks"

"Optional Cash Payment" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Distributions – Distribution Reinvestment and Optional Unit Purchase Plan".

"Partnership Agreement" means the second amended and restated Reference L.P. Limited Partnership Agreement dated July 24, 2009, as amended.

"Partners REIT" means Partners Real Estate Investment Trust, a trust formed pursuant to the Declaration of Trust.

"Partners REIT Arrangement Resolution" means the special resolution of the Partners REIT Unitholders to approve the Plan of Arrangement, a copy of which is attached as Appendix "A-1" to this Joint Circular.

"Partners REIT Board" means the board of trustees of Partners REIT.

"Partners REIT Certificate" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations".

"Partners REIT Consolidation Resolution" means the resolution of the Partners REIT Unitholders to approve the Consolidation, a copy of which is attached as Appendix "A-2" to this Joint Circular.

"Partners REIT Debentures" means the 8.0% extendible convertible unsecured subordinated debentures of Partners REIT.

"Partners REIT Independent Committee" means the independent committee of trustees of Partners REIT formed in connection with the Arrangement.

"Partners REIT Interested Parties" has the meaning ascribed thereto under "Legal Matters – Multilateral Instrument 61-101 – Partners REIT".

"Partners REIT Management Agreement" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts".

"Partners REIT Manager" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Business Overview"

"Partners REIT Meeting" means the special meeting of Partners REIT Unitholders, to be held at 11:00 a.m. (Toronto Time) on Thursday, December 15, 2011 at the offices of McCarthy Tétrault LLP, 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6, and any adjournments or postponements thereof.

"Partners REIT Resolutions" means the Partners REIT Arrangement Resolution and the Partners REIT Consolidation Resolution, copies of which are attached as Appendices A-1 and A-2 to this Joint Circular.

"Partners REIT Unit Option Plan" means the plan adopted by Partners REIT that authorizes Partners REIT to grant Partners REIT Unit Options.

"Partners REIT Unit Options" means options for the purchase of Partners REIT Units under the Partners REIT Unit Option Plan.

"Partners REIT Unitholders" means a holder of Partners REIT Units.

"Partners REIT Units" means the Units of Partners REIT as described in the Declaration of Trust.

"Partners REIT Warrants" means 2,500,000 unit purchase warrants dated September 28, 2011 each of which entitle the holder to acquire one Partners REIT Unit at \$1.80 per unit, subject to adjustment, for a period of 3 years.

"Payment Date" means up to ninety days (as determined by Partners REIT) after the earlier of: (a) the Realization Date; and (b) the date that Partners REIT calculates the Retained Value in accordance with the Rights Indenture.

"Person" includes any individual, firm, partnership, joint venture, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status.

"Plan of Arrangement" means the plan of arrangement relating to the Arrangement substantially in the form and content of Appendix "C" to this Joint Circular, as such plan of arrangement may be amended pursuant to the Acquisition Agreement.

"Plan Participant" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Distributions – Distribution Reinvestment and Optional Unit Purchase Plan".

"Prior Partners REIT Management Agreement" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Business Overview".

"Prior Partners REIT Manager" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts".

"Prior Partners REIT Non-Competition Agreement" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts – Prior Non Competition Agreement".

"Proposed Amendments" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations".

"Realization Date" means the date on which Partners REIT has sold, disposed of or otherwise liquidated, all of the Assigned Mortgages and Assigned Shares in accordance with the terms and conditions of the Rights Indenture.

"Realized Cash" has the meaning ascribed thereto in the definition of "Cash Amount".

"Record Date" means the close of business on November 7, 2011.

"REIT Exception" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Status of Partners REIT – Qualification as a 'Real Estate Investment Trust'".

"Reference L.P." means NorRock Realty Finance L.P., a limited partnership formed under the laws of the Province of Ontario pursuant to the Partnership Agreement.

"Registered Plans" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Eligibility for Investment".

"Restricted Parties" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts – Non-Competition Agreement".

"Restricted Real Estate Assets" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts – Non-Competition Agreement".

"Retail Property" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Management Contracts – Non-Competition Agreement".

"Retained Value" has the meaning ascribed thereto under "Summary of Rights Indenture – Rights".

"Rights" means the rights to be issued under the Rights Indenture.

"Rights Agent" means Computershare Trust Company of Canada.

"Rights Indenture" means the indenture providing for the issuance of the Rights to be entered into between the Rights Agent and Partners REIT upon Closing in the form attached as Schedule I to the Plan of Arrangement.

"Rights Offering" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Previous Purchases and Sales – Rights Offering".

"Royal Oaks Condo" means that portion of the property municipally known as 401 Royal Oaks Blvd., Moncton, New Brunswick with PID 70465224 upon which a residential condominium project is contemplated to be constructed.

"Royal Oaks Golf Course" means that portion of the property municipally known as 401 Royal Oaks Blvd., Moncton, New Brunswick with PID 70344148, PID 70327937 and PID 70488663 upon which a golf course is constructed.

"Royal Oaks Shareholders Agreement" means the shareholders agreement dated August 5, 2010 among 2246329, Three Under Par Inc., James David van Wart, Robert Curtis Foote, and James Lee van Wart relating to the holding of securities of 633003, the corporation that holds the title to the Royal Oaks Golf Course.

"RRIFs" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Eligibility for Investment".

"**RRSP/RRIF Proposals**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Eligibility for Investment".

"**RRSPs**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Eligibility for Investment".

"**SARs**" means the stock appreciation rights issued by NorRock on May 25, 2011, which permit the holder to obtain the difference between the price of a NorRock Class A Share and \$5.11.

"**SDM Acquisition**" has the meaning ascribed thereto under "Certain Information Concerning Partners REIT – Previous Purchases and Sales – Convertible Debenture Offering".

"**SEC**" has the meaning ascribed thereto under "Information for United States Securities Holders".

"**Securities Act**" means the *Securities Act* (Ontario), R.S.O. 1990, c.S.5, as may be amended from time to time.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Regulatory Authorities.

"**SIFT**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Status of Partners REIT – Qualification as a 'Real Estate Investment Trust'".

"**SIFT Rules**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Status of Partners REIT – Qualification as a 'Real Estate Investment Trust'".

"**SIFT trust**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Status of Partners REIT – Qualification as a 'Real Estate Investment Trust'".

"**Stapled Units**" has the meaning ascribed thereto under "Certain Information Concerning NorRock – Previous Purchases and Sales - Stapled Unit Offering".

"**Stub Period Payment**" means an amount equal to \$0.4219 multiplied by a fraction the numerator of which is the number of days elapsed since the last day in the financial quarter of NorRock that ended prior to the Closing Date (including the Closing Date) and the denominator of which is the total number of days in the NorRock financial quarter in which the Closing Date occurs.

"**Subscription Agreement**" means the Subscription Agreement in the form attached as Exhibit "I" to the Plan of Arrangement.

"**Superior Proposal**" has the meaning ascribed thereto under "Acquisition Agreement – Covenants Regarding Non-Solicitation – Covenants in Respect of Acquisition Proposals".

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C., 1985, c1 (5th Supplement) and the regulations thereto, as amended from time to time.

"**taxable capital gain**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Losses".

"**Tax**" or "**Taxes**" means, with respect to any Person, all foreign, domestic, local, state, provincial or other taxes including income taxes and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding or payroll taxes, stamp taxes, property taxes, windfall profits taxes, alternative or add-on minimum tax, goods and services tax, customs duties and other taxes, together with any interest and any penalties or additions to tax imposed by any taxing authority (domestic or foreign) on such Person.

"**Ten Day VWAP**" means the volume weighted average trading price per unit of the Partners REIT Units on the TSXV for the ten Trading Days immediately preceding the date of calculation.

"Termination Agreement" has the meaning ascribed thereto under "Termination Agreement".

"Termination Date" means the date on which Partners REIT fully pays, to the holders of Rights, all Deferred Consideration to which such holders are entitled, which date shall be no later than the Payment Date provided that it shall occur no later than October 31, 2012.

"TFSAs" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Eligibility for Investment".

"Trading Day" means a day on which more than 10,000 Partners REIT Units are traded through the facilities of the principal exchange on which the Partners REIT Units then trade.

"Transaction Expenses" means \$1.38 million.

"Transferred Assets" means the Cash Amount, the Assigned Mortgages and the Assigned Shares.

"TSX" means the Toronto Stock Exchange.

"TSXV" means the TSX Venture Exchange.

"U.S. Exchange Act" means the United States *Securities Exchange Act of 1934*, as amended.

"U.S. Person" means a "U.S. person" as defined in Rule 902 of Regulation S under the 1933 Act.

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

"United States" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

"Unit and Cash Election" means the election, by a NorRock Preferred Shareholder in accordance with the Letter of Transmittal to receive 12.71676 Partners REIT Units and a cash payment in an amount equal to the total value of the Cash Elected Amount and an amount equal to the Stub Period Payment for each NorRock Preferred Share held.

"Unit Election" means the election, by a NorRock Preferred Shareholder, in accordance with the Letter of Transmittal, to receive 13.72824 Partners REIT Units and a cash payment in an amount equal to the Stub Period Payment for each NorRock Preferred Share held.

"Unit Election Consideration" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Holders of NorRock Preferred Shares".

"Unit Offering" has the meaning ascribed thereto under "Certain Information Concerning NorRock – Previous Purchases and Sales - Stapled Unit Offering".

"Unperfected Dissenter" has the meaning ascribed thereto under "Arrangement Mechanics".

"Valuator" means a "valuator" as described in Section 6.1 of MI 61-101, and who is independent of both NorRock and Partners REIT and all other interested parties.

"Warrant" has the meaning ascribed thereto under "Certain Information Concerning NorRock – Previous Purchases and Sales - Stapled Unit Offering".

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Joint Circular includes and incorporates statements that are prospective in nature that constitute "**forward-looking information**" within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included in this document that address activities, events or developments that Partners REIT or NorRock expect or anticipate will or may occur in the future are forward-looking statements. When used in this document, words such as "**will**", "**plans**", "**intends**", "**outlook**", "**expects**", "**anticipates**", "**estimates**", "**believes**", "**should**" and similar expressions are intended to identify statements containing forward-looking information.

Forward-looking information is based on current expectations and assumptions and is influenced by Partners REIT's and NorRock's historical experience, perception of trends and current business conditions, expected future developments and other factors which Partners REIT and NorRock consider appropriate. Forward-looking information involves known and unknown risks and uncertainties and other factors which may cause or contribute to actual results of Partners REIT and NorRock that are materially different from any future results, performance or achievements expressed or implied by such forward-looking information, including, but not limited to:

- risks and uncertainties related to the proposed Arrangement including the satisfaction of the conditions precedent to consummate the Arrangement such as the approval of Partners REIT and NorRock security holders;
- the Initial Asset Value exceeding \$48,000,000 and the principal amount of the Assigned Mortgages and the value of the Assigned Shares in aggregate not exceeding \$19,000,000;
- arrangements being made by NorRock to satisfy the claims of its creditors and the completion of the Arrangement and the nature of the assets to be acquired by Partners REIT pursuant to the Plan of Arrangement not in any way impairing Partners REIT's ability to continue to qualify as a "real estate investment trust" and a "mutual fund trust" at all times under the Tax Act, including for its 2011 and future taxation years;
- the occurrence of any event, change or other circumstance which could give rise to the termination of the Acquisition Agreement, the delay of consummation of the Arrangement or failure to complete the Arrangement for any reason (including the delay or failure to obtain the required approvals or clearances from regulatory authorities);
- the amount of the costs, fees, expenses and other charges related to the Arrangement as well as those risk factors listed in Partners REIT's and NorRock's public filings with the Canadian Securities Regulatory Authorities filed on SEDAR.; and
- whether the Partners REIT Units will be approved for listing on the TSX.

For a further description of these and other factors that could cause actual results to differ materially from the forward-looking information included in or incorporated by reference into this Joint Circular, see the risk factors discussed under "Risk Factors" in this Joint Circular as well as those risks and uncertainties discussed in Partners REIT's Annual Information Form, under "Risk Factors – Risks Relating to the REIT", Partners REIT's management's discussion and analysis for the interim period ended September 30, 2011 under "Risks and Uncertainties", and NorRock's Annual Information Form, under "Risk Factors", each of which are filed on SEDAR. **These factors should not be considered as exhaustive. The reader is cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect.**

Readers are cautioned that the actual results achieved will vary from the information provided herein and that such variations may be material. Consequently, there are no representations by Partners REIT or NorRock that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Furthermore, statements containing forward-looking information that are included in this Joint Circular or incorporated by reference, as applicable, in this Joint Circular are made as of the date on which such statements are

made, and each of Partners REIT and NorRock undertakes no obligation, except as required by applicable securities legislation, to update publicly or to revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking information included and incorporated by reference herein is expressly qualified by this cautionary statement.

SUMMARY

The following is a summary of certain information contained in this Joint Circular and may not contain all of the information that is important to Partners REIT Unitholders and NorRock Shareholders. The summary is not intended to be complete and is qualified in its entirety by the more detailed information incorporated by reference in this Joint Circular, which are important and should be reviewed carefully. Partners REIT Unitholders and NorRock Shareholders should carefully read the entire document and the other documents incorporated by reference herein for a more complete understanding of the Arrangement. Unless otherwise indicated, dollar amounts are expressed in Canadian dollars.

Date, Time and Place of the Meetings

Partners REIT

The Partners REIT Meeting will be held at 11:00 a.m. (Toronto Time) on Thursday, December 15, 2011 at the offices of McCarthy Tétrault LLP, 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6.

NorRock

The NorRock Meeting will be held at 10:00 a.m. (Toronto Time) on Thursday, December 15, 2011 at the offices of Bennett Jones LLP, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4.

Purpose of the Meetings

Partners REIT

The purpose of the Partners REIT Meeting is to consider and, if deemed advisable, to pass the Partners REIT Resolutions and transact such other business as may properly come before the Partners REIT Meeting or any adjournment or postponement thereof. **The Partners REIT Arrangement Resolution and completion of the Arrangement is not conditional on the approval of the Partners REIT Consolidation Resolution. Unless the Arrangement closes, the Consolidation will not take place.**

NorRock

The purpose of the NorRock Meeting is to consider and, if deemed advisable, to pass the NorRock Arrangement Resolutions and transact such other business as may properly come before the NorRock Meeting or any adjournment or postponement thereof.

Effects of the Arrangement

If the Arrangement is consummated, Partners REIT will acquire substantially all of the assets of NorRock, consisting of cash, cash equivalents, mortgages and other assets, in exchange for a combination of Partners REIT Units, Rights and cash.

It is anticipated that, at Closing, holders of NorRock Preferred Shares will receive \$23.75 per share in Partners REIT Units or a combination of cash and Partners REIT Units (based on an agreed issue price of \$1.73 per Partners REIT Unit), and holders of NorRock Class A Shares will receive \$5.94 per share in Partners REIT Units (based on an agreed issue price of \$1.73 per Partners REIT Unit) together with Rights to receive additional value of approximately \$1.47 per share, resulting in proceeds potentially totaling approximately \$7.41 per NorRock Class A Share. See "Risk Factors".

The Rights will represent the right to receive a *pro rata* share of the net value (as determined as described below) of the mortgages and other non-cash assets that Partners REIT will purchase from NorRock at Closing, to the extent that such net value exceeds \$12.6 million. If the net value of those assets so determined reflects NorRock's current book value for those assets, then the Rights will have a value of approximately \$1.47 per NorRock Class A

Share. See "Risk Factors" and "Certain Information Concerning Partners REIT – Description of Rights and Rights Indenture".

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

After Closing, Partners REIT may retain or may sell the non-cash assets acquired from NorRock. Partners REIT will make the Cash at Closing Payment and Assets at Closing Payment by transferring to NorRock the following units and cash (excluding the Stub Period Payment and payments to SARs holders which will be funded by NorRock), which would, under the Arrangement, be distributed to NorRock shareholders on the following basis:

- for each NorRock Preferred Share, 13.72824 Partners REIT Units, a number derived by dividing \$23.75 (the implied selling price of the NorRock Preferred Shares) by \$1.73 (the agreed issue price per Partners REIT Unit) together with cash equal to any Stub Period Payment, or, at the option of a holder, 12.71676 Partners REIT Units and \$1.75 in cash together with cash equal to any Stub Period Payment. See "Risk Factors";
- for each NorRock Class A Share, that number of Partners REIT Units calculated by: (i) dividing (x)(A) sum of the Cash at Closing Payment and Assets at Closing Payment; less (B) an amount equal to the number of issued and outstanding NorRock Preferred Shares multiplied by \$23.75; by (y) by the number of outstanding NorRock Class A Shares; and (ii) then dividing the result of the calculation in (i) by \$1.73 (the agreed issue price per Partners REIT Unit) (the calculation of the amount per share in (i) being the "**NorRock Class A Share Consideration**"). See "Risk Factors"; and
- for each of the 150,000 SARs outstanding, an amount in cash equal to the NorRock Class A Share Consideration minus \$5.11.

The NorRock Preferred Shares will be cancelled in connection with the distribution under the Arrangement. The holders of NorRock Class A Shares and the holder of the NorRock Class J Share will continue to hold their shares and be the sole shareholders of NorRock following Closing.

The number of Units of Partners REIT that holders of NorRock Shares will receive at Closing is based on an agreed price of \$1.73 per Partners REIT Unit, which issue price may be higher or lower than the market price of such Partners REIT Units on the date of issue. See "Risk Factors".

As holders of the Partners REIT Units, the current holders of the NorRock Preferred Shares and NorRock Class A shares will be entitled to monthly distributions on the Partners REIT Units received by them. In addition, the holders of NorRock Class A Shares and the holders of SARS may be entitled to receive additional Partners REIT Units or cash (or a combination of both) as described below. See "Risk Factors".

At Closing, Partners will issue Rights to NorRock and the Rights will be distributed *pro rata* to the holders of NorRock Class A Shares and SARs as part of the Arrangement. These Rights will entitle the holder to receive Partners REIT Units (or, in Partners REIT's discretion, a cash payment in lieu of all or a portion of such units) corresponding to that holder's *pro rata* share of the aggregate Deferred Payment described below. The number of Partners REIT Units to be issued will be calculated based on the five day VWAP at the time of issue.

It is expected that holders of NorRock Class A Shares and SARs will receive additional payments after Closing pursuant to the Rights, which will be paid on a *pro rata* basis based upon the number of NorRock Class A Shares and SARs held by them at Closing. The aggregate of such payments will be equal to the aggregate Deferred Payment.

See "Arrangement Mechanics".

Partners REIT Following Closing

If the Arrangement is consummated, Partners REIT will acquire substantially all of the assets of NorRock, consisting of cash, cash equivalents, mortgages and other assets, in exchange for a combination of Partners REIT Units, Rights and cash.

At Closing, if the NorRock Preferred Shareholders elect to receive only Partners REIT Units, together with cash equal to any Stub Period Payment, in exchange for their NorRock Preferred Shares and no NorRock Preferred Shareholder elects to receive the Cash Elected Amount, it is expected that approximately 29,432,120 Partners REIT Units will be issued at Closing (representing approximately 92% of the currently issued and outstanding Partners REIT Units). In payment of the Deferred Payment (and assuming that in calculating the number of Partners REIT Units to be issued in payment of the Deferred Payment that the Five Day VWAP of the Partners REIT Units is \$1.73), up to approximately another 2,543,352 Partners REIT Units will be issued (representing approximately 8% of the currently issued and outstanding Partners REIT Units). Partners REIT has applied to the TSXV to issue a maximum of 29,432,120 Partners REIT Units in connection with the Arrangement and a maximum of 3,000,000 Partners REIT Units in connection with the exercise of Rights.

At Closing, Partners REIT will receive cash and cash equivalents equal to the Cash Amount. Partners REIT intends to use such proceeds and the proceeds from any sale or realization of the Assigned Shares and Assigned Mortgages for future acquisitions and general trust working capital purposes.

See "Certain Information Concerning Partners REIT – Information Concerning Partners REIT Following Closing".

NorRock Following Closing

Upon completion of the Arrangement, NorRock will no longer have any material assets other than a nominal amount of cash and an estimated amount of cash to pay Dissenting Shareholders, if any. Not including the estimated amount of cash to pay Dissenting Shareholders, it is expected that NorRock will have approximately \$20,000 after completion of the Arrangement. NorRock is contemplating obtaining a credit facility from Green Tree after completion of the Arrangement (the "**Credit Facility**"). The Credit Facility would provide NorRock with additional working capital to operate after completion of the Arrangement. The Credit Facility would be in the approximate amount of \$100,000 and on commercially reasonable terms, including commercially reasonable interest rates and repayment terms. Principal and interest would be repayable in cash and no securities of NorRock would be issuable pursuant to the Credit Facility. Green Tree would benefit from the Credit Facility to the extent any interest is repaid thereon. For further details on the relationship between NorRock and Green Tree, see "Interest of Certain Persons in the Arrangement – NorRock".

Assuming the Arrangement is completed, the only classes of NorRock securities outstanding will be the NorRock Class A Shares and the NorRock Class J Share. NorRock intends to use its available cash to maintain its listing on the TSX (for the time frame permitted by and subject to TSX rules as described below) and explore new business opportunities. At this time the NorRock Board has not made any definitive business decisions regarding its post-Arrangement business, but it is working with management and together they will be exploring options which they believe will be in the best interests of NorRock and the NorRock Shareholders. Any proposed transaction will be subject to receipt of all necessary regulatory approvals. The business of NorRock may remain in the commercial real estate lending industry or be in a different industry. Management of NorRock is actively reviewing a number of opportunities.

The NorRock Class A Shares currently trade on the TSX. If the Arrangement is completed, NorRock will have substantially discontinued its business or materially changed the nature of its business (a "**Change in Business**") according to the TSX rules. As a result of such Change in Business, NorRock will be required to meet the original listing requirements of the TSX in order to remain listed. As described herein, following completion of the Arrangement, the NorRock Board and management will consider the business plan for NorRock and its future. Although NorRock continues to identify and evaluate potential opportunities, the NorRock Board has currently not made any decisions in this regard. Upon completion of the Arrangement, if NorRock has not identified an opportunity sufficient to meet the original listing requirements of the TSX, NorRock will, as a result, not meet the TSX's original listing requirements and will be delisted shortly after the completion of the Arrangement.

Despite completion of the Arrangement and the NorRock Class A Shares remaining listed on TSX, NorRock may, nevertheless, no longer qualify as a "mutual fund corporation" within the meaning of the Tax Act. Even if it did so qualify, NorRock may, in order to have more flexibility in its ability to organize its business structure into the future, seek to remove the mandatory requirement in its articles of incorporation mandating that it maintain mutual fund corporation status. See "Risks Related to Canadian Federal Income Tax Matters - NorRock Tax Related Risks".

See "Certain Information Concerning NorRock – Information Concerning NorRock Following Closing".

Unitholder and Shareholder Votes Required

Partners REIT

Approval of the Partners REIT Arrangement Resolution requires the affirmative vote of:

- not fewer than two-thirds of the votes cast by Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting; and
- since Partners REIT has determined to voluntarily comply with the requirements of MI 61-101, not fewer than a majority of the votes cast by the Minority Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting.

Approval of the Partners REIT Consolidation Resolution requires the affirmative vote of a majority of the votes cast by Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting.

The Partners REIT Arrangement Resolution and completion of the Arrangement is not conditional on the approval of the Partners REIT Consolidation Resolution. Unless the Arrangement closes, the Consolidation will not take place.

See "Voting Information and General Proxy Matters for Partners REIT Unitholders – Quorum and Votes Required".

NorRock

Approval of the NorRock Preferred Shares Arrangement Resolution requires the affirmative vote of:

- not fewer than two-thirds of the votes cast by the holders of NorRock Preferred Shares present (in person or by proxy) and entitled to vote at the NorRock Meeting; and
- not fewer than a majority of the votes cast by the Minority NorRock Preferred Shareholders present (in person or by proxy) and entitled to vote at the NorRock Meeting; and

Approval of the NorRock Class A Shares Arrangement Resolution requires the affirmative vote of:

- not fewer than two-thirds of the votes cast by the holders of NorRock Class A Shares present (in person or by proxy) and entitled to vote at the NorRock Meeting; and
- not fewer than a majority of the votes cast by Minority NorRock Class A Shareholders present (in person or by proxy) and entitled to vote at the NorRock Meeting.

Approval of the NorRock Class J Share Arrangement Resolution requires the affirmative vote of the NorRock Class J Holder which it has previously provided in writing.

See "Voting Information and General Proxy Matters for NorRock Shareholders – Quorum and Votes Required".

Who Can Vote at the Meetings

Partners REIT

Only Partners REIT Unitholders of record at the close of business on November 7, 2011 are entitled to notice of and to vote at the Partners REIT Meeting and any adjournment or postponement thereof. At the close of business on November 7, 2011, there were 31,035,759 issued and outstanding Partners REIT Units. Each Partners REIT Unit entitles the holder thereof to one vote on each matter presented at the Partners REIT Meeting.

See "Voting Information and General Proxy Matters for Partners REIT Unitholders – Record Date".

NorRock

Only NorRock Shareholders of record at the close of business on November 7, 2011 are entitled to receive notice of and to vote at the NorRock Meeting and any adjournment or postponement thereof. At the close of business on November 7, 2011, 1,467,100 NorRock Preferred Shares, 2,924,160 NorRock Class A Shares and a single Class J Share were issued and outstanding. Each NorRock Class A Share and NorRock Preferred Share entitles the holder thereof to one vote on each matter presented at the NorRock Meeting.

See "Voting Information and General Proxy Matters for NorRock Shareholders – Record Date".

Background to the Arrangement

Green Tree Acquires the Manager and NorRock Class A Shares

Prior to May 2011, CAB, a Canadian merchant bank and alternative asset manager, owned (directly and indirectly) 966,160 Class A Shares of NorRock (then named C.A. Bancorp Canadian Realty Finance Corporation), which carried approximately 31.6% of the voting rights attached to all of the NorRock Class A Shares then outstanding. The Manager of NorRock was then a wholly-owned subsidiary of CAB. The Manager managed NorRock under a management agreement and under an investment advisory agreement with the Reference L.P. The Manager was also indebted to NorRock under a promissory note in the principal amount of approximately \$1.4 million. CAB and NorRock were parties to the Commitment Agreement pursuant to which CAB agreed to provide funding to NorRock in certain circumstances.

In August 2010, CAB announced that, following a strategic review process, its board of directors had decided to pursue opportunities to dispose of its assets, including its interests in NorRock and the Manager, and distribute the proceeds to its shareholders. Following that announcement, Green Tree was formed and entered into discussions with CAB, and in March 2011 Green Tree and CAB entered into an agreement with regard to the proposed purchase by Green Tree of CAB's interests in NorRock and the Manager for an aggregate purchase price of \$6.4 million.

In May 2011, CAB and Green Tree completed the following transactions pursuant to the March 2011 agreement following a special meeting of the holders of the NorRock Preferred Shares and the NorRock Class A Shares held on April 25, 2011 at which the following transactions were considered and approved:

- Green Tree acquired (directly and indirectly) the 966,160 Class A Shares of NorRock owned (directly and indirectly) by CAB;
- Green Tree acquired all of the shares of the Manager from CAB; and
- Green Tree assumed CAB's obligations to NorRock under the Commitment Agreement and the aforementioned promissory note, and NorRock released CAB from those obligations.

In connection with those transactions, individuals nominated by Green Tree became directors of NorRock, and Boddart became a director and the Chief Executive Officer of NorRock and the Manager. NorRock also changed its name to NorRock Realty Finance Corporation.

Partners REIT Proposes a Transaction with NorRock

On April 21, 2011, Gant asked the Partners REIT Board to consider acquiring all of the outstanding shares or some or all of the assets of NorRock following completion of the Green Tree transaction described above. In that regard Gant had asked Brookfield to conduct a preliminary evaluation of the assets of NorRock. Gant also informed the Partners REIT Board that his holding company and League Assets Corp. ("LAC"), were beneficiaries of a trust which held 50% of the shares of Green Tree and so would be in a conflict of interest should Green Tree successfully complete the acquisition transaction with CAB. After hearing a presentation from Brookfield that summarized the assets of NorRock, the reasons why such an acquisition might serve Partners REIT's interests and suggested means for acquiring such assets, and taking advice from counsel to Partners REIT, the Partners REIT Board decided to appoint the Partners REIT Independent Committee comprised of all of the trustees other than Gant and Miniutti. The mandate for that committee was approved by the Partners REIT Board and Mr. Maroun was appointed as the chair of the committee.

Actions and Deliberations by the Partners REIT Independent Committee

Later on April 21, 2011, the Partners REIT Independent Committee met, appointed Brookfield as its financial advisor and asked Brookfield and legal counsel, McCarthy Tétrault LLP, to provide the chair of the committee with additional input in connection with a possible transaction if the transaction between Green Tree and CAB described above was completed.

The Partners REIT Independent Committee met again on May 6, 2011, at which time the committee was informed that the shareholders of NorRock had approved the various elements of the transaction between Green Tree and CAB described above, and were provided with further advice from Brookfield and McCarthy Tétrault LLP, the latter providing an overview of the process that the committee should follow to ensure that the consideration of any transaction with NorRock and the negotiation of its terms and conditions would be carried out by the Partners REIT Independent Committee. Mr. Dykeman was appointed as the committee member responsible for overseeing the possible transaction on behalf of the committee and to have further discussions with Brookfield as to the merits of the transaction.

On May 23, 2011, the Partners REIT Independent Committee met with its financial and legal advisors. Brookfield provided its preliminary views on why a transaction with NorRock would be in the interests of Partners REIT to pursue and how that transaction could be carried out. It was Brookfield's view that the transaction would be beneficial to both the Partners REIT Unitholders and to the NorRock shareholders. From the perspective of Partners REIT, it presented the opportunity of acquiring highly liquid assets that could be retained or sold for cash, which if paid for with Partners REIT Units would be an efficient way of raising additional capital to allow Partners REIT to continue its acquisition of properties. From the perspective of NorRock Shareholders, it was anticipated that Partners REIT would be able to offer a sufficient premium to the current market prices for the NorRock Class A Shares and NorRock Preferred Shares that the holders of such shares would be willing to accept Partners REIT Units as consideration and then benefit from any growth of Partners REIT and any future increase in the price of Partners REIT Units. Mr. Dykeman was asked by the committee to pursue discussions with NorRock both directly and through Brookfield.

On June 14, 2011, the Partners REIT Independent Committee met again with its financial and legal advisors. Gant and Mr. Miniutti were present for the first part of the discussion and then left the meeting. The first part of the discussion was to inform the committee that a confidentiality agreement had been entered into with NorRock and that NorRock was in the process of setting up a data room containing information about NorRock. There was a general discussion about the possible structuring of the proposed transaction by way of plan of arrangement, which included a discussion of the NorRock assets and the nature of those assets. Brookfield indicated that it had met with management of NorRock the previous week to engage in preliminary discussions regarding a proposed transaction and that the initial reaction was positive. There was a discussion about Brookfield's review process to date. Following the departure of Gant and Miniutti, the committee members discussed the merits of the transaction, including a variation of the proposal that involved the acquisition of the NorRock assets, rather than the shares of NorRock. Brookfield was asked to conduct further due diligence and come back to the committee with a proposed package of assets to be purchased and the resulting price or range of prices for the NorRock Class A Shares and for

the NorRock Preferred Shares. Legal counsel was asked to assist Mr. Dykeman in formulating an indicative proposal that could be discussed at the next meeting of the Partners REIT Independent Committee.

The next meeting of the Partners REIT Independent Committee was on June 30, 2011. Brookfield provided the committee with an update including a revised analysis of the assets of NorRock and the costs involved in carrying out the transaction. The committee also considered a draft of a non-binding indicative proposal prepared by Mr. Dykeman, counsel and Brookfield and authorized certain revisions. Mr. Dykeman was asked to pursue this indicative proposal with the chair of the NorRock Independent Committee the following week.

Following the meeting on June 30, 2011, Partners REIT approached NorRock with an indicative proposal to acquire the assets of NorRock. Subsequent to putting forward the proposal to NorRock, Brookfield worked with both Cormark and the management of NorRock in reviewing and assessing NorRock's assets and having discussions with NorRock concerning the terms of the indicative proposal.

On August 5, 2011, the Partners REIT Independent Committee met to be updated on the status of negotiations, which had been conducted since the last meeting of the committee by Brookfield under the direction of Mr. Dykeman. Brookfield indicated that the indicative proposal considered at the June 30, 2011 meeting of the committee had been proposed to NorRock and that NorRock, through its financial advisors, Cormark, had presented certain alternatives, including one outlined in a non-binding counter proposal. The Partners REIT Independent Committee considered that proposal from NorRock and concluded that it should pursue that proposal provided that agreement could be reached on which assets were being purchased and which would be left with NorRock, the price to pay for such assets, and subject to (i) various due diligence matters that had yet to be satisfactorily resolved and (ii) the resolution of certain tax issues that the revised proposal presented.

Counsel to Partners REIT delivered the first draft of an agreement between the parties to counsel for NorRock on August 25, 2011. Counsel for both parties had continued discussing how to reflect the elements of the transaction in an agreement and how to structure the transaction and concluded that the transaction should proceed by way of a plan of arrangement.

The next meeting of the Partners REIT Independent Committee was held on August 30, 2011. The committee members discussed the assets under discussion and the consideration that Partners REIT might pay to acquire those assets. Brookfield indicated it was continuing its discussions with Cormark and conducting ongoing due diligence on the mortgages and possibly other assets that would be transferred to Partners REIT if the transaction proceeded. Counsel was asked to summarize a draft acquisition agreement prepared by it under the direction of Mr. Dykeman.

On September 9, 2011 the Partners REIT Independent Committee met to discuss the progress in negotiations with NorRock. Mr. Dykeman summarized the major business and legal issues outstanding and the anticipated timeline should the parties reach agreement.

Following that meeting, drafts of the agreement between the parties were considered by counsel, by the financial advisors for both parties and by Mr. Dykeman on behalf of the Partners REIT Independent Committee and Mr. Pridham on behalf of the NorRock Independent Committee.

On September 27, 2011, Brookfield and counsel summarized, for the Partners REIT Independent Committee, the outstanding issues between the parties and Brookfield provided details with respect to each of the NorRock mortgages and other assets that might form part of the transaction, noting that with respect to several of the mortgages it was unclear what value to assign to them in light of prior encumbrances on the subject properties. Brookfield provided the committee with its views on an appropriate price to pay for the assets that would be accretive to Partners REIT and attractive to NorRock Shareholders. The committee concluded any offer it made would have to be structured to take into account the uncertainty around the value and saleability of some of the NorRock mortgages. The committee also concluded that it should consider buying all of the assets of NorRock so that NorRock was not left with a small amount of assets that might be difficult to sell.

On September 29, 2011 Partners REIT provided the NorRock Independent Committee with a letter outlining the proposed transaction and its material legal and business points. This letter was discussed by the parties between September 29 and October 4, 2011.

On October 4, 2011, the Partners REIT Independent Committee met again to discuss the state of negotiations with NorRock. Mr. van Haastreht was asked to continue discussions on the basis of the letter being discussed with NorRock and counsel was asked to revise the draft transaction agreement to reflect those discussions. Counsel for Partners REIT provided NorRock with a revised agreement on October 6, 2011 and from that point until October 17, 2011 the parties were in active discussions in an attempt to settle the outstanding business and legal issues.

On October 13, 2011, the Partners REIT Independent Committee met and heard presentations from Brookfield and from Capital Canada. Capital Canada provided the committee with a preliminary oral presentation as to the valuation of the NorRock assets and Brookfield provided the committee with a preliminary fairness opinion. The committee approved the transaction in substantially its current form, approving the acquisition agreement between the parties in the form then presented, the press release announcing the transaction and noting that support agreements from the major shareholders of both NorRock and Partners REIT had been executed supporting the transaction. In recognition that the parties were still considering certain business issues, the committee provided Mr. van Haastreht with authority to conclude the transaction once he was satisfied that the agreement reflected the business deal reached and stated that its approval was subject to the approval of Mr. van Haastreht. The transaction and agreement with NorRock was subsequently approved by the board of trustees of Partners REIT (with Gant and Miniutti abstaining) on October 13, 2011 on the same conditions. It was anticipated that the parties would reach final agreement prior to the markets opening on October 17, 2011.

Mr. van Haastreht, Mr. Pridham, and the financial and legal advisors to both NorRock and Partners REIT continued to negotiate the Acquisition Agreement, and settle the support agreements, from October 14-16, 2011 and the parties announced the transaction before trading commenced on the TSX or TSXV on October 17, 2011.

Actions and deliberations by the NorRock Independent Committee

At a meeting of the NorRock Board held on May 30, 2011, Boddaert advised that she had been approached by Partners REIT concerning a possible transaction involving the acquisition of the shares or assets of NorRock by Partners REIT, and agreed that the NorRock Board consider whether it would be prepared to pursue such a transaction.

Boddaert advised that she would have certain conflicts of interest in connection with such a transaction because a family trust of which she was a trustee and a discretionary beneficiary owned 50% of the outstanding shares of Green Tree, Green Tree owned all of the outstanding shares of the Manager, Green Tree was owned 50% by GTT in which Gant (the Chief Executive Officer of Partners REIT) had a contingent financial interest, Green Tree had acquired from CAB approximately 32% of the NorRock Class A Shares in May 2011 and it was probable that the Management Agreement would be terminated if a proposed transaction with Partners REIT were to be completed. Darryl Abbott, a director of NorRock, advised that he would also have certain conflicts of interest because he was the sole trustee of another trust, established by Gant's father that held the other 50% of the outstanding shares of Green Tree.

Following a discussion of the potential advantages and disadvantages of pursuing a possible transaction with Partners REIT, the NorRock Board decided to appoint the NorRock Independent Committee, comprised of Jane Davis, Norman McPhedran and Gordon Pridham, to consider and evaluate a possible transaction with Partners REIT and to make recommendations in that regard to the NorRock Board. The committee was also authorized by the NorRock Board to consider other alternatives that might maximize the value of NorRock Shares, to negotiate the terms of any transaction with Partners REIT or an alternative transaction, to engage independent financial and legal advisers to assist the committee in carrying out its mandate, to engage an independent valuator if required, and to provide advice and recommendations to the NorRock Board concerning any transaction with Partners REIT or any alternative transaction. Mr. Pridham was appointed Chairman of the committee.

Early in June 2011, the NorRock Independent Committee engaged Bennett Jones LLP as its legal counsel. Following interview with two financial advisory firms, the Committee engaged Cormark as its financial adviser.

During the period from early June 2011 until mid-October 2011, the NorRock Independent Committee and its advisers participated in discussions and negotiations with the Partners REIT Independent Committee and its advisers concerning a possible transaction whereby Partners REIT would acquire all or a substantial portion of NorRock's assets. While the negotiations and discussions were very broad in scope, the principal issues between the parties involved the following:

- *Acquired Assets.* During the negotiations Partners REIT proposed that NorRock would retain certain assets. NorRock's preference was to sell all or substantially all of its assets to Partners REIT. Ultimately, the parties agreed that Partners REIT would acquire substantially all of NorRock's assets on the terms set out in the Acquisition Agreement.
- *Value of Purchased Assets.* There were extensive negotiations as to the value to be ascribed to the NorRock assets that Partners REIT would purchase, in particular as to the appropriate discount to be applied to the gross book value of those assets.
- *Allocation and Form of Purchase Consideration.* The parties discussed the portion of the purchase consideration that should be allocated to the holders of NorRock Preferred Shares and NorRock Class A Shares. Partners REIT's initial proposal contemplated that the holders of NorRock Preferred Shares would receive approximately \$22.00 to \$22.50 per share, entirely in the form of Partners REIT Units. Under the terms of the Arrangement, it is expected that those holders will receive Partners REIT Units valued at \$23.75 per share or, at the holders' election, Partners REIT Units valued at \$22.00 in the form of Units and \$1.75 in cash for each NorRock Preferred Share (based on an agreed issue price of \$1.73 per Partners REIT Unit). See "Risk Factors".
- *Deferred Purchase Consideration.* The parties conducted extensive negotiations concerning the portion of the aggregate purchase price that would be paid by Partners REIT upon completion of the transaction (in the form of Partners REIT Units and cash) and the portion that would be deferred until after Closing (in the form of Rights issued upon transaction completion to NorRock and then to the holders of NorRock Class A Shares, evidencing the entitlement of the holders of Rights to receive additional Partners REIT Units (or cash at the election of Partners REIT) after transaction completion). Under the terms of the Arrangement, it is expected that the holders of NorRock Class A Share will receive, upon transaction completion, Partners REIT Units valued at approximately \$5.94 per Class A Share (based on an agreed issue price of \$1.73 per Partners REIT Unit) plus non-transferable Rights to receive Partners REIT Units (or cash) after transaction completion valued at approximately \$1.47 per NorRock Class A Share. See "Risk Factors".
- *Non-Completion Fee.* Early in the negotiations Partners REIT proposed that NorRock would be obliged to pay a non-completion fee of \$2.5 million to Partners REIT in specified circumstances. NorRock proposed a substantially lower fee and also proposed that Partners REIT would be required to pay a non-completion fee to NorRock in specified circumstances. It was ultimately agreed that the NorRock Non-Completion Fee payable to Partners REIT in specified circumstances would be \$1.75 million and that Partners REIT would not be obliged to pay any non-completion fee to NorRock.

As Chairman, Mr. Pridham was the principal representative of the NorRock Independent Committee in the negotiations, assisted by Cormark and also Bennett Jones. In addition to the negotiations with Partners REIT, the NorRock Independent Committee also had extensive negotiations with Green Tree (principally Boddaert) concerning the allocation of the proceeds of the asset sale between the holders of NorRock Preferred Shares and the holders of NorRock Class A Shares in light of the fact that Green Tree holds approximately 33.4% of the outstanding NorRock Class A Shares, and the prior agreement of Green Tree to vote its NorRock Class A Shares in favour of the proposed transaction was a condition precedent to Partners REIT entering into the Acquisition Agreement. Gant also took part in certain of the negotiations in light of the fact that he controls, through IGW, approximately 41% of the outstanding Partners REIT Units, and the prior agreement of IGW to vote its Partners REIT Units in favour of the proposed transaction was a condition precedent to NorRock entering into the Acquisition Agreement.

Boddaert, in her capacity as Chief Executive Officer of NorRock and the Manager, also assisted the NorRock Independent Committee in negotiating the terms on which the Forward Contract would be terminated, in particular the amount of the early termination fee to be paid to the counterparty to that contract.

Mr. Pridham reported regularly to the other members of the NorRock Independent Committee concerning the negotiations with Partners REIT and Green Tree, and conducted those negotiations in accordance with strategic and other decisions made by the committee with the advice of Cormark and Bennett Jones. The committee met on 10 occasions during the period from May 30, 2011 to October 14, 2011 and the committee's financial and legal advisers attended several of those meetings. On occasion, when appropriate, the committee also invited Boddaert and Mr. Abbott to attend committee meetings to provide information and advice to the committee. However, neither Boddaert nor Mr. Abbott participated in any of the deliberations of the NorRock Independent Committee.

The NorRock Independent Committee interviewed representatives of M Partners. The committee determined, based in part on representations made to it by M Partners, that M Partners was independent of all interested parties and was qualified to provide the valuation required under MI 61-101. The committee invited M Partners to submit an engagement proposal, which was submitted and approved by the committee, subject to certain revisions proposed by Mr. Pridham and legal counsel that were accepted by M Partners. The NorRock Independent Committee directed NorRock to enter into the M Partners Engagement Letter with M Partners dated September 12, 2011.

On October 14, 2011 the NorRock Independent Committee met to consider the terms of the proposed transaction that had been negotiated with Partners REIT, as reflected in a substantially final draft of the Acquisition Agreement. The committee also invited Boddaert and Mr. Abbott to attend. At that meeting, the committee received advice from Cormark concerning the financial terms of the transaction, advice from Bennett Jones concerning the legal aspects of the transaction, a preliminary valuation from M Partners concerning the fair market values of the NorRock Preferred Shares, the NorRock Class A Shares, the Partners REIT Units and the Rights, and an oral opinion from Cormark that, as at October 14, 2011, the terms of the proposed transaction were fair, from a financial point of view, to the holders of NorRock Preferred Shares and NorRock Class A Shares.

After discussing and considering the information and advice presented at the meeting, the members of the NorRock Independent Committee unanimously concluded that the proposed transaction with Partners REIT was in the best interests of NorRock and was fair to the holders of NorRock Preferred Shares and NorRock Class A Shares, and unanimously resolved to recommend that the NorRock Board approve the transaction and authorize NorRock to enter into the Acquisition Agreement and ancillary agreements. Upon receipt of the advice and recommendations of the NorRock Special committee, the NorRock Board (with Boddaert and Mr. Abbott declaring their interests and abstaining from voting) unanimously approved the proposed transaction with Partners REIT, on the terms reflected in the draft of the Acquisition Agreement presented at the meeting with such revisions as Mr. Pridham, with advice from the committee's financial and legal advisers, may approve and authorized NorRock to enter into the Acquisition Agreement and ancillary agreements.

See "Background to the Arrangement".

Conclusions and Recommendation of the Partners REIT Independent Committee and the Partners REIT Board

After careful consideration, the Partners REIT Independent Committee has unanimously concluded that the Arrangement is fair to Partners REIT Unitholders and is in the best interests of Partners REIT, and has unanimously recommended that the Partners REIT Board approve the Arrangement and recommends that Partners REIT Unitholders vote in favour of the Partners REIT Arrangement Resolution.

After careful consideration, the Partners REIT Board based in part upon the unanimous recommendation of the Partners REIT Independent Committee has also determined (with Gant and Miniutti abstaining) that the Arrangement is fair to holders of the Partners REIT Units and is in the best interests of Partners REIT, and recommends that the holders of Partners REIT Units vote in favour of the Partners REIT Arrangement Resolution.

The conclusions and recommendations of the Partners REIT Independent Committee and the Partners REIT Board are based upon a number of factors including, among others, the following:

- *Efficient Way to Raise Capital.* The business reason for Partners REIT pursuing and proposing the Arrangement is to raise capital needed for its acquisition plans in a cost effective manner. The trustees considered other means of raising capital and concluded that purchasing the highly liquid assets from NorRock in return for units and some cash provided Partners REIT with that capital on terms that were attractive and cost efficient compared to the other means considered.
- *Process.* The Partners REIT Independent Committee retained independent financial and legal advisors who advised the Partners REIT Independent Committee through-out the process described in this Joint Circular.
- *Fairness Opinion.* The Brookfield Fairness Opinion to the effect that, in the opinion of Brookfield, as of October 17, 2011 and based upon and subject to the scope of the review, analysis undertaken, and the various assumptions, limitations and qualifications set forth therein, the consideration to be received by NorRock Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Partners REIT Unitholders.
- *Valuation.* Capital Canada opinion as to the fair market value of the assets of NorRock and the process followed by Capital Canada in arriving at the Capital Canada Valuation Opinion. See "The Arrangement – Opinion of the Independent Valuator of Partners REIT".
- *The Required Approvals are Protective of the Rights of the Partners REIT Unitholders.* The Partners REIT Arrangement Resolution must be approved by not fewer than two-thirds of the votes cast by the holders of Partners REIT Units present (in person or by proxy) and entitled to vote at the Partners REIT Meeting and not fewer than a majority of the votes cast by Minority Partners REIT Unitholders present in person or by proxy) and entitled to vote at the Partners REIT Meeting.

In arriving at their recommendation, the Partners REIT Independent Committee and the Partners REIT Board also considered the then current trading price of the Partners REIT Units on the TSXV, the historical trading prices for the Partners REIT Units, the then current trading price of the NorRock Class A Shares and the NorRock Preferred Shares on the TSX, the historical trading prices for these securities and the information, data and conclusions contained in the Brookfield Fairness Opinion and the Capital Canada Valuation. Partners REIT Independent Committee accepted the valuation methodology contained in the Capital Canada Valuation and the advice of Capital Canada.

The foregoing discussion of the information and factors reviewed by the Partners REIT Independent Committee and the Partners REIT Board is not, and is not intended to be, exhaustive. In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Partners REIT Independent Committee and the Partners REIT Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or methodology considered in reaching their conclusions and recommendations. The Partners REIT Independent Committee's and the Partners REIT Board's recommendations were made after consideration of all of the above noted factors in light of the Partners REIT Independent Committee's and the Partners REIT Board's collective knowledge of the business, financial condition and prospects of Partners REIT, and were also based upon the advice of their financial advisors and legal advisors. In addition, individual members of the Partners REIT Independent Committee and the Partners REIT Board (except Gant and Miniutti who abstained and did not participate in the process) may have given different weights to different factors.

Holders of Partners REIT Units should consider the Partners REIT Arrangement Resolution carefully and come to their own conclusions as to whether to vote in favour of the Partners REIT Arrangement Resolution. Holders of Partners REIT Units who are in doubt as to how to respond should consult with their own financial, legal or other professional advisor.

See "Conclusions and Recommendation of the Partners REIT Independent Committee and the Partners REIT Board".

Fairness Opinion of Brookfield

The Brookfield Fairness Opinion, dated October 17, 2011, and confirming an oral fairness opinion given to the Partners REIT Independent Committee on October 13, 2011, states that, in the opinion of Brookfield, as of October 17, 2011 and based upon and subject to the scope of the review, analysis undertaken, and the various assumptions, limitations and qualifications set forth therein, the consideration to be received by NorRock Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Partners REIT Unitholders.

The full text of the Brookfield Fairness Opinion is attached as Appendix "H" and forms part of this Joint Circular. The Brookfield Fairness Opinion should be read in its entirety. The Brookfield Fairness Opinion does not constitute a recommendation to any Partners REIT Unitholder as to how such Partners REIT Unitholder should vote on the Partners REIT Arrangement Resolution or how to act with respect to any matters relating to the Arrangement.

See "Opinion of the Financial Advisor to Partners REIT".

Valuation of Capital Canada

The Capital Canada Valuation, dated October 17, 2011, and confirming an oral valuation given to the Partners REIT Independent Committee on October 13, 2011, states that, in the opinion of Capital Canada, as of October 17, 2011 and based upon and subject to the scope of the review, analysis undertaken, and the various assumptions, limitations and qualifications set forth therein, the fair market value of the assets of NorRock was in the approximate range of \$22.8 million to \$23.7 million, or \$7.74 per NorRock Class A Share to \$8.06 per NorRock Class A Share.

The full text of the Capital Canada Valuation is attached as Appendix "I" and forms part of this Joint Circular. The Capital Canada Valuation should be read in its entirety. The Capital Canada Valuation does not constitute a recommendation to any Partners REIT Unitholder as to how such Partners REIT Unitholder should vote on the Partners REIT Arrangement Resolution or how to act with respect to any matters relating to the Arrangement.

See "Opinion of the Independent Valuator of Partners REIT".

Conclusions and Recommendation of the NorRock Independent Committee and the NorRock Board

After careful consideration, the NorRock Independent Committee has unanimously concluded that the Arrangement is fair to holders of NorRock Class A Shares and NorRock Preferred Shares and is in the best interests of NorRock, and has unanimously recommended that the NorRock Board approve the Arrangement and recommend that the holders of NorRock Class A Shares vote in favour of the NorRock Class A Shares Arrangement Resolution and the holders of NorRock Preferred Shares vote in favour of the NorRock Preferred Shares Arrangement Resolution.

After careful consideration, the NorRock Board based in part upon the unanimous recommendation of the NorRock Independent Committee has also determined (with Boddaert and Mr. Abbott declaring their interests and abstaining from voting) that the Arrangement is fair to holders of NorRock Class A Shares and NorRock Preferred Shares and is in the best interests of NorRock, and recommends that the holders of NorRock Class A Shares vote in favour of the NorRock Class A Shares Arrangement Resolution and the holders of NorRock Preferred Shares vote in favour of the NorRock Preferred Shares Arrangement Resolution.

The conclusions and recommendations of the NorRock Independent Committee and the NorRock Board are based upon a number of factors including, among others, the following:

General

- *Process.* The NorRock Independent Committee retained independent financial and legal advisors who advised the NorRock Independent Committee throughout the process described in this Joint Circular.
- *Best Price Reasonably Available from Partners REIT.* The NorRock Independent Committee conducted arm's length negotiations with Partners REIT over the key economic terms of the Acquisition Agreement and oversaw the negotiation of other material terms of Acquisition Agreement and the Arrangement. After

negotiations with Partners REIT, in which the NorRock Independent Committee obtained improved economic terms, the NorRock Independent Committee concluded that the consideration offered in the Arrangement was the highest price that NorRock could obtain from Partners REIT and that further negotiations could have caused Partners REIT to withdraw its proposal, thereby leaving NorRock Shareholders without an opportunity to evaluate and vote on a transaction that provides a premium to the then trading price for each class of NorRock Shares.

- *Unlikelihood of a Competing Offer.* In August 2010, CAB announced that, following a strategic review process, its board of directors had decided to pursue opportunities to dispose of its assets, including its interests in NorRock and the Manager, and distribute the proceeds to its shareholders. This process resulted in the announcement in March 2011 that Green Tree had entered into an agreement with CAB to purchase CAB's interests in NorRock and the Manager which was completed in May 2011. In light of the prior auction process conducted by CAB, the NorRock Independent Committee believed that there is no reasonable prospect of a competing offer being available to NorRock Shareholders.

Holders of NorRock Preferred Shares

- *Premium to Market Value.* The estimated consideration at Closing for NorRock Preferred Shareholders of \$23.75 in Partners REIT Units or a combination of Partners REIT Units and cash (based on an agreed issue price of \$1.73 per Partners REIT Unit) represents a 20.8% premium to the closing price of \$19.65 on October 11, 2011 (the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011). See "Risk Factors".
- *Liquidity.* The historical market prices and trading information of the NorRock Preferred Shares on the TSX, including the lack of liquidity for the NorRock Preferred Shares relative to Partners REIT Units and the risk of price erosion. Further, the estimated *pro forma* market capitalization of Partners REIT of approximately \$100 million (based on a price of \$1.73 per Partners REIT Unit) relative to NorRock Preferred Share market capitalization of approximately \$29 million on October 11, 2011 (the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011). See "Risk Factors".
- *Attractive Yield.* If a NorRock Preferred Shareholder elects to receive consideration entirely in Partners REIT Units, then assuming Partners REIT maintains its current distribution policy the NorRock Preferred Shareholder would receive a 12 month aggregate distribution of \$2.20 for each NorRock Preferred Share it converted to Partners REIT Units relative to the 12 month aggregate dividend of \$1.69 per NorRock Preferred Share it would have received assuming that NorRock maintained its current dividend policy. See "Risk Factors". Partners REIT Units have an effective yield of 9.25% (based on the issue price of \$1.73 and an aggregate annual distribution of \$0.16 per Partners REIT Unit) relative to the NorRock Preferred Shares which have an effective yield of 8.59% (based on the closing price of \$19.65 on October 11, 2011 (the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011) and an effective yield of 7.11% (assuming a NorRock Preferred Share price of \$23.75 and an aggregate annual dividend of \$1.69 per NorRock Preferred Share). See "Risk Factors".
- *Fairness Opinion.* The Cormark Fairness Opinion to the effect that as of November 9, 2011, subject to the limitations and assumptions set forth therein the consideration offered to NorRock Preferred Shareholders under the Arrangement is fair, from a financial point of view, to NorRock Preferred Shareholders other than Green Tree and its affiliates. See "Opinion of the Financial Advisor to NorRock".
- *Valuation.* M Partners Valuation and the process followed by M Partners in arriving at M Partners Valuation. See "Opinion of the Independent Valuator of NorRock".
- *Stub Period Payment.* Holders of NorRock Preferred Shares are entitled to payment in cash equal to the Stub Period Payment.

- *The Required Approvals are Protective of the Rights of NorRock Preferred Shareholders.* The NorRock Preferred Shares Arrangement Resolution must be approved by not less than two-thirds of the votes cast by NorRock Preferred Shareholders (present (in person or by proxy) and entitled to vote at the NorRock Meeting and by not fewer than a majority of the votes cast by Minority NorRock Preferred Shareholders present (in person or by proxy) and entitled to vote at the NorRock Meeting. The Arrangement must also be approved by the Court, which will consider, among other things the fairness of the Arrangement to the NorRock Preferred Shareholders.

Holdings of NorRock Class A Shares

- *Premium to Market Value.* The estimated consideration at Closing of \$5.94 in Partners REIT Units (based on an agreed issue price of \$1.73 per Partners REIT Unit) represents a 38.1% premium to the closing price of \$4.30 on October 14, 2011 (the last trading day before the Arrangement was announced on October 17, 2011) and estimated total consideration of \$7.41 represents a 72.3% premium to the closing price of \$4.30 on October 14, 2011. See "Risk Factors".
- *Liquidity.* The historical market prices and trading information of the NorRock Class A Shares on the TSX, including the lack of liquidity for the NorRock Class A Shares relative to Partners REIT Units and the risk of price erosion. Further, the estimated *pro forma* market capitalization of Partners REIT of approximately \$100 million (based on a price of \$1.73 per Partners REIT Unit) relative to Class A Share market capitalization of approximately \$13 million on October 14, 2011 (the last trading day before the Arrangement was announced on October 17, 2011). See "Risk Factors".
- *Attractive Yield.* Partners REIT Units have an effective yield of 9.25% (based on the issue price of \$1.73 and an aggregate annual distribution of \$0.16 per Partners REIT Unit) relative to the NorRock Class A Shares which do not currently pay a dividend. See "Risk Factors".
- *Fairness Opinion.* The Cormark Fairness Opinion to the effect that as of November 9, 2011, subject to the limitations and assumptions set forth therein the consideration offered to NorRock Class A Shareholders under the Arrangement is fair, from a financial point of view, to NorRock Class A Shareholders other than Green Tree and its affiliates. See "Opinion of the Financial Advisor to NorRock".
- *Valuation.* M Partners Valuation and the process followed by M Partners in arriving at the M. Partners Valuation. See "Opinion of the Independent Valuator of NorRock".
- *The Required Approvals are Protective of the Rights of NorRock Class A Shareholders.* The NorRock Class A Shares Arrangement Resolution must be approved by not fewer than two-thirds of the votes cast by the holders of NorRock Class A Shares present (in person or by proxy) and entitled to vote at the NorRock Meeting and not fewer than a majority of the votes cast by Minority NorRock Class A Shareholders present (in person or by proxy) and entitled to vote at the NorRock Meeting. The Arrangement must also be approved by the Court, which will consider, among other things the fairness of the Arrangement to the NorRock Class A Shareholders.

The NorRock Independent Committee and the NorRock Board also considered that, if the NorRock Board did not agree to recommend the Arrangement to holders of NorRock Class A Shares and NorRock Preferred Shares, holders of NorRock Class A Shares and NorRock Preferred Shares may not have the opportunity to consider a transaction at a premium to the then current trading price for their respective securities. While the NorRock Independent Committee and the NorRock Board believe that each of the factors set out above supports their decision to recommend that holders of NorRock Class A Shares and NorRock Preferred Shares vote in favour of the Arrangement, they also recognize that they are risks associated with the Arrangement and that the Arrangement may not deliver the potential value described above. See "Risk Factors".

In arriving at their recommendation, the NorRock Independent Committee and the NorRock Board also considered the then current trading price of the NorRock Class A Shares and NorRock Preferred Shares on the TSX, the historical trading prices for these securities, the then current trading price of the Partners REIT Units on the

TSXV, the historical trading prices for the Partners REIT Units and the information, data and conclusions contained in the Cormark Fairness Opinion and the M Partners Valuation.

The foregoing discussion of the information, factors and analysis reviewed by the NorRock Independent Committee and the NorRock Board while not intended to be exhaustive includes the material information, factors and analysis considered by the NorRock Independent Committee and the NorRock Board in reaching their conclusions and recommendation. In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the NorRock Independent Committee and the NorRock Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or methodology considered in reaching their conclusions and recommendations. The NorRock Independent Committee's and the NorRock Board's recommendations were made after consideration of all of the above noted factors in light of the NorRock Independent Committee's and the NorRock Board's collective knowledge of the business, financial condition and prospects of NorRock, and were also based upon the advice of their financial advisors and legal advisors. In addition, individual members of the NorRock Independent Committee and the NorRock Board (except Boddaert and Mr. Darryl Abbott who declared their interests and abstained from voting) may have given different weights to different factors.

Holders of NorRock Class A Shares and NorRock Preferred Shares should consider the Arrangement carefully and come to their own conclusions as to whether to vote in favour of the Arrangement. Holders of NorRock Class A Shares and NorRock Preferred Shares who are in doubt as to how to respond should consult with their own financial, legal or other professional advisor. Holders of NorRock Class A Shares and NorRock Preferred Shares are advised that completion of the Arrangement may have tax consequences, and should consult their own professional tax advisors.

See "Conclusions and Recommendation of the NorRock Independent Committee and the NorRock Board".

Fairness Opinion of Cormark

The Cormark Fairness Opinion states that based upon and subject to the scope of the review, analysis undertaken, and the various assumptions, limitations and qualifications set forth therein, Cormark is of the opinion that, as of November 9, 2011, the consideration to be received by NorRock Class A and Preferred Shareholders, other than related shareholders, pursuant to the Arrangement is fair, from a financial point of view, to such shareholders.

The full text of the Cormark Fairness Opinion is attached as Appendix "F" and forms part of this Joint Circular. The Cormark Fairness Opinion should be read in its entirety. The Cormark Fairness Opinion does not constitute a recommendation to any NorRock Shareholder as to how such NorRock Shareholder should vote on the applicable NorRock Arrangement Resolution or how to act with respect to any matters relating to the Arrangement.

See "Opinion of the Financial Advisor to NorRock".

Valuation of M Partners

The M Partners Valuation states that based on the scope of the review, its analysis thereof, and subject to M Partners' assumptions, restrictions and qualifications M Partners is of the opinion that the fair market value of NorRock Class A Shares, NorRock Preferred Shares, NorRock's mortgage and real estate portfolio and the value of the non-cash consideration being paid by Partners REIT, as at the valuation date (except those noted as being as at Closing) are as follows:

**NorRock Realty Finance Corporation
Fair Market Value**

Element to be Valued	Note	Fair Market Value	
		Low	High
(a) Shares (as at September 30, 2011)			
Class A Shares -- Going Concern Basis	1., 1a.	\$23,300,000	\$30,300,000
Less Proposed Transaction Adjustments	2.	-\$2,089,232	-\$2,089,232
Adjusted Class A Share Value as at September 30, 2011		\$21,210,768	\$28,210,768
Per Class A Share Outstanding as at September 30, 2011	3.	\$7.22	\$9.60
Preferred Shares		\$31,280,000	\$36,670,000
Per Preferred Share	4.	\$21.32	\$25.00
(b) Non-Cash Assets to be acquired by Partners REIT (as at September 30, 2011)			
Publicly Traded Securities		\$7,100,000	\$7,100,000
Mortgage and Real Estate Portfolio		\$21,512,000	\$22,950,000
(c) Non-Cash Consideration to be Paid by Partners REIT (as at Closing, but using September 30 Partners REIT Unit Value)			
Partners REIT Unit		\$1.68	\$1.79
Partners REIT Units to Preferred Shareholders	7.	\$32,990,681	\$35,150,785
Per Preferred Share	6.	\$23.06	\$24.57
Partners REIT Units To Class A Shareholders at Closing		\$16,437,553	\$17,513,822
Per Class A Share	7.	\$5.76	\$6.14
Contingent Value Rights to Class A Shareholders in 2012	7.	\$3,579,860	\$4,709,782
Per Class A Share	5.	\$1.26	\$1.65
Total Value Per Share at Closing to Class A Shareholders	7.	\$7.02	\$7.79

Assumptions and Notes

1. Schedule 1
- 1a. High value assumes Preferred Shares at Low value and *vice versa* -- see Section 27 and Schedules 1 and 15
2. These amounts have been provided by NorRock and are presented for reconciliation purposes only. See Schedule 15
3. Number of Class A Shares at Sep 30, 2011 2,938,860
4. Number of Preferred Shares at Sep 30, 2011 1,467,100
5. Number of Class A Shares at Closing (NorRock estimate) 2,851,641
6. Number of Preferred Shares at Closing (NorRock estimate) 1,430,423
7. Assumes all Partners REIT Units, no cash consideration

The full text of the M Partners Valuation is attached as Appendix "G" and forms part of this Joint Circular. The M Partners Valuation should be read in its entirety. The M Partners Valuation does not constitute a recommendation to any NorRock Shareholders as to how such NorRock Shareholder should vote on the applicable NorRock Arrangement Resolution or how to act with respect to any matters relating to the Arrangement.

See "Opinion of the Independent Valuator of NorRock".

Overview of the Acquisition Agreement and the Arrangement

The transactions described in the Acquisition Agreement may be terminated prior to the Effective Time in certain circumstances. Upon the termination of the Acquisition Agreement, depending on the termination event, NorRock may be required to pay Partners REIT a non-completion fee of \$1.75 million, Partners REIT or NorRock, as the case may be, may be required to pay the other party a reimbursement amount of \$500,000 for out-of pocket costs and expenses, or there may be no fee payable by either party.

NorRock has agreed that it will not solicit or encourage any competing acquisition proposals. However, in certain circumstances, the NorRock Board may enter into discussions and negotiations with, and provide information to, any party making an acquisition proposal. Partners REIT has the right to match any superior proposal made to NorRock.

The Acquisition Agreement also provides for other covenants and certain representations and warranties of Partners REIT and NorRock.

See "The Acquisition Agreement".

Conditions to the Arrangement Becoming Effective

Mutual Conditions

The Acquisition Agreement provides that the obligations of NorRock and Partners to consummate the transactions contemplated in the Acquisition Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Closing Date or such other time as is specified below:

- the Interim Order will have been granted in form and substance satisfactory to each of Partners REIT and NorRock, acting reasonably, and will not have been set aside or modified in a manner unacceptable to Partners REIT and NorRock, acting reasonably, on appeal or otherwise;
- the Arrangement Resolutions will have been approved by the NorRock Shareholders and the Partners REIT Unitholders, as the case may be, duly approving the Arrangement in accordance with the Interim Order and the requirements of Canadian securities legislation on or prior to December 22, 2011;
- the Final Order will have been granted in form and substance satisfactory to each of Partners REIT and NorRock, acting reasonably, on or prior to December 27, 2011;
- the Articles of Arrangement, together with the Final Order, shall be filed with the Director in accordance with the Arrangement and Section 183 of the OBCA, in form and substance satisfactory to each of Partners REIT and NorRock, each acting reasonably;
- each of the TSX and TSXV will have accepted the notice of the Arrangement and the transactions contemplated thereby and the TSXV will have approved the transactions contemplated by the Arrangement (including the Plan of Arrangement and the Subscription Agreement) and the listing of the Partners REIT Units issuable in accordance with the Plan of Arrangement, subject only to customary listing conditions of the TSXV;
- the Arrangement will become effective on or before December 31, 2011;
- the Acquisition Agreement will not have been terminated in accordance with its terms;
- there will be no action taken under any Applicable Law that (a) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any transaction contemplated by the Acquisition Agreement; (b) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Acquisition Agreement; and (c) has had, or if the Arrangement was consummated, would reasonably be expected to result in, a Material Adverse Effect on NorRock or Partners REIT;

- NorRock (or a subsidiary of NorRock listed in the schedules to the Acquisition Agreement) will have acquired all the partnership interests in Reference L.P.;
- NorRock will have transferred or caused the transfer of the beneficial ownership of the Royal Oaks Condo to 2246329 (or to another NorRock subsidiary as directed by Partners REIT) and the relevant subsidiary of NorRock holding nominee legal title to the Royal Oaks Condo transferring such title to 2246329 (or to another NorRock subsidiary as directed by Partners REIT);
- the Forward Contract will have been terminated and any fees associated with the termination of such agreement will be no more than \$150,000;
- in connection with, and following, the termination of the Forward Agreement, Reference L.P. will have been wound up and terminated and its assets distributed to NorRock;
- the Rights Indenture will have been executed and delivered by the parties thereto;
- no material action or proceeding will be pending or threatened by any Person or Governmental Authority to enjoin or prohibit the Arrangement from being completed, or result in a judgment in material damages relating to the transaction as contemplated herein; and
- there being no change in law (including a proposal by the Minister of Finance of Canada to amend the Tax Act or any announcement, governmental or regulatory initiative, condition, event or development involving a change or a prospective change) that, directly or indirectly, has or may have a Material Adverse Effect on or with respect to Partners REIT, NorRock or its subsidiaries, including Reference L.P. with respect to the regulatory regime applicable to its respective businesses and operations, or with respect to consummating the transactions contemplated by the Plan of Arrangement.

NorRock Conditions

The Acquisition Agreement provides that the obligations of NorRock to consummate the transactions contemplated in the Acquisition Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Closing Date or such other time as is specified below:

- each of the acts and undertakings of Partners REIT to be performed on or before the Closing Date pursuant to the terms of the Acquisition Agreement will have been duly performed by Partners REIT in accordance with the terms of the Acquisition Agreement and the Plan of Arrangement;
- except as affected by the transactions contemplated by the Acquisition Agreement, the representations and warranties of Partners REIT contained in the Acquisition Agreement will be true and correct in all material respects on the Closing Date (other than the representations and warranties with respect to the capitalization of Partners REIT, which will be true and correct, it being understood that such representation may be updated to reflect the issuances of securities permitted under the terms and conditions of the Acquisition Agreement) with the same force and effect as though such representations and warranties had been made at and as of such time except where the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on Partners REIT (other than the representations and warranties relating to the capitalization of Partners REIT, which will be true and correct, it being understood that such representation may be updated to reflect the issuances of securities permitted under the terms and conditions of the Acquisition Agreement), and Partners REIT will have complied in all material respects with its covenants in the Acquisition Agreement and NorRock will have received certificates to that effect, dated the Closing Date, from a senior officer of Partners REIT;
- there will not have occurred a Material Adverse Change in respect of Partners REIT; and
- all requisite consents, orders, approvals and authorizations, including, without limitation, regulatory and judicial approvals and orders, required or necessary for the completion of the Arrangement and the assignment of the Assigned Mortgages and Assigned Shares will have been completed or obtained on terms and conditions satisfactory to NorRock, acting reasonably, and all applicable statutory or regulatory waiting

periods to the transactions contemplated under the Arrangement, will have been expired or been terminated, and no objection or opposition will have been filed, initiated or made by any regulatory authority during any applicable statutory or regulatory period.

Partners REIT Conditions

The Acquisition Agreement provides that the obligations of Partners REIT to consummate the transactions contemplated by the Acquisition Agreement are subject to the satisfaction, on or before the Closing Date or such other time as specified below:

- each of the acts and undertakings of NorRock to be performed on or before the Closing Date pursuant to the terms of the Acquisition Agreement will have been duly performed by NorRock in accordance with the terms of the Acquisition Agreement and the Plan of Arrangement;
- except as affected by the transactions contemplated by the Acquisition Agreement, the representations and warranties of NorRock contained in the Acquisition Agreement will be true in all material respects on the Closing Date (other than the representations and warranties relating to capitalization, ownership of shares and Assigned Mortgages, Assigned Shares and NorRock Material Contracts which will be true and correct) with the same force and effect as though such representations and warranties had been made at and as of such time except where the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on NorRock (other than with respect to the representations and warranties relating to subsidiaries, capitalization, ownership of shares and Assigned Mortgages, Assigned Shares and NorRock Material Contracts), and NorRock will have complied in all material respects with its covenants in the Acquisition Agreement other than the covenants relating to the transfer of the Royal Oaks Condo, the termination of the Commitment Agreement and the Forward Contract, the acquisition of all of the partnership interests in Reference L.P. and dissolving Reference L.P., which NorRock will have complied with in all respects and Partners REIT will have received certificates to that effect, dated the Closing Date, from a senior officer of NorRock;
- there will not have occurred any Material Adverse Change in respect of NorRock;
- all requisite consents, orders, approvals and authorizations, including, without limitation, regulatory and judicial approvals and orders, required or necessary for the completion of the Arrangement and the assignment of the Assigned Mortgages and Assigned Shares, will have been completed or obtained on terms and conditions satisfactory to Partners REIT, acting reasonably, and all applicable statutory or regulatory waiting periods to the transactions contemplated under the Arrangement, will have been expired or been terminated, and no objection or opposition will have been filed, initiated or made by any regulatory authority during any applicable statutory or regulatory period;
- holders of NorRock Shares will not have exercised the Dissent Rights or similar rights, and will not have instituted proceedings to exercise the Dissent Rights or similar rights in connection with the Arrangement (other than holders of NorRock Shares representing, in the aggregate, not more than 2.5% of the outstanding NorRock Class A Shares and 2.5% of the outstanding NorRock Preferred Shares);
- the Initial Asset Value will exceed \$48,000,000 and the principal amount of the Assigned Mortgages and the value of the Assigned Shares in aggregate will not exceed \$19,000,000;
- other than as set out in the Acquisition Agreement, the Assigned Mortgages will be in full force and effect and there will have occurred no event of default or other breach, or violation or event of acceleration, whether actual or threatened, by either the holder of the Assigned Mortgages or the counterparty thereto under the Assigned Mortgages which would have a Material Adverse Effect on the Transferred Assets;
- Partners REIT will have received a list of all of the creditors of NorRock and its subsidiaries (not including 633003) and amounts owing to such creditors and will be satisfied, acting reasonably, with the arrangements made by NorRock to satisfy the claims of such creditors;
- the Commitment Agreement will have been terminated;

- the NorRock Management Agreement will have been terminated and any fees associated with the termination of such agreement will be no more than \$1,746,614, before offsetting any amounts owing by the Manager to NorRock;
- Partners REIT, in its reasonable judgment, will be satisfied that, immediately prior to the Closing Time, NorRock Shareholders resident outside Canada do not hold, in the aggregate, more than 5% of the outstanding NorRock Shares; and
- in Partners REIT's opinion, acting reasonably, the completion of the Arrangement and the nature of the assets to be acquired by Partners REIT pursuant to the Plan of Arrangement will not in any way impair Partners REIT's ability to continue to qualify as a "real estate investment trust" and a "mutual fund trust" at all times under the Tax Act, including for its 2011 and future taxation years.

See "The Acquisition Agreement – Conditions to the Arrangement".

IGW Support Agreement

On October 17, 2011, NorRock, Partners REIT and IGW entered into the IGW Support Agreement pursuant to which IGW agreed to vote the 12,812,860 Partners REIT Units (representing approximately 41% of the outstanding Partners REIT Units) held by it at the Partners REIT Meeting in support of the Arrangement. These Partners REIT Units will not, however, be voted as part of the approval required of the Minority Partners REIT Unitholders. See "IGW Support Agreement".

Green Tree Support Agreement

On October 17, 2011, NorRock, Partners REIT, Green Tree and the Manager entered into the Green Tree Support Agreement pursuant to which each of Green Tree and the Manager, in their capacities as NorRock Shareholders, agreed to vote all of the NorRock Shares held by them (in aggregate, 966,160 NorRock Class A Shares (representing approximately 33.4% of the outstanding NorRock Class A Shares) and 3,500 NorRock Preferred Shares (representing approximately 0.2% of the outstanding NorRock Preferred Shares)) at the NorRock Meeting in support of the Arrangement. These NorRock Shares will not, however, be voted as part of the approval required of the Minority NorRock Shareholders.

See "Green Tree Support Agreement".

NorRock Class J Holder Support Agreement

On October 17, 2011, NorRock, Partners REIT and the NorRock Class J Holder entered into the NorRock Class J Support Agreement pursuant to which the NorRock Class J Holder agreed to vote the NorRock Class J Share in support of the Arrangement on substantially the same material terms as the Green Tree Support Agreement (excluding the clause relating to the fiduciary duty of the Manager).

In accordance with its obligations under the NorRock Class J Support Agreement, the NorRock Class J Holder has provided its written consent to the NorRock Class J Share Arrangement Resolution.

See "NorRock Class J Holder Support Agreement".

Dissent Rights of NorRock Registered Shareholders

NorRock Registered Shareholders are entitled to exercise Dissent Rights in respect of the Arrangement Resolutions by providing a written objection to the applicable Arrangement Resolution by 5:00 p.m. (Toronto time) on the Business Day immediately preceding the date of the NorRock Meeting in the manner described under "Dissent Rights of NorRock Registered Shareholders".

Only NorRock Registered Shareholders are entitled to exercise Dissent Rights. NorRock Registered Shareholders should carefully read the section in this Joint Circular entitled "Dissent Rights of NorRock Registered Shareholders" if they wish to exercise Dissent Rights.

See "Dissent Rights of NorRock Registered Shareholders".

Interests of Certain Persons in the Arrangement

Partners REIT

Partners REIT is managed by LAPP Global Asset Management Corp. ("**LAPP**"). LAPP is a wholly owned subsidiary of IGW. IGW holds approximately 41% of the Partners REIT Units. Gant is a director and the Chief Executive Officer of LAPP and is also a trustee and the Chief Executive Officer of Partners REIT. Miniutti is the Chief Financial Officer of LAPP and is also a trustee and the President and Chief Operating Officer of Partners REIT.

Gant is also a director and the Chief Executive Officer of IGW Public GP Inc. ("**IGW GP**"), the general partner of IGW, and is a trustee of Partners REIT. Miniutti is the Chief Financial Officer of IGW GP.

IGW REIT LP ("**IGW LP**") owns 100% of the general and limited partnership interests of IGW. IGW LP is managed by LAC. Gant is a director and the Chief Executive Officer of LAC. Miniutti is the Chief Financial Officer of LAC.

Partners REIT has entered into an agreement with LAC, which provides that if a majority of the independent trustees of Partners REIT so resolves at any time to sell the remaining non-cash assets that were acquired from NorRock by Partners REIT, that such assets will be sold to LAC and LAC will purchase the remaining assets as follows:

- the remaining assets from NorRock will each be valued by an independent valuator in accordance with MI 61-101; and
- LAC will pay an amount in cash for the remaining assets that ensures Partners REIT receives \$12.6 million.

Subject to the Rights Indenture, if the aggregate independent valuation for the remaining assets is greater than \$12.6 million, the proceeds in excess of \$12.6 million will be paid to Partners REIT. It may be that disinterested unitholder approval of the Partners REIT unitholders would be required under applicable law in connection with the sale of the assets to LAC.

Green Tree

Each of Boddaert and Darryl Abbott are directors and senior officers of NorRock and also directors and senior officers of Green Tree. Boddaert Family Trust ("**BFT**") is the registered owner of 50% of the issued and outstanding shares of Green Tree. BFT is a trust settled under the laws of the Province of Ontario. The trustees of BFT are Boddaert and Gregory Harris. Boddaert is a discretionary beneficiary of BFT. Green Tree 2010 Trust ("**GTT**") is the registered owner of the remaining 50% of the issued and outstanding shares of Green Tree. GTT is a trust settled under the laws of the Province of Ontario and Darryl Abbott is the sole trustee of GTT. Gant and Miniutti have an indirect and contingent financial interest in GTT.

Due to the fact that the largest shareholder of NorRock is Green Tree, a corporation held fifty percent by an entity associated with Boddaert, and fifty percent by an entity in which Gant and Miniutti have an indirect and contingent financial interest, Boddaert, Gant, the NorRock Board and the Partners REIT Board determined that independent committees should be established to review the merits of the transaction, negotiate the terms and conditions, and be advised directly by financial and legal counsel. Since the GTT is a discretionary trust, Partners REIT is of the view that the requirements of MI 61-101 do not apply. Nonetheless, in light of the inter-relationships between Green Tree, Gant and Miniutti, the Partners REIT Board has determined to voluntarily comply with the requirements of MI 61-101.

See "Interests of Certain Persons in the Arrangement – Partners REIT".

NorRock

Green Tree holds approximately 33.4% of the issued and outstanding NorRock Class A Shares and 0.2% of the issued and outstanding NorRock Preferred Shares. Green Tree and NorRock are parties to the Commitment Agreement pursuant to which Green Tree has made certain financial commitments to NorRock. Pursuant to the Commitment Agreement, Green Tree agreed that, for so long as there are NorRock Preferred Shares outstanding if the Adjusted Net Tangible Asset Value is less than 111% of the Original Preferred Share Issue Price (each as defined in the NorRock AIF) as at the end of a quarter, Green Tree will subscribe for, or arrange for subscriptions for, additional NorRock Class A Shares in an amount at least equal to the deficiency, within 10 business days following the end of the quarter. As a condition of closing of the Arrangement, the Commitment Agreement will have been terminated. See "Termination Agreement".

The Manager manages the affairs of NorRock pursuant to the Management Agreement. The Manager is a wholly owned subsidiary of Green Tree. As a condition of Closing of the Arrangement, the Management Agreement will have been terminated and the Manager will be receiving a net payment of approximately \$600,000 (which represents a termination fee and an offset for a note repayment from the Manager to NorRock) in complete satisfaction of the termination payment payable to the Manager. See "Termination Agreement".

The directors of NorRock hold an aggregate of 150,000 SARs. The following table sets out the SARs holdings of each director of NorRock.

Name	Number of SARs
Gordon Pridham.....	25,000
Jane Davis.....	25,000
Norman McPhedran.....	25,000
Jacqueline Boddaert.....	37,500
Darryl Abbott.....	37,500

Each SAR permits the holder to obtain an amount in cash equal to the NorRock Class A Share Consideration minus \$5.11 as well as one Right per SAR. See "Arrangement Mechanics".

Each of Boddaert and Darryl Abbott are directors and senior officers of NorRock and also directors and senior officers of Green Tree. BFT is the registered owner of 50% of the issued and outstanding shares of Green Tree. BFT is a trust settled under the laws of the Province of Ontario. The trustees of BFT are Boddaert and Gregory Harris. Boddaert is a discretionary beneficiary of BFT. Boddaert owns 104,157 Partners REIT Units and BFT owns 49,250 Partners REIT Units. GTT is the registered owner of the remaining 50% of the issued and outstanding shares of Green Tree. GTT is a trust settled under the laws of the Province of Ontario and Darryl Abbott is the sole trustee of GTT. NorRock understands that Gant and Miniutti have an indirect and contingent financial interest in GTT.

See "Interests of Certain Persons in the Arrangement – NorRock".

Description of Rights

The Rights will represent the right to receive a *pro rata* share of the net value of the mortgages and other non-cash assets that Partners REIT will purchase from NorRock at Closing, to the extent that such net value exceeds the Closing Payment. If the net value of those assets so determined reflects NorRock's current book value for those assets, then the Rights will have a value of approximately \$1.47 per NorRock Class A Share.

See "Certain Information Concerning Partners REIT – Description of Rights and Rights Indenture".

Stock Exchange Listings

Partners REIT

The Partners REIT Units are listed on the TSXV under the symbol "PAR.UN". The TSXV has conditionally approved the listing of the Partners REIT Units to be issued pursuant to the Arrangement (including upon the exercise of the Rights), subject to Partners REIT satisfying customary listing requirements of the TSXV.

Partners REIT has had discussions with the TSX about obtaining a TSX listing for Partners REIT Units. Any listing on the TSX would be subject to fulfilling the original listing conditions of the TSX and there can be no assurance that Partners REIT will be able to do so.

NorRock

The NorRock Preferred Shares are currently listed on the TSX under the symbol "RF.PR.A" and it is intended that the NorRock Preferred Shares will be delisted from the TSX following completion of the Arrangement.

NorRock Class A Shares are currently listed on the TSX under the symbol "RF.A". Following completion of the Arrangement NorRock will have undergone a Change of Business under the TSX rules. As a result, in order to remain listed on the TSX, NorRock will be required to meet the original listing requirements of the TSX. Failure to meet these requirements within the timeframe permitted by the TSX, will result in the NorRock Class A Shares being delisted from the TSX.

See "Stock Exchange Listings".

Risk Factors

There are certain risks that should be considered by Partners REIT Unitholders and NorRock Shareholders in evaluating whether to vote in favour of the Arrangement. Some of these risks relate directly to the Arrangement while others relate to the business of each of Partners REIT and NorRock.

See "Risk Factors".

Canadian Federal Income Tax Considerations for NorRock Shareholders and Partners REIT Unitholders

Certain Canadian federal income tax considerations for Partners REIT Unitholders and NorRock Shareholders are described under "Certain Canadian Federal Income Tax Considerations". **Partners REIT Unitholders and NorRock Shareholders should consult their own financial and tax advisors with respect to their particular circumstances.**

Partners REIT Consolidation

At the Partners REIT Meeting, Partners REIT Unitholders will also be asked to consider and, if thought fit, approve the resolution (the "**Partners REIT Consolidation Resolution**") set forth in Appendix "A-2" hereto, permitting Partners REIT to consolidate its issued and outstanding units on the basis of one post-consolidation Partners REIT Unit for every four pre-consolidation Partners REIT Units (the "**Consolidation**"). Approval of the Partners REIT Consolidation Resolution by Partners REIT Unitholders would give the Partners REIT Board the authority to implement the Consolidation at any time prior to the next scheduled meeting of Partners REIT Unitholders subject to any required regulatory approvals. In addition, notwithstanding approval of the proposed Consolidation by Partners REIT Unitholders, the Partners REIT Board, in its sole discretion, may revoke this resolution, and abandon the Consolidation without further approval or action by or prior notice to Unitholders. The Consolidation will not proceed unless the Arrangement is consummated.

While the Declaration of Trust provides that the Partners REIT Board may consolidate the Partners REIT Units without the approval of the Partners REIT Unitholders, the policies of the TSXV require that, to be effective, the Partners REIT Consolidation Resolution must be approved by a majority of the votes cast by Partners REIT Unitholders present in person or represented by proxy and entitled to vote at the Partners REIT Meeting.

The background to and reasons for the Consolidation, and certain risks associated with the Consolidation and related information, are described below. See "Background to and Reasons for the Consolidation".

VOTING INFORMATION AND GENERAL PROXY MATTERS FOR PARTNERS REIT UNITHOLDERS

Management Information Circular

This Joint Circular is provided in connection with the solicitation of proxies **by and on behalf of the management of Partners REIT**, from the holders of the Partners REIT Units for use at the special meeting of Partners REIT Unitholders to be held at 11:00 a.m. (Toronto Time) on Thursday, December 15, 2011 at the offices of McCarthy Tétrault LLP, 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6, or any adjournment or postponement thereof.

This Joint Circular, the notice of meeting, and the accompanying form(s) of proxy are being mailed to Partners REIT Unitholders of record as of the close of business on November 7, 2011. Partners REIT, together with NorRock, will bear all costs associated with the printing and mailing of the Joint Circular, the notice of meeting, and the accompanying form(s) of proxy.

The solicitation will be primarily by mail; however, officers and regular employees of Partners REIT may also directly solicit proxies (but not for additional compensation) personally, by telephone, by fax or by other means of electronic transmission. Banks, brokerage houses and other custodians and nominees or fiduciaries will be requested to forward proxy solicitation material to their principals and to obtain authorizations for the execution of proxies and will be reimbursed for their reasonable expenses in doing so.

Appointment and Revocation of Proxies

Registered Holders

The persons named in the accompanying form(s) of proxy are officers of Partners REIT. A Partners REIT Unitholder has the right to appoint a person (who need not be a Partners REIT Unitholder) as nominee to attend and act for and on such Partners REIT Unitholder's behalf at the Partners REIT Meeting other than the management nominees named in the accompanying form(s) of proxy. This right may be exercised either by striking out the names of the management nominees where they appear on the applicable form of proxy and by inserting in the blank space provided the name of the other person the Partners REIT Unitholder wishes to appoint as proxyholder, or by completing, signing and submitting another proper form of proxy naming such other person as proxyholder.

To be valid, proxies must be deposited by:

- mail to Computershare, attention: Proxy Unit at 100 University Avenue, 9th Floor, Toronto ON M5J 2Y1; or
- personal delivery at the foregoing address; or
- fax to Computershare, attention: Proxy Unit, at fax number 1 866 249 7775 or 416-263-9524 such that the proxies so deposited arrive no later than 11:00 a.m. (Toronto time) on December 13, 2011; or
- if the Partners REIT Meeting is adjourned or postponed:
 - deposited with Computershare at the address, fax number, telephone number or internet address noted above such that the proxies or instructions so deposited arrive at least 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any adjourned or postponed Partners REIT Meeting at which the proxy or instructions are to be used.

Revocation of Proxies

A registered Partners REIT Unitholder who has returned a proxy may revoke it at any time before it has been exercised. A registered Partners REIT Unitholder, his or her attorney authorized in writing or, if the registered Partners REIT Unitholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof

duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of Partners REIT in person (at 200-710 Redbrick Street, Victoria, British Columbia V8T 5J3) or by fax (at (250) 940-5501) at any time up to and including the last business day preceding the date of the Partners REIT Meeting, or any adjournment thereof, or with the Chair of the Partners REIT Meeting on the day of the Partners REIT Meeting prior to the time the vote is cast.

Non-Registered Holders

Only registered holders, or the persons that they appoint as their proxies, are permitted to attend and vote at the Partners REIT Meeting. However, in many cases, Partners REIT Units beneficially owned by a Partners REIT Unitholder are registered either:

- in the name of an Intermediary that the Non-Registered Partners REIT Unitholder deals with in respect of the Partners REIT Units, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of registered plans; or
- in the name of a depository (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

In accordance with applicable Canadian securities laws, Partners REIT will be distributing copies of the notice of meeting, this Joint Circular and, the accompanying form(s) of proxy to the depository and Intermediaries for further distribution to Non-Registered Partners REIT Unitholders. Intermediaries are required to forward the meeting materials to Non-Registered Partners REIT Unitholders and receive voting instructions from them unless a Non-Registered Partners REIT Unitholder has waived the right to receive the meeting materials. Intermediaries often use service companies to forward the meeting materials to Non-Registered Partners REIT Unitholders. Generally, Non-Registered Partners REIT Unitholders who have not waived the right to receive the meeting materials will either:

- be given a voting instruction form which must be completed and signed by the Non-Registered Partners REIT Unitholder in accordance with the directions set out on the voting instruction form (which may, in some cases, permit the completion of the voting instruction form by telephone); or
- less typically, be given a proxy which has already been signed by the Intermediary (usually by way of a facsimile, stamped signature) which is restricted as to the number of Partners REIT Units beneficially owned by the Non-Registered Partners REIT Unitholder, but which is otherwise uncompleted. In this case, the Non-Registered Partners REIT Unitholders who wish to submit the proxy should otherwise properly complete and deposit it with Computershare no later than 10:00 a.m. (Toronto time) on December 13, 2011. This proxy need not be signed by the Non-Registered Partners REIT Unitholder.

In either case, the purpose of these procedures is to permit Non-Registered Partners REIT Unitholders to direct the voting of the Partners REIT Units which they beneficially own. Should a Non-Registered Partners REIT Unitholder who receives a proxy signed by the Intermediary wish to attend and vote at the Partners REIT Meeting in person (or have another person attend and vote on behalf of the Non-Registered Partners REIT Unitholder), the Non-Registered Partners REIT Unitholder should strike out the names of the persons named in the proxy and insert the name of the Non-Registered Partners REIT Unitholder (or such other person) in the blank space provided. A Non-Registered Partners REIT Unitholder who receives a voting instruction form should follow the corresponding instructions on the form. In either case, Non-Registered Partners REIT Unitholders should carefully follow the instructions of their Intermediaries and their Intermediaries' service companies.

A Non-Registered Partners REIT Unitholder may revoke a voting instruction form (or proxy) or a waiver of the right to receive the meeting materials given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form (or proxy) or a revocation of a waiver of the right to receive the meeting materials that is not received by the Intermediary at least seven days prior to the Partners REIT Meeting.

Voting of Proxies

The Partners REIT Units represented by any valid proxy in the accompanying form(s) of proxy will be voted for or against the Partners REIT Resolutions all in accordance with the instructions of the Partners REIT Unitholder on any ballot that may be called for, and if the Partners REIT Unitholder specifies a choice with respect to any matter to be acted upon, the Partners REIT Units will be voted accordingly. **In the absence of any such specific instructions, such Partners REIT Units will be voted by the management representatives set out in the proxy IN FAVOUR OF the matters set forth in the proxy.**

The accompanying form(s) of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and with respect to such other business or matters which may properly come before the Partners REIT Meeting or any adjournment(s) or postponement(s) thereof. As of the date of this Joint Circular, Partners REIT is not aware of any such amendments or variations or any other matters to be addressed at the Partners REIT Meeting.

Record Date

The Board of Partners REIT has fixed the close of business on November 7, 2011 as the record date for the Partners REIT Meeting. Pursuant to Section 12.8 of the Declaration of Trust, only Partners REIT Unitholders of record at the close of business on November 7, 2011 are entitled to receive notice of and to attend and vote at the Partners REIT Meeting or any adjournment or postponement thereof or to be treated as a voting Partners REIT Unitholder for purposes of such other action even though the Partners REIT Unitholder has since that time disposed of his or her Partners REIT Units.

Voting Securities of Partners REIT and Principal Holders of Voting Securities of Partners REIT

As at the date of this Joint Circular, there were issued and outstanding 31,049,718 Partners REIT Units. A Partners REIT Unitholder is entitled to one vote for each Partners REIT Unit held.

To the knowledge of the Board of Partners REIT, as of the date of this Joint Circular, the following Persons beneficially own or exercise control or direction over Partners REIT Units carrying approximately 10% or more of the votes attached to the issued and outstanding Partners REIT Units:

<u>Person</u>	<u>Partners REIT Units Beneficially Owned or Over Which Control Is Exercised</u>	<u>Percentage of Issued and Outstanding Partners REIT Units⁽²⁾</u>
IGW Public Limited Partnership ("IGW") ⁽¹⁾	12,812,860	41%

(1) 12,812,860 Partners REIT Units are held by IGW, an entity controlled by Gant and 25,000 Partners REIT Units are held directly by Gant.

(2) Based on the issued and outstanding Partners REIT Units as of November 16, 2011.

Matters to Be Considered

At the Partners REIT Meeting, Partners REIT Unitholders will be asked to consider and, if deemed advisable, to pass a special resolution to approve the matters identified in the Partners REIT Arrangement Resolution and a resolution to approve the Partners REIT Consolidation Resolution. See Appendix "A-1" and "A-2" for the full text of the Partners REIT Arrangement Resolution and the Partners REIT Consolidation Resolution, respectively.

The Partners REIT Arrangement Resolution and completion of the Arrangement is not conditional on the approval of the Partners REIT Consolidation Resolution. If the Arrangement does not close, the Consolidation will not be implemented.

Quorum and Votes Required

At any meeting of Partners REIT Unitholders, a quorum will consist of two or more persons present in person either holding personally or representing as proxies in the aggregate at least 10% of the votes attached to all outstanding Partners REIT Units. In the event of such quorum not being present at the appointed place on the date for which the Partners REIT Meeting is called within 30 minutes after the time fixed for the holding of such meeting, the Partners REIT Meeting will stand adjourned to a day not less than seven days later and to such place and time as may be appointed by the Chair of the Partners REIT Meeting.

Approval of the Partners REIT Arrangement Resolution requires the affirmative vote of:

- not fewer than two-thirds of the votes cast by Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting; and
- since Partners REIT has determined to voluntarily comply with the requirements of MI 61-101, not fewer than a majority of the votes cast by the Minority Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting.

To the knowledge of Partners REIT and NorRock and their respective trustees, directors and senior officers, after reasonably inquiry, the following Persons will not constitute Partners REIT Minority Unitholders and, accordingly, the votes attached to the Partners REIT Units beneficially owned, or over which control or direction is exercised, by such Persons will be excluded for purposes of determining if the required minority approval of the Partners REIT Arrangement Resolution is obtained:

- IGW and any "related parties" of IGW or "joint actors" of IGW for the purposes of Section 8.1(2) of MI 61-101;
- Gant, and Miniutti as parties with a contingent financial interest in GTT;
- Boddaert as a discretionary beneficiary of BFT; and
- BFT.

IGW has represented to Partners REIT and NorRock that it has no "related parties" or "joint actors" for the purposes of Section 8.1(2) of MI 61-101 as it relates to the Arrangement and that it owns or controls 12,812,860 Partners REIT Units representing approximately 41% of the outstanding Partners REIT Units. Gant owns 25,000 Partners REIT Units. Boddaert owns 104,157 Partners REIT Units and BFT owns 49,250 Partners REIT Units.

The Partners REIT Independent Committee and the Partners REIT Board (with Gant and Miniutti abstaining) have each determined that the Arrangement is in the best interests of Partners REIT and unanimously recommends that Partners REIT Unitholders vote "FOR" the approval of the Partners REIT Arrangement Resolution.

Approval of the Partners REIT Consolidation Resolution requires the affirmative vote of a majority of the votes cast by Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting.

The Partners REIT Arrangement Resolution and completion of the Arrangement is not conditional on the approval of the Partners REIT Consolidation Resolution. If the Arrangement does not close, the Consolidation will not be implemented.

PROXIES RECEIVED PURSUANT TO THIS SOLICITATION WILL BE VOTED "FOR" THE PARTNERS REIT ARRANGEMENT RESOLUTION AND "FOR" THE PARTNERS REIT CONSOLIDATION RESOLUTION, UNLESS THE PARTNERS REIT UNITHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER PARTNERS REIT UNITS ARE TO BE VOTED AGAINST SUCH RESOLUTION.

VOTING INFORMATION AND GENERAL PROXY MATTERS FOR NORROCK SHAREHOLDERS

Management Information Circular

This Joint Circular is provided in connection with the solicitation of proxies **by and on behalf of the management of NorRock**, from the holders of the NorRock Class A Shares and the NorRock Preferred Shares in the capital of NorRock for use at the special meeting of NorRock Shareholders to be held at 10:00 (Toronto time) on Thursday, December 15, 2011 at the offices of Bennett Jones LLP, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4, or any adjournment or postponement thereof.

This Joint Circular, the Notice, and the accompanying form(s) of proxy are being mailed to NorRock Shareholders of record as of the close of business on November 7, 2011. NorRock, together with Partners REIT, will bear all costs associated with the printing and mailing of the Joint Circular, the Notice, and the accompanying form(s) of proxy.

The solicitation will be primarily by mail; however, officers and regular employees of NorRock may also directly solicit proxies (but not for additional compensation) personally, by telephone, by fax or by other means of electronic transmission. Banks, brokerage houses and other custodians and nominees or fiduciaries will be requested to forward proxy solicitation material to their principals and to obtain authorizations for the execution of proxies and will be reimbursed for their reasonable expenses in doing so. Further, NorRock has retained Kingsdale to provide the following services in connection with the NorRock Meeting review and analysis of the Joint Circular, liaising with proxy advisory firms, developing and implementing NorRock Shareholder proxies, and the solicitation of proxies including contacting NorRock Shareholders by telephone. The costs of solicitation of proxies for NorRock are expected to be approximately \$60,000 plus reimbursement of reasonable out-of-pocket costs and will be borne by NorRock. See "Certain Information Concerning NorRock – Estimated Costs".

Appointment of Proxies

Those NorRock Shareholders who desire to be represented at the NorRock Meeting by proxy must deposit their form of proxy (in the form accompanying this Joint Circular) with the **Chairman of NorRock c/o Computershare Trust Corporation of Canada, Proxy Unit, at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1** or by facsimile to 1-866-249-7775 or 416-263-9524, 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned or postponed NorRock Meeting, or any further adjournment or postponement thereof. A proxy must be executed by the NorRock Shareholder or his or her attorney authorized in writing, or if the NorRock Shareholder is a company, under its seal by an officer or attorney thereof duly authorized.

The Persons named in the accompanying form of proxy are directors and officers of NorRock. A NorRock Shareholder has the right to appoint a proxyholder to attend and act on such NorRock Shareholder's behalf at the NorRock Meeting other than the Persons named in the form of proxy. Such right may be exercised either by writing the name of the person to be appointed in the blank space provided on the reverse side of the form of proxy, in which case only the person named may vote the NorRock Shares represented by the form of proxy at the NorRock Meeting, or by submitting another appropriate form of proxy and, in either case, by delivering the completed form of proxy at the time and place indicated above.

The execution of a proxy does not constitute a written objection for the purposes of Section 185 of the OBCA or the Dissent Procedures. See "Dissent Rights of Registered NorRock Shareholders".

Inquiries regarding the Joint Circular

If you have questions about the information contained in the Joint Circular or require assistance in completing the form of proxy or other form of proxy, please contact Kingsdale, the proxy solicitation agent of NorRock, by telephone at 1-866-851-3217 toll free in North America or (416) 867- 2272 outside of North America or by email at contactus@kingsdaleshareholder.com.

Exercise of Discretion by Proxy

The NorRock Shares represented by the form of proxy enclosed with this Joint Circular will be voted for or voted against in accordance with the instructions of the NorRock Shareholder on any ballot that may be called for and, if the NorRock Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly, but if no specification is made, such securities **will be voted in favour of the matters set forth in the form of proxy**. If any amendments or variations are proposed at the NorRock Meeting or any adjournment(s) or postponement(s) thereof to matters set forth in the form of proxy and described in the accompanying Notice of NorRock Meeting and this Joint Circular, or if any other matters properly come before the NorRock Meeting or any adjournment(s) or postponement(s) thereof, the proxy confers upon the NorRock Shareholder's nominee discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the person voting the proxy at the NorRock Meeting. At the date of this Joint Circular, management of NorRock knows of no such amendments or variations or other matters to come before the NorRock Meeting.

Revocation of Proxies

A NorRock Shareholder who has given a proxy has the power to revoke it. If a Person who has given a proxy attends personally at the NorRock Meeting at which the proxy is to be voted, such Person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing, executed in writing or by electronic signature by the NorRock Shareholder or its attorney authorized in writing, or transmitting an instrument by telephone or electronic means or, if the NorRock Shareholder is a company, under its corporate seal and signed by a duly authorized officer or attorney for the company, and deposited at the registered office of NorRock at any time up to and including the last day (other than Saturdays, Sundays and holidays) preceding the day of the NorRock Meeting at which the proxy is to be used, or any adjournment(s) or postponement(s) thereof, or with the Chairman of the NorRock Meeting on the day of the NorRock Meeting, or on the day of any adjournment(s) or postponement(s) thereof, prior to the commencement of the NorRock Meeting.

Advice to Beneficial Holders of NorRock Shares

The information set forth in this section is of significant importance to many NorRock Shareholders, as a substantial number of the NorRock Shareholders are Non-Registered NorRock Shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust corporation through which they purchased the shares.

In many cases, NorRock Shares beneficially owned by a Non-Registered NorRock Shareholder are registered either:

- in the name of a nominee such as an Intermediary with whom the Non-Registered NorRock Shareholder deals in respect of the NorRock Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or
- in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("CDS")) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer, NorRock will have distributed copies of the notice of NorRock Meeting, this Joint Circular and the form of proxy to the clearing agencies and Intermediaries for onward distribution to Non-Registered NorRock Shareholders.

Non-Registered NorRock Shareholders should note that only forms of proxy deposited by NorRock Shareholders whose names appear on the records of NorRock as the registered holders of NorRock Shares can be recognized and acted upon at the NorRock Meeting. If shares are listed in an account statement provided to a NorRock Shareholder by an Intermediary, such NorRock Shares will more likely be registered under the name of the NorRock Shareholder's Intermediary. NorRock Shares held by Intermediaries can only be voted (for or against resolutions) upon the instructions of the Non-Registered NorRock Shareholder. Without specific instructions,

Intermediaries are prohibited from voting Shares for their clients. The directors and officers of NorRock do not know for whose benefit the NorRock Shares registered in the name of CDS are held.

Applicable regulatory policy requires Intermediaries/brokers to seek voting instructions from the beneficial shareholders in advance of shareholders' meetings. Every Intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered NorRock Shareholders in order to ensure that their NorRock Shares are voted at the NorRock Meeting. Often, the form of proxy supplied to a beneficial shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the beneficial shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails voting instruction forms to beneficial shareholder and asks beneficial shareholders to return the voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of NorRock Shares to be represented at the NorRock Meeting. **A Non-Registered NorRock Shareholder receiving a voting instruction form from Broadridge cannot use it to vote NorRock Shares directly at the NorRock Meeting. The voting information form must be returned to Broadridge well in advance of the NorRock Meeting in order to have the NorRock Shares voted. Accordingly, it is strongly suggested that Non-Registered NorRock Shareholders return their completed instructions or voting instruction forms as directed by Broadridge well in advance of the NorRock Meeting.**

Record Date

The NorRock Board has fixed the record date for the NorRock Meeting at the close of business on November 7, 2011. NorRock will prepare, as of November 7, 2011, a list of the NorRock Shareholders entitled to receive the Notice of NorRock Meeting and showing the class and number of NorRock Shares held by each such NorRock Shareholder. A NorRock Shareholder named in the list is entitled to vote the NorRock Shares shown opposite such NorRock Shareholder's name at the NorRock Meeting.

Voting Securities of NorRock and Principal Holders of Voting Securities of NorRock

To the knowledge of the directors and executive officers of NorRock, as at the date hereof, other than as set out below, no person or company beneficially owns, controls or directs, directly or indirectly, voting securities of NorRock carrying 10% or more of the voting rights attached to any class of NorRock Shares.

Name	Number of NorRock Shares	Percentage of Class of Issued and Outstanding NorRock Shares
Green Tree ⁽¹⁾	966,160 NorRock Class A Shares 3,500 NorRock Preferred Shares	33.4% 0.2%

(1) 550,000 NorRock Class A Shares are held by the Manager, a wholly owned subsidiary of Green Tree Capital Management Corp. and are included in this amount.

The NorRock Class J Holder holds the one issued and outstanding NorRock Class J Share pursuant to a trust established for the benefit of the holders of the NorRock Preferred Shares and the NorRock Class A Shares.

Matters to Be Considered

At the NorRock Meeting, NorRock Shareholders will be asked to consider and, if deemed advisable, to pass a special resolution approving the matters identified in the applicable NorRock Arrangement Resolutions. See Appendix "B" for the full text of the NorRock Arrangement Resolutions.

Quorum and Votes Required

As at the Record Date, NorRock had issued and outstanding an aggregate of 2,924,160 NorRock Class A Shares, 1,467,100 NorRock Preferred Shares, and 1 NorRock Class J Share. Each NorRock Class A Share and NorRock Preferred Share carries the right to one vote in respect only to certain special matters. See under

"Description of Outstanding Securities" in the NorRock AIF. As the matters currently contemplated to be considered at the NorRock Meeting are special matters, each NorRock Class A Share and NorRock Preferred Share shall entitle the holder thereof to one vote on a ballot at the NorRock Meeting for such matters. A quorum in respect of each class of NorRock Shares for the transaction of business at the NorRock Meeting will be present if NorRock Shareholders holding 20% of the issued and outstanding NorRock Shares, on a class by class basis, is present either in person or by proxy.

Approval of the NorRock Class A Shares Arrangement Resolution requires the affirmative vote of:

- not fewer than two-thirds of the votes cast by the holders of NorRock Class A Shares present (in person or by proxy) and entitled to vote at the NorRock Meeting; and
- not fewer than a majority of the votes cast by Minority NorRock Class A Shareholders present (in person or by proxy) and entitled to vote at the NorRock Meeting.

Approval of the NorRock Preferred Shares Arrangement Resolution requires the affirmative vote of:

- not fewer than two-thirds of the votes cast by the holders of NorRock Preferred Shares present (in person or by proxy) and entitled to vote at the NorRock Meeting; and
- not fewer than a majority of the votes cast by the Minority NorRock Preferred Shareholders present (in person or by proxy) and entitled to vote at the NorRock Meeting.

Approval of the NorRock Class J Share Arrangement Resolution requires the affirmative vote of the NorRock Class J Holder which it has previously provided in writing.

To the knowledge of Partners REIT and NorRock and their respective trustees, directors and senior officers and Green Tree, Partners REIT and IGW and each of their respective trustees, directors and senior officers, after reasonably inquiry, the following Persons will not constitute Minority NorRock Shareholders and, accordingly, the votes attached to the NorRock Shares beneficially owned, or over which control or direction is exercised, by such Persons will be excluded for purposes of determining if the required minority approval of either of the NorRock Arrangement Resolutions are obtained:

- Green Tree and any "related parties" of Green Tree or "joint actors" of Green Tree for the purposes of Section 8.1(2) of MI 61-101;
- Partners REIT and any "related parties" of Partners REIT or "joint actors" of Partners REIT for the purposes of Section 8.1(2) of MI 61-101; and
- IGW and any "related parties" of IGW or "joint actors" of IGW for the purposes of Section 8.1(2) of MI 61-101.

Green Tree has represented to Partners REIT and NorRock that it has no related parties or joint actors for the purposes of Section 8.1(2) of MI 61-101 as it relates to the Arrangement and it owns or controls: (a) 966,160 NorRock Class A Shares representing approximately 33.4% of the outstanding NorRock Class A Shares; and (b) 3,500 NorRock Preferred Shares representing approximately 0.2% of the outstanding NorRock Preferred Shares.

Each of Partners REIT and IGW has represented to NorRock that it has no "related parties" or "joint actors" for the purposes of Section 8.1(2) of MI 61-101 as it relates to the Arrangement and does not own or control any NorRock Shares other than (in the case of Partners REIT) pursuant to the Green Tree Support Agreement and the NorRock Class J Support Agreement.

The NorRock Independent Committee and the NorRock Board (with Boddaert and Mr. Abbott declaring their interests and abstaining from voting) has determined that the Arrangement is in the best interests of NorRock and unanimously recommends that NorRock Shareholders vote "FOR" the approval of the NorRock Arrangement Resolution.

PROXIES RECEIVED PURSUANT TO THIS SOLICITATION WILL BE VOTED "FOR" THE APPLICABLE NORROCK ARRANGEMENT RESOLUTION, UNLESS THE NORROCK SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER NORROCK SHARES ARE TO BE VOTED AGAINST THE APPLICABLE NORROCK ARRANGEMENT RESOLUTION.

DISSENT RIGHTS OF NORROCK REGISTERED SHAREHOLDERS

NorRock has determined that the Arrangement constitutes a sale of substantially all of NorRock's assets. For this reason (and in the case of the NorRock Preferred Shares also because such shares are being redeemed) pursuant to the terms of the Interim Order and the Plan of Arrangement, a NorRock Registered Shareholder is entitled to dissent from the applicable Arrangement Resolution substantially in the manner provided in Section 185 of the OBCA, as modified by the Interim Order and the Plan of Arrangement. NorRock Registered Shareholders who wish to dissent should take note that strict compliance with the Dissent Procedures is required.

The following description of the Dissent Rights of a Dissenting Shareholder is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's NorRock Shares and is qualified in its entirety by the reference to the full text of the Plan of Arrangement, the Interim Order and the text of section 185 of the OBCA, which are attached to this Joint Circular as Appendix "C", Appendix "J" and Appendix "L", respectively. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the Dissent Procedures. The Interim Order modifies the rights that a Dissenting Shareholder would otherwise have under Section 185 of the OBCA. **Failure to strictly comply with the Dissent Procedures may result in the loss of Dissent Rights.**

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing. NorRock Shareholders who duly exercise Dissent Rights and who:

- are ultimately entitled to be paid fair value for their NorRock Shares, will be paid an amount that is equal to the fair value of such NorRock Shares determined as of the close of business on the day prior to the adoption of the Arrangement Resolution at the Meeting, and are not entitled to any other payment or consideration, including any payment or consideration that would have been payable under the Arrangement had such Dissenting Shareholders not exercised Dissent Rights in respect of their NorRock Shares; or
- become an Unperfected Dissenter or are ultimately not entitled, for any reason, to be paid fair value for their NorRock Shares, will be deemed to have participated in the Arrangement with respect to such NorRock Shares, as of the Effective Time, on the same basis as a holder of NorRock Shares that did not exercise Dissent Rights.

Pursuant to the Plan of Arrangement, Dissenting Shareholders shall cease to be holders of their applicable NorRock Shares and shall cease to have any rights as a NorRock Shareholder other than the right to be paid the amount determined in accordance with the Plan of Arrangement and the name of such Dissenting Shareholder will be removed from NorRock's register of NorRock Class A Shareholders or NorRock Preferred Shareholders (as the case may be) as at the Effective Time except in the case of a registered NorRock Shareholder who is deemed to have participated in the Arrangement who will then be deemed to have held NorRock Shares on the same basis as any non-dissenting NorRock Shareholder.

NorRock Shareholders should be aware that under section 185 of the OBCA, NorRock Shareholders may only exercise Dissent Rights in respect of NorRock Shares that are registered in their name. Non-Registered NorRock Shareholders will not be able to exercise Dissent Rights directly. A Non-Registered NorRock Shareholder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Non-Registered NorRock Shareholder deals in respect of its NorRock Shares and either:

- instruct such Intermediary to exercise the Dissent Rights on the Non-Registered NorRock Shareholder's behalf (which, if the NorRock Shares are registered in the name of CDS or other clearing agency, may require that such NorRock Shares first be re-registered in the name of such Intermediary); or
- instruct such Intermediary to re-register such NorRock Shares in the name of the Non-Registered NorRock Shareholder, in which case the Non-Registered NorRock Shareholder would be able to exercise the Dissent Rights directly.

Further, under the OBCA a NorRock Shareholder has no right of partial dissent in a class of shares. Accordingly, a NorRock Shareholder may only dissent with respect to all of the NorRock Class A Shares and/or NorRock Preferred Shares registered in such NorRock Shareholder's name.

A NorRock Shareholder who wishes to dissent must send a Notice of Dissent objecting to the applicable Arrangement Resolution to NorRock, Attention: Sharon Iadipaolo at 36 Toronto Street, Suite 1150, Toronto, Ontario, M5C 2C5 by 5:00 p.m. (Toronto time) on December 14, 2011, or the Business Day which is immediately preceding the date of any adjournment or postponement of the NorRock Meeting. The Notice of Dissent must set out the number of NorRock Shares of the applicable class held by the Dissenting Shareholder.

The delivery of a Notice of Dissent does not deprive such Dissenting Shareholder of its right to vote at the Meeting; however, a vote in favour of either the NorRock Class A Shares Arrangement Resolution or the NorRock Preferred Shares Arrangement Resolution (as the case may be) will result in a loss of its Dissent Rights with respect to the applicable class of NorRock Shares. A vote against either of the NorRock Arrangement Resolutions, whether in person or by proxy, does not constitute a Notice of Dissent; however, a NorRock Shareholder need not vote its NorRock Shares against the applicable NorRock Arrangement Resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxyholder to vote in favour of the applicable NorRock Arrangement Resolution does not constitute a Notice of Dissent in respect of such NorRock Arrangement Resolution, but any such proxy granted by the NorRock Shareholder who intends to dissent should be validly revoked. See "Voting Information and General Proxy Matters for NorRock Shareholders – Revocation of Proxies" in order to prevent the proxyholder from voting such NorRock Shares in favour of the applicable Arrangement Resolution. A vote in favour of either NorRock Arrangement Resolution, whether in person or by proxy, will constitute a loss of the NorRock Shareholder's Dissent Rights with respect to the applicable class of NorRock Shares.

NorRock is required to notify each NorRock Shareholder who has filed a Notice of Dissent if and when the NorRock Arrangement Resolutions have been approved. This notice (a "**Notice of Resolution**") must be sent within 10 days after the NorRock Shareholders adopt the NorRock Arrangement Resolutions. NorRock will not send a Notice of Resolution to any NorRock Shareholder who voted to approve the applicable NorRock Arrangement Resolution or who has not provided or has withdrawn their Notice of Dissent.

Within 20 days after receiving a Notice of Resolution from NorRock, or if such Notice of Resolution is not received within 20 days after learning that the NorRock Arrangement Resolutions have been approved, a Dissenting Shareholder must send to NorRock written notice (a "**Demand Notice**") containing:

- the NorRock Shareholder's name and address;
- the class and number of NorRock Shares in respect of which the NorRock Shareholder is exercising Dissent Rights; and
- a demand for payment of the fair value of such NorRock Shares.

No later than 30 days after sending a Demand Notice, a Dissenting Shareholder must send to NorRock the certificates representing the NorRock Shares in respect of which the NorRock Shareholder has exercised its Dissent Right to NorRock or its registrar and transfer agent. If a NorRock Shareholder fails to send to NorRock a Notice of Dissent, a Demand Notice and the certificates in respect of its applicable class of NorRock Shares within the appropriate time frames, such NorRock Shareholder will forfeit its Dissent Right.

Once a Demand Notice has been sent to NorRock, prior to the Effective Date, a Dissenting Shareholder will cease to have any rights as a NorRock Shareholder other than the right to be paid the fair value of its NorRock Shares. Prior to the Effective Date, such rights as a NorRock Shareholder will be reinstated if:

- the Demand Notice is withdrawn before NorRock makes an offer of payment to the NorRock Shareholder;
- NorRock fails to make an offer of payment to the NorRock Shareholder, and the NorRock Shareholder withdraws demand for payment; or
- if the directors of NorRock terminate the Arrangement.

After the Effective Date, the Plan of Arrangement will apply.

Not later than seven days from the Effective Date or the date NorRock receives a Demand Notice, NorRock must send to such Dissenting Shareholder a written offer to pay for such Dissenting Shareholder's applicable NorRock Shares. This offer must include a written offer to pay an amount considered by NorRock's board of directors to be the fair value of the NorRock Shares. The offer must include a statement showing the manner used to calculate the fair value. Every offer to pay any NorRock Shareholder of a particular class must be on the same terms. NorRock must pay a Dissenting Shareholder for its applicable class of NorRock Shares within 10 days after acceptance of the offer, unless there are reasonable grounds to believe that NorRock is unable to pay because:

- NorRock is or, after the payment, would be unable to pay its liabilities as they become due; or
- the realizable value of NorRock's assets would thereby be less than the aggregate of its liabilities.

Any such offer lapses if NorRock does not receive the Dissenting Shareholder's acceptance within 30 days after the offer to pay has been made to such NorRock Shareholder.

If NorRock fails to make an offer to pay for the applicable class of NorRock Shares, or if the NorRock Shareholder fails to accept the offer, NorRock may apply to a Court to fix a fair value for the applicable class of NorRock Shares of any Dissenting Shareholder within 50 days after the Effective Date, or within such further period as the Court may allow.

If NorRock fails to apply to a Court, the Dissenting Shareholder may apply to a Court for the same purpose within a further period of 20 days or within such further period as a Court may allow. The NorRock Shareholder is not required to give security for costs in such a case and, if NorRock has failed to make an offer to pay for the applicable class of NorRock Shares of any Dissenting Shareholder, NorRock must bear the costs of the NorRock Shareholder's application, unless the Court orders otherwise.

Before NorRock makes an application, or not later than seven days after receiving notice of an application from a Dissenting Shareholder, NorRock is required to notify each Dissenting Shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel. All Dissenting Shareholders whose NorRock Shares of the applicable class have not been purchased will be joined as parties and bound by the decision of the Court. Upon application to the Court, the Court may determine whether any Person who is a Dissenting Shareholder should be joined as a party.

The Court will then fix a fair value on the applicable class of NorRock Shares of all Dissenting Shareholders who have not accepted an offer of payment from NorRock and may appoint one or more appraisers to assist the Court in doing so. The final order of a Court will be rendered against NorRock for the amount of the fair value of the applicable class of NorRock Shares of all applicable Dissenting Shareholders. The Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the Effective Date until the date of payment. NorRock must notify each Dissenting Shareholder within 10 days of an order if it is unable to pay the ordered amount. Within 30 days of receipt of such notice, a Dissenting Shareholder may elect by written notice to NorRock to either withdraw its dissent, in which case NorRock will be deemed to consent to the withdrawal and the NorRock Shareholder's full rights will be reinstated, or retain a status as a claimant against NorRock, to be paid as soon as NorRock is able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors but in priority to other NorRock Shareholders. If a Dissenting Shareholder fails to strictly comply with the

Dissent Procedure, it will lose its Dissent Rights, NorRock will return to the Dissenting Shareholder the certificates representing the NorRock Shares that were delivered to NorRock, if any, and if the Arrangement is completed, such Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as a NorRock Shareholder of the applicable class.

If a Dissenting Shareholder strictly complies with the Dissent Procedures, but the Arrangement is not completed, NorRock will return to the Dissenting Shareholder the NorRock Share certificates, if any, delivered to NorRock by the Dissenting Shareholder.

NorRock Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement and the Dissent Rights.

Unless otherwise waived by Partners REIT, it is a condition to the completion of the Arrangement that holders of NorRock Shares will not have exercised the Dissent Rights or similar rights, and will not have instituted proceedings to exercise the Dissent Rights or similar rights in connection with the Arrangement (other than holders of NorRock Shares representing, in the aggregate, not more than 2.5% of the outstanding NorRock Class A Shares and 2.5% of the outstanding NorRock Preferred Shares).

The above is only a summary and is expressly subject to the dissenting shareholder provisions of section 185 of the OBCA, the full text of which is reproduced in its entirety in Appendix "L" to this Joint Circular. NorRock is not required to notify, and NorRock will not notify, NorRock Shareholders of the time periods within which action must be taken in order for a NorRock Shareholder to perfect the NorRock Shareholder's dissent rights. It is recommended that any NorRock Shareholder wishing to exercise a right to dissent should seek legal advice, as failure to comply strictly with the provisions of the OBCA may result in the loss or unavailability of the right to dissent.

BACKGROUND TO THE ARRANGEMENT

Green Tree Acquires the Manager and Class A Shares of NorRock

Prior to May 2011, CAB, a Canadian merchant bank and alternative asset manager, owned (directly and indirectly) 966,160 NorRock Class A Shares (then named C.A. Bancorp Canadian Realty Finance Corporation), which carried approximately 31.6% of the voting rights attached to all of the NorRock Class A Shares then outstanding. The Manager of NorRock was then a wholly-owned subsidiary of CAB. The Manager managed NorRock under a management agreement and under an investment advisory agreement with the Reference L.P. The Manager was also indebted to NorRock under a promissory note in the principal amount of approximately \$1.4 million. CAB and NorRock were parties to the Commitment Agreement pursuant to which CAB agreed to provide funding to NorRock in certain circumstances.

In August 2010, CAB announced that, following a strategic review process, its board of directors had decided to pursue opportunities to dispose of its assets, including its interests in NorRock and the Manager, and distribute the proceeds to its shareholders. Following that announcement, Green Tree was formed and entered into discussions with CAB, and in March 2011 Green Tree and CAB entered into an agreement with regard to the proposed purchase by Green Tree of CAB's interests in NorRock and the Manager for an aggregate purchase price of \$6.4 million.

In May 2011, CAB and Green Tree completed the following transactions pursuant to the March 2011 agreement following a special meeting of the holders of the NorRock Preferred Shares and the NorRock Class A Shares held on April 25, 2011 at which the transactions were considered and approved:

- Green Tree acquired (directly and indirectly) the 966,160 NorRock Class A Shares owned (directly and indirectly) by CAB;
- Green Tree acquired all of the shares of the Manager from CAB; and
- Green Tree assumed CAB's obligations to NorRock under the Commitment Agreement and the aforementioned promissory note, and NorRock released CAB from those obligations.

In connection with those transactions, individuals nominated by Green Tree became directors of NorRock, and Boddaert became a director and the Chief Executive Officer of NorRock and the Manager. NorRock also changed its name to NorRock Realty Finance Corporation.

Partners REIT Proposes a Transaction with NorRock

On April 21, 2011, Gant asked the Partners REIT Board to consider acquiring all of the outstanding shares or some or all of the assets of NorRock following completion of the Green Tree transaction described above. In that regard Gant had asked Brookfield to conduct a preliminary evaluation of the assets of NorRock. Gant also informed the Partners REIT Board that his holding company and LAC were beneficiaries of a trust which held 50% of the shares of Green Tree and so would be in a conflict of interest should Green Tree successfully complete the acquisition transaction with CAB. After hearing a presentation from Brookfield that summarized the assets of NorRock, the reasons why such an acquisition might serve Partners REIT's interests and suggested means for acquiring such assets, and taking advice from counsel to Partners REIT, the Partners REIT Board decided to appoint the Partners REIT Independent Committee comprised of all of the trustees other than Gant and Miniutti. The mandate for that committee was approved by the Partners REIT Board and Mr. Maroun was appointed as the chair of the committee.

Actions and Deliberations by the Partners REIT Independent Committee

Later on April 21, 2011, the Partners REIT Independent Committee met, appointed Brookfield as its financial advisor and asked Brookfield and legal counsel, McCarthy Tétrault LLP, to provide the chair of the committee with additional input in connection with a possible transaction if the transaction between Green Tree and CAB described above was completed.

The Partners REIT Independent Committee met again on May 6, 2011, at which meeting the committee was informed that the shareholders of NorRock had approved the various elements of the transaction between Green Tree and CAB described above, and were provided with further advice from Brookfield and McCarthy Tétrault LLP, the latter providing an overview of the process that the committee should follow to ensure that the consideration of any transaction with NorRock and the negotiation of its terms and conditions would be carried out by the Partners REIT Independent Committee. Mr. Dykeman was appointed as the committee member responsible for overseeing the possible transaction on behalf of the committee and to have further discussions with Brookfield as to the merits of the transaction.

On May 23, 2011, the Partners REIT Independent Committee met with its financial and legal advisors. Brookfield provided its preliminary views on why a transaction with NorRock would be in the interests of Partners REIT to pursue and how that transaction could be carried out. It was Brookfield's view that the transaction would be beneficial to both the Partners REIT Unitholders and to the NorRock Shareholders. From the perspective of Partners REIT, it presented the opportunity of acquiring highly liquid assets that could be retained or sold for cash, which if paid for with Partners REIT Units would be an efficient way of raising additional capital to allow Partners REIT to continue its acquisition of properties. From the perspective of NorRock Shareholders, it was anticipated that Partners REIT would be able to offer a sufficient premium to the current market prices for the NorRock Class A Shares and NorRock Preferred Shares that the holders of such shares would be willing to accept Partners REIT Units as consideration and then benefit from any growth of Partners REIT and any future increase in the price of Partners REIT Units. Mr. Dykeman was asked by the committee to pursue discussions with NorRock both directly and through Brookfield.

On June 14, 2011, the Partners REIT Independent Committee met again with its financial and legal advisors. Gant and Miniutti were present for the first part of the discussion and then left the meeting. The first part of the discussion was to inform the committee that a confidentiality agreement had been entered into with NorRock and that NorRock was in the process of setting up a data room containing information about NorRock. There was a general discussion about the possible structuring of the proposed transaction by way of plan of arrangement, which included a discussion of the NorRock assets and the nature of those assets. Brookfield indicated that it had met with management of NorRock the previous week to engage in preliminary discussions regarding a proposed transaction and that the initial reaction was positive. There was a discussion about Brookfield's review process to date. Following the departure of Gant and Miniutti, the committee members discussed the merits of the transaction,

including a variation of the proposal that involved the acquisition of the NorRock assets, rather than the shares of NorRock. Brookfield was asked to conduct further due diligence and come back to the committee with a proposed package of assets to be purchased and the resulting price or range of prices for the NorRock Class A Shares and for the NorRock Preferred Shares. Legal counsel was asked to assist Mr. Dykeman in formulating an indicative proposal that could be discussed at the next meeting of the Partners REIT Independent Committee.

The next meeting of the Partners REIT Independent Committee was on June 30, 2011. Brookfield provided the committee with an update including a revised analysis of the assets of NorRock and the costs involved in carrying out the transaction. The committee also considered a draft of a non-binding indicative proposal prepared by Mr. Dykeman, counsel and Brookfield and authorized certain revisions. Mr. Dykeman was asked to pursue this indicative proposal with the chair of the NorRock Independent Committee the following week.

Following the meeting on June 30, 2011, Partners REIT approached NorRock with an indicative proposal to acquire the assets of NorRock. Subsequent to putting forward the proposal to NorRock, Brookfield worked with both Cormark and the management of NorRock in reviewing and assessing NorRock's assets and having discussions with NorRock concerning the terms of the indicative proposal.

On August 5, 2011, the Partners REIT Independent Committee met to be updated on the status of negotiations, which had been conducted since the last meeting of the committee by Brookfield under the direction of Mr. Dykeman. Brookfield indicated that the indicative proposal considered at the June 30, 2011 meeting of the committee had been proposed to NorRock and that NorRock, through its financial advisors, Cormark, had presented certain alternatives, including one outlined in a non-binding counter proposal. The Partners REIT Independent Committee considered that proposal from NorRock and concluded that it should pursue that proposal provided that agreement could be reached on which assets were being purchased and which would be left with NorRock, the price to pay for such assets, and subject to (i) various due diligence matters that had yet to be satisfactorily resolved and (ii) the resolution of certain tax issues that the revised proposal presented.

Counsel to Partners REIT delivered the first draft of an agreement between the parties to counsel for NorRock on August 25, 2011. Counsel for both parties had continued discussing how to reflect the elements of the transaction in an agreement and how to structure the transaction and concluded that the transaction should proceed by way of a plan of arrangement.

The next meeting of the Partners REIT Independent Committee was held on August 30, 2011. The committee members discussed the assets under discussion and the consideration that Partners REIT might pay to acquire those assets. Brookfield indicated it was continuing its discussions with Cormark and conducting ongoing due diligence on the mortgages and possibly other assets that would be transferred to Partners REIT if the transaction proceeded. Counsel was asked to summarize a draft acquisition agreement prepared by it under the direction of Mr. Dykeman.

On September 9, 2011 the Partners REIT Independent Committee met to discuss the progress in negotiations with NorRock. Mr. Dykeman summarized the major business and legal issues outstanding and the anticipated timeline should the parties reach agreement.

Following that meeting, drafts of the agreement between the parties were considered by counsel, by the financial advisors for both parties and by Mr. Dykeman on behalf of the Partners REIT Independent Committee and Mr. Pridham on behalf of the NorRock Independent Committee.

On September 27, 2011, Brookfield and counsel summarized, for the Partners REIT Independent Committee, the outstanding issues between the parties and Brookfield provided details with respect to each of the NorRock mortgages and other assets that might form part of the transaction, noting that with respect to several of the mortgages it was unclear what value to assign to them in light of prior encumbrances on the subject properties. Brookfield provided the committee with its views on an appropriate price to pay for the assets that would be accretive to Partners REIT and attractive to NorRock Shareholders. The committee concluded any offer it made would have to be structured to take into account the uncertainty around the value and saleability of some of the NorRock mortgages. The committee also concluded that it should consider buying all of the assets of NorRock so that NorRock was not left with a small amount of assets that might be difficult to sell.

On September 29, 2011 Partners REIT provided the NorRock Independent Committee with a letter outlining the proposed transaction and its material legal and business points. This letter was discussed by the parties between September 29 and October 4, 2011

On October 4, 2011, the Partners REIT Independent Committee met again to discuss the state of negotiations with NorRock. Mr. van Haastreht was asked to continue discussions on the basis of the letter being discussed with NorRock and counsel was asked to revise the draft transaction agreement to reflect those discussions. Counsel for Partners REIT provided NorRock with a revised agreement on October 6, 2011 and from that point until October 17, 2011 the parties were in active discussions in an attempt to settle the outstanding business and legal issues.

On October 13, 2011, the Partners REIT Independent Committee met and heard presentations from Brookfield and from Capital Canada. Capital Canada provided the committee with a preliminary oral presentation as to the valuation of the NorRock assets and Brookfield provided the committee with a preliminary fairness opinion. The committee approved the transaction in substantially its current form, approving the acquisition agreement between the parties in the form then presented, the press release announcing the transaction and noting that support agreements from the major shareholders of both NorRock and Partners REIT had been executed supporting the transaction. In recognition that the parties were still considering certain business issues, the committee provided Mr. van Haastreht with authority to conclude the transaction once he was satisfied that the agreement reflected the business deal reached and stated that its approval was subject to the approval of Mr. van Haastreht. The transaction and agreement with NorRock was subsequently approved by the board of trustees of Partners REIT (with Gant and Miniutti abstaining) on October 13, 2011 on the same conditions. It was anticipated that the parties would reach final agreement prior to the markets opening on October 17, 2011.

Mr. van Haastreht, Mr. Pridham, and the financial and legal advisors to both NorRock and Partners REIT continued to negotiate the Acquisition Agreement, and settle the support agreements, from October 14-16, 2011 and the parties announced the transaction before trading commenced on the TSX or TSXV on October 17, 2011.

Actions and Deliberations by the NorRock Independent Committee

At a meeting of the NorRock Board held on May 30, 2011, Boddaert advised that she had been approached by Partners REIT concerning a possible transaction involving the acquisition of the shares or assets of NorRock by Partners REIT, and agreed that the NorRock Board consider whether it would be prepared to pursue such a transaction.

Boddaert advised that she would have certain conflicts of interest in connection with such a transaction because a family trust of which she was a trustee and a discretionary beneficiary owned 50% of the outstanding shares of Green Tree, Green Tree owned all of the outstanding shares of the Manager, Green Tree was owned 50% by GTT in which Gant (the Chief Executive Officer of Partners REIT) had a contingent financial interest, Green Tree had acquired from CAB approximately 32% of the NorRock Class A Shares in May 2011 and it was probable that the Management Agreement would be terminated if a proposed transaction with Partners REIT were to be completed. Darryl Abbott, a director of NorRock, advised that he would also have certain conflicts of interest because he was the sole trustee of another trust, established by Gant's father, that held the other 50% of the outstanding shares of Green Tree.

Following a discussion of the potential advantages and disadvantages of pursuing a possible transaction with Partners REIT, the NorRock Board decided to appoint the NorRock Independent Committee, comprised of Jane Davis, Norman McPhedran and Gordon Pridham, to consider and evaluate a possible transaction with Partners REIT and to make recommendations in that regard to the NorRock Board. The committee was also authorized by the NorRock Board to consider other alternatives that might maximize the value of NorRock Shares, to negotiate the terms of any transaction with Partners REIT or an alternative transaction, to engage independent financial and legal advisers to assist the committee in carrying out its mandate, to engage an independent valuator if required, and to provide advice and recommendations to the NorRock Board concerning any transaction with Partners REIT or any alternative transaction. Mr. Pridham was appointed Chairman of the committee.

Early in June 2011, the NorRock Independent Committee engaged Bennett Jones LLP as its legal counsel. Following interview with two financial advisory firms, the committee engaged Cormark as its financial adviser.

During the period from early June 2011 until mid-October 2011, the NorRock Independent Committee and its advisers participated in discussions and negotiations with the Partners REIT Independent Committee and its advisers concerning a possible transaction whereby Partners REIT would acquire all or a substantial portion of NorRock's assets. While the negotiations and discussions were very broad in scope, the principal issues between the parties involved the following:

- *Acquired Assets.* During the negotiations Partners REIT proposed that NorRock would retain certain assets. NorRock's preference was to sell all or substantially all of its assets to Partners REIT. Ultimately, the parties agreed that Partners REIT would acquire substantially all of NorRock's assets on the terms set out in the Acquisition Agreement.
- *Value of Purchased Assets.* There were extensive negotiations as to the value to be ascribed to the NorRock assets that Partners REIT would purchase, in particular as to the appropriate discount to be applied to the gross book value of those assets.
- *Allocation and Form of Purchase Consideration.* The parties discussed the portion of the purchase consideration that should be allocated to the holders of NorRock Preferred Shares and NorRock Class A Shares. Partners REIT's initial proposal contemplated that the holders of NorRock Preferred Shares would receive approximately \$22.00 to \$22.50 per share, entirely in the form of Partners REIT Units. Under the terms of the Arrangement, it is expected that those holders will receive Partners REIT Units valued at \$23.75 per share or, at the holders' election, Partners REIT Units valued at \$22.00 in the form of Units and \$1.75 in cash for each NorRock Preferred Share (based on an agreed issue price of \$1.73 per Partners REIT Unit). See "Risk Factors".
- *Deferred Purchase Consideration.* The parties conducted extensive negotiations concerning the portion of the aggregate purchase price that would be paid by Partners REIT upon completion of the transaction (in the form of Partners REIT Units and cash) and the portion that would be deferred until after Closing (in the form of Rights issued upon transaction completion to NorRock and then to the holders of NorRock Class A Shares, evidencing the entitlement of the holders of Rights to receive additional Partners REIT Units (or cash at the election of Partners REIT)) after transaction completion. Under the terms of the Arrangement, it is expected that the holders of Class A Shares will receive, upon transaction completion, Partners REIT Units valued at approximately \$5.94 per Class A Share (based on an agreed issue price of \$1.73 per Partners REIT Unit) plus non-transferable Rights to receive Partners REIT Units (or cash) after transaction completion valued at approximately \$1.47 per Class A Share. See "Risk Factors".
- *Non-Completion Fee.* Early in the negotiations Partners REIT proposed that NorRock would be obliged to pay a non-completion fee of \$2.5 million to Partners REIT in specified circumstances. NorRock proposed a substantially lower fee and also proposed that Partners REIT would be required to pay a non-completion fee to NorRock in specified circumstances. It was ultimately agreed that the NorRock Non-Completion Fee payable to Partners REIT in specified circumstances would be \$1.75 million and that Partners REIT would not be obliged to pay any non-completion fee to NorRock.

As Chairman, Mr. Pridham was the principal representative of the NorRock Independent Committee in the negotiations, assisted by Cormark and also Bennett Jones. In addition to the negotiations with Partners REIT, the NorRock Independent Committee also had extensive negotiations with Green Tree (principally Boddaert) concerning the allocation of the proceeds of the asset sale between the holders of NorRock Preferred Shares and the holders of NorRock Class A Shares in light of the fact that Green Tree holds approximately 33.4% of the outstanding NorRock Class A Shares, and the prior agreement of Green Tree to vote its NorRock Class A Shares in favour of the proposed transaction was a condition precedent to Partners REIT entering into the Acquisition Agreement. Gant also took part in certain of the negotiations in light of the fact that he controls, through IGW, approximately 41% of the outstanding Partners REIT Units, and the prior agreement of IGW to vote its Units in favour of the proposed transaction was a condition precedent to NorRock entering into the Acquisition Agreement.

Boddaert, in her capacity as Chief Executive Officer of NorRock and the Manager, also assisted the NorRock Independent Committee in negotiating the terms on which the Forward Contract would be terminated, in particular the amount of the early termination fee to be paid to the counterparty to that contract.

Mr. Pridham reported regularly to the other members of the NorRock Independent Committee concerning the negotiations with Partners REIT and Green Tree, and conducted those negotiations in accordance with strategic and other decisions made by the committee with the advice of Cormark and Bennett Jones LLP. The committee met on 10 occasions during the period from May 30, 2011 to October 14, 2011 and the committee's financial and legal advisers attended several of those meetings. On occasion, when appropriate, the committee also invited Boddaert and Mr. Abbott to attend committee meetings to provide information and advice to the committee. However, neither Boddaert nor Mr. Abbott participated in any of the deliberations of the NorRock Independent Committee.

The NorRock Independent Committee interviewed representatives of M Partners. The committee determined, based in part on representations made to it by M Partners, that M Partners was independent of all interested parties and was qualified to provide the valuation required under MI 61-101. The committee invited M Partners to submit an engagement proposal, which was submitted and approved by the committee, subject to certain revisions proposed by Mr. Pridham and legal counsel that were accepted by M Partners. The NorRock Independent Committee directed NorRock to enter into the M Partners Engagement Letter with M Partners dated September 12, 2011.

On October 14, 2011 the NorRock Independent Committee met to consider the terms of the proposed transaction that had been negotiated with Partners REIT, as reflected in a substantially final draft of the Acquisition Agreement. The committee also invited Boddaert and Mr. Abbott to attend. At that meeting, the committee received advice from Cormark concerning the financial terms of the transaction, advice from Bennett Jones LLP concerning the legal aspects of the transaction, a preliminary valuation from M Partners concerning the fair market values of the NorRock Preferred Shares, the NorRock Class A Shares, the Partners REIT Units and the Rights, and an oral opinion from Cormark that, as at October 14, 2011, the terms of the proposed transaction were fair, from a financial point of view, to the holders of NorRock Preferred Shares and NorRock Class A Shares.

After discussing and considering the information and advice presented at the meeting, the members of the NorRock Independent Committee unanimously concluded that the proposed transaction with Partners REIT was in the best interests of NorRock and was fair to the holders of NorRock Preferred Shares and NorRock Class A Shares, and unanimously resolved to recommend that the NorRock Board approve the transaction and authorize NorRock to enter into the Acquisition Agreement and ancillary agreements. Upon receipt of the advice and recommendations of the NorRock Special committee, the NorRock Board (with Boddaert and Mr. Abbott declaring their interests and abstaining from voting) unanimously approved the proposed transaction with Partners REIT, on the terms reflected in the draft of the Acquisition Agreement presented at the meeting with such revisions as Mr. Pridham, with advice from the committee's financial and legal advisers, may approve and authorized NorRock to enter into the Acquisition Agreement and ancillary agreements.

CONCLUSIONS AND RECOMMENDATION OF THE PARTNERS REIT INDEPENDENT COMMITTEE AND THE PARTNERS REIT BOARD

After careful consideration, the Partners REIT Independent Committee has unanimously concluded that the Arrangement is fair to Partners REIT Unitholders and is in the best interests of Partners REIT, and has unanimously recommended that the Partners REIT Board approve the Arrangement and recommends that Partners REIT Unitholders vote in favour of the Partners REIT Arrangement Resolution.

After careful consideration, the Partners REIT Board based in part upon the unanimous recommendation of the Partners REIT Independent Committee has also determined (with Gant and Miniutti abstaining) that the Arrangement is fair to holders of the Partners REIT Units and is in the best interests of Partners REIT, and recommends that the holders of Partners REIT Units vote in favour of the Partners REIT Arrangement Resolution.

The conclusions and recommendations of the Partners REIT Independent Committee and the Partners Board are based upon a number of factors including, among others, the following:

- *Process.* The Partners REIT Independent Committee retained independent financial and legal advisors who advised the Partners REIT Independent Committee throughout the process described in this Joint Circular.
- *Efficient Way to Raise Capital.* The business reason for Partners REIT pursuing and proposing the Arrangement is to raise capital needed for its acquisition plans in a cost effective manner. The trustees considered other means of raising capital and concluded that purchasing the highly liquid assets from NorRock in return for units and some cash provided Partners REIT with that capital on terms that were attractive and cost efficient compared to the other means considered.
- *Fairness Opinion.* The Brookfield Fairness Opinion to the effect that, in the opinion of Brookfield, as of October 14, 2011 and based upon and subject to the scope of the review, analysis undertaken, and the various assumptions, limitations and qualifications set forth therein, the consideration to be received by NorRock Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Partners REIT Unitholders.
- *Valuation.* Capital Canada opinion as to the fair market value of the assets of NorRock and the process followed by Capital Canada in arriving at the Capital Canada Valuation Opinion. See "Opinion of the Independent Valuator of Partners REIT".
- *The Required Approvals are Protective of the Rights of the Partners REIT Unitholders.* The Partners REIT Arrangement Resolution must be approved by not fewer than two-thirds of the votes cast by the holders of Partners REIT Units present (in person or by proxy) and entitled to vote at the Partners REIT Meeting and not fewer than a majority of the votes cast by Minority Partners REIT Unitholders present in person or by proxy) and entitled to vote at the Partners REIT Meeting.

In arriving at their recommendation, the Partners REIT Independent Committee and the Partners REIT Board also considered the then current trading price of the Partners REIT Units on the TSXV, the historical trading prices for the Partners REIT Units, the then current trading price of the NorRock Class A Shares and the NorRock Preferred Shares on the TSX, the historical trading prices for these securities and the information, data and conclusions contained in the Brookfield Fairness Opinion and the Capital Canada Valuation. Partners REIT Independent Committee accepted the valuation methodology contained in the Capital Canada Valuation and the advice of Capital Canada.

The foregoing discussion of the information and factors reviewed by the Partners REIT Independent Committee and the Partners REIT Board is not, and is not intended to be, exhaustive. In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Partners REIT Independent Committee and the Partners REIT Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or methodology considered in reaching their conclusions and recommendations. The Partners REIT Independent Committee's and the Partners REIT Board's recommendations were made after consideration of all of the above noted factors in light of the Partners REIT Independent Committee's and the Partners REIT Board's collective knowledge of the business, financial condition and prospects of Partners REIT, and were also based upon the advice of their financial advisors and legal advisors. In addition, individual members of the Partners REIT Independent Committee and the Partners REIT Board (except Gant and Miniutti who abstained and did not participate in the process) may have given different weights to different factors.

Holders of Partners REIT Units should consider the Partners REIT Arrangement Resolution carefully and come to their own conclusions as to whether to vote in favour of the Partners REIT Arrangement Resolution. Holders of Partners REIT Units who are in doubt as to how to respond should consult with their own financial, legal or other professional advisor.

OPINION OF THE FINANCIAL ADVISOR TO PARTNERS REIT

The Brookfield Fairness Opinion, dated October 17, 2011, and confirming an oral fairness opinion given to the Partners REIT Independent Committee on October 13, 2011, states that, in the opinion of Brookfield, as of October

17, 2011 and based upon and subject to the scope of the review, analysis undertaken, and the various assumptions, limitations and qualifications set forth therein, the consideration to be received by NorRock Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Partners REIT Unitholders.

The full text of the Brookfield Fairness Opinion is attached as Appendix "H" and forms part of this Joint Circular. The Brookfield Fairness Opinion should be read in its entirety. The Brookfield Fairness Opinion does not constitute a recommendation to any Partners REIT Unitholder as to how such Partners REIT Unitholder should vote on the Partners REIT Arrangement Resolution or how to act with respect to any matters relating to the Arrangement.

OPINION OF THE INDEPENDENT VALUATOR OF PARTNERS REIT

The Capital Canada Valuation, dated October 17, 2011, and confirming an oral valuation given to the Partners REIT Independent Committee on October 13, 2011, states that, in the opinion of Capital Canada, as of October 17, 2011 and based upon and subject to the scope of the review, analysis undertaken, and the various assumptions, limitations and qualifications set forth therein, the fair market value of the assets of NorRock was in the approximate range of \$22.8 million to \$23.7 million, or \$7.74 per NorRock Class A Share to \$8.06 per NorRock Class A Share.

The full text of the Capital Canada Valuation is attached as Appendix "I" and forms part of this Joint Circular. The Capital Canada Valuation should be read in its entirety. The Capital Canada Valuation does not constitute a recommendation to any Partners REIT Unitholder as to how such Partners REIT Unitholder should vote on the Partners REIT Arrangement Resolution or how to act with respect to any matters relating to the Arrangement.

CONCLUSIONS AND RECOMMENDATION OF THE NORROCK INDEPENDENT COMMITTEE AND THE NORROCK BOARD

After careful consideration, the NorRock Independent Committee has unanimously concluded that the Arrangement is fair to holders of NorRock Class A Shares and NorRock Preferred Shares and is in the best interests of NorRock, and has unanimously recommended that the NorRock Board approve the Arrangement and recommend that the holders of NorRock Class A Shares vote in favour of the NorRock Class A Shares Arrangement Resolution and the holders of NorRock Preferred Shares vote in favour of the NorRock Preferred Shares Arrangement Resolution.

After careful consideration, the NorRock Board based in part upon the unanimous recommendation of the NorRock Independent Committee has also determined (with Boddaert and Mr. Abbott declaring their interests and abstaining from voting) that the Arrangement is fair to holders of NorRock Class A Shares and NorRock Preferred Shares and is in the best interests of NorRock, and recommends that the holders of NorRock Class A Shares vote in favour of the NorRock Class A Shares Arrangement Resolution and the holders of NorRock Preferred Shares vote in favour of the NorRock Preferred Shares Arrangement Resolution.

The conclusions and recommendations of the NorRock Independent Committee and the NorRock Board are based upon a number of factors including, among others, the following:

General

- *Process.* The NorRock Independent Committee retained independent financial and legal advisors who advised the NorRock Independent Committee throughout the process described in this Joint Circular.
- *Best Price Reasonably Available from Partners REIT.* The NorRock Independent Committee conducted arm's length negotiations with Partners REIT over the key economic terms of the Acquisition Agreement and oversaw the negotiation of other material terms of Acquisition Agreement and the Arrangement. After negotiations with Partners REIT, in which the NorRock Independent Committee obtained improved economic terms, the NorRock Independent Committee concluded that the consideration offered in the Arrangement was the highest price that NorRock could obtain from Partners REIT and that further negotiations could have caused Partners REIT to withdraw its proposal, thereby leaving NorRock

Shareholders without an opportunity to evaluate and vote on a transaction that provides a premium to the then trading price for each class of NorRock securities.

- *Unlikelihood of a Competing Offer.* In August 2010, CAB announced that, following a strategic review process, its board of directors had decided to pursue opportunities to dispose of its assets, including its interests in NorRock and the Manager, and distribute the proceeds to its shareholders. This process resulted in the announcement in March 2011 that Green Tree had entered into an agreement with CAB to purchase CAB's interests in NorRock and the Manager which was completed in May 2011. In light of the prior auction process conducted by CAB, the NorRock Independent Committee believed that there is no reasonable prospect of a competing offer being available to NorRock Shareholders.

Holders of NorRock Preferred Shares

- *Premium to Market Value.* The estimated consideration at Closing for NorRock Preferred Shareholders of \$23.75 in Partners REIT Units or a combination of Partners REIT Units and cash (based on agreed issue price of \$1.73 per Partners REIT Unit) represents a 20.8% premium to the closing price of \$19.65 on October 11, 2011 (the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011). See "Risk Factors".
- *Liquidity.* The historical market prices and trading information of the NorRock Preferred Shares on the TSX, including the lack of liquidity for the NorRock Preferred Shares relative to Partners REIT Units and the risk of price erosion. Further, the estimated *pro forma* market capitalization of Partners REIT of approximately \$100 million (based on a price of \$1.73 per Partners REIT Unit) relative to NorRock Preferred Share market capitalization of approximately \$29 million on October 11, 2011 (the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011). See "Risk Factors".
- *Attractive Yield.* If a NorRock Preferred Shareholder elects to receive consideration entirely in Partners REIT Units, then assuming Partners REIT maintains its current distribution policy the NorRock Preferred Shareholder would receive a 12 month aggregate distribution of \$2.20 for each NorRock Preferred Share it converted to Partners REIT Units relative to the 12 month aggregate dividend of \$1.69 per NorRock Preferred Share it would have received assuming that NorRock maintained its current dividend policy. See "Risk Factors". Partners REIT Units have an effective yield of 9.25% (based on the issue price of \$1.73 and an aggregate annual distribution of \$0.16 per Partners REIT Unit) relative to the NorRock Preferred Shares which have an effective yield of 8.59% (based on the closing price of \$19.65 on October 11, 2011 (the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011) and an effective yield of 7.11% (assuming a NorRock Preferred Share price of \$23.75 and an aggregate annual dividend of \$1.69 per NorRock Preferred Share). See "Risk Factors".
- *Fairness Opinion.* The Cormark Fairness Opinion to the effect that as of November 9, 2011, subject to the limitations and assumptions set forth therein the consideration offered to NorRock Preferred Shareholders under the Arrangement is fair, from a financial point of view, to NorRock Preferred Shareholders other than Green Tree and its affiliates. See "Opinion of the Financial Advisor to NorRock".
- *Valuation.* M Partner Valuation and the process followed by M Partners in arriving at the M. Partners Valuation. See "Opinion of the Independent Valuator of NorRock".
- *Stub Period Payment.* Holders of NorRock Preferred Shares are entitled to payment in cash equal to the Stub Period Payment.
- *The Required Approvals Are Protective of the Rights of NorRock Preferred Shareholders.* The NorRock Preferred Shares Arrangement Resolution must be approved by not less than two-thirds of the votes cast by NorRock Preferred Shareholders present (in person or represented by proxy) at the NorRock Meeting and not fewer than a majority of the votes cast by Minority NorRock Preferred Shareholders present (in person or represented by proxy) and entitled to vote at the NorRock Meeting. The Arrangement must also be

approved by the Court, which will consider, among other things the fairness of the Arrangement to the NorRock Preferred Shareholders.

Holders of NorRock Class A Shares

- *Premium to Market Value.* The estimated consideration at Closing of \$5.94 in Partners REIT Units (based on agreed issue price of \$1.73 per Partners REIT Unit) per NorRock Class A Share represents a 38.1% premium to the closing price of \$4.30 on October 14, 2011 (the last trading day before the Arrangement was announced on October 17, 2011) and estimated total consideration of \$7.41 represents a 72.3% premium to the closing price of \$4.30 on October 14, 2011. See "Risk Factors".
- *Liquidity.* The historical market prices and trading information of the NorRock Class A Shares on the TSX, including the lack of liquidity for the NorRock Class A Shares relative to Partners REIT Units and the risk of price erosion. Further, the estimated *pro forma* market capitalization of Partners REIT of approximately \$100 million (based on a price of \$1.73 per Partners REIT Unit) relative to NorRock Class A Share market capitalization of approximately \$13 million on October 14, 2011 (the last trading day before the Arrangement was announced). See "Risk Factors".
- *Attractive Yield.* Partners REIT Units have an effective yield of 9.25% (based on the issue price of \$1.73 and an aggregate annual distribution of \$0.16 per Partners REIT Unit) relative to the NorRock Class A Shares which do not currently pay a dividend. See "Risk Factors".
- *Fairness Opinion.* The Cormark Fairness Opinion to the effect that as of November 9, 2011, subject to the limitations and assumptions set forth therein the consideration offered to NorRock Class A Shareholders under the Arrangement is fair, from a financial point of view, to NorRock Class A Shareholders other than Green Tree and its affiliates. See "Opinion of the Financial Advisor to NorRock".
- *Valuation.* M. Partners Valuation and the process followed by M Partners in arriving at the M. Partners Valuation. See "Opinion of the Independent Valuator of NorRock".
- *The Required Approvals Are Protective of the Rights of NorRock Class A Shareholders.* The NorRock Class A Shares Arrangement Resolution must be approved by not fewer than two-thirds of the votes cast by the holders of NorRock Class A Shares present (in person or by proxy) and entitled to vote at the NorRock Meeting and not fewer than a majority of the votes cast by Minority NorRock Class A Shareholders present (in person or by proxy) and entitled to vote at the NorRock Meeting. The Arrangement must also be approved by the Court, which will consider, among other things the fairness of the Arrangement to the NorRock Class A Shareholders.

The NorRock Independent Committee and the NorRock Board also considered that, if the NorRock Board did not agree to recommend the Arrangement to NorRock Class A Shareholders and NorRock Preferred Shareholders, NorRock Class A Shareholders and NorRock Preferred Shareholders may not have the opportunity to consider a transaction at a premium to the current trading price for their respective securities. While the NorRock Independent Committee and the NorRock Board believe that each of the factors set out above supports their decision to recommend that NorRock Class A Shareholders and NorRock Preferred Shareholders vote in favour of the Arrangement, they also recognize that they are risks associated with the Arrangement and that the Arrangement may not deliver the potential value described above. See "Risk Factors".

In arriving at their recommendation, the NorRock Independent Committee and the NorRock Board also considered the current trading price of the NorRock Class A Shares and NorRock Preferred Shares on the TSX, the historical trading prices for these securities, the current trading price of the Partners REIT Units on the TSXV, the historical trading prices for the Partners REIT Units and the information, data and conclusions contained in the Cormark Fairness Opinion and the M Partners Valuation.

The foregoing discussion of the information, factors and analysis reviewed by the NorRock Independent Committee and the NorRock Board while not intended to be exhaustive includes the material information, factors and analysis considered by the NorRock Independent Committee and the NorRock Board in reaching their conclusion and recommendation. In view of the wide variety of factors and information considered in connection

with their evaluation of the Arrangement, the NorRock Independent Committee and the NorRock Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or methodology considered in reaching their conclusions and recommendations. The NorRock Independent Committee's and the NorRock Board's recommendations were made after consideration of all of the above noted factors in light of the NorRock Independent Committee's and the NorRock Board's collective knowledge of the business, financial condition and prospects of NorRock, and were also based upon the advice of their financial advisors and legal advisors. In addition, individual members of the NorRock Independent Committee and the NorRock Board (except Boddaert and Mr. Abbott who declared their interests and abstained from voting) may have given different weights to different factors.

NorRock Class A Shareholders and NorRock Preferred Shareholders should consider the Arrangement carefully and come to their own conclusions as to whether to vote in favour of the Arrangement. NorRock Class A Shareholders and NorRock Preferred Shareholders who are in doubt as to how to respond should consult with their own financial, legal or other professional advisor. NorRock Class A Shareholders and NorRock Preferred Shareholders are advised that completion of the Arrangement may have tax consequences, and should consult their own professional tax advisors.

OPINION OF THE FINANCIAL ADVISOR TO NORROCK

Cormark was engaged as financial advisor to NorRock in connection with the Arrangement pursuant to an engagement agreement dated as of July 5, 2011. The Cormark Fairness Opinion states that based upon and subject to the scope of the review, analysis undertaken, and the various assumptions, limitations and qualifications set forth therein, Cormark is of the opinion that, as of November 9, 2011, the consideration to be received by NorRock Class A Shareholders and NorRock Preferred Shareholders, other than related shareholders, pursuant to the Arrangement is fair, from a financial point of view, to such shareholders.

The full text of the Cormark Fairness Opinion describing the assumptions made, procedures followed, information reviewed, matters considered and limitations on the review undertaken by Cormark is attached as Appendix "F" to this Joint Circular, and is incorporated in its entirety in this document. The Cormark Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety.

NorRock paid Cormark a fee to prepare and deliver the Cormark Fairness Opinion to the NorRock Board in connection with the Arrangement. NorRock also agreed to reimburse Cormark for its reasonable expenses and to indemnify Cormark and its affiliates in respect of certain liabilities that may be incurred by them in connection with its provision of these financial advisory services (or contribute to payments that they may be required to make in respect thereof).

The NorRock Independent Committee selected Cormark as its financial advisor in connection with the Arrangement because Cormark has been a financial advisor in a significant number of transactions involving public and private companies, including companies operating in the real estate industry, and has extensive experience in preparing fairness opinions.

OPINION OF THE INDEPENDENT VALUATOR OF NORROCK

The M Partners Valuation states that based on the scope of the review, its analysis thereof, and subject to M Partners' assumptions, restrictions and qualifications M Partners is of the opinion that the fair market value of NorRock Class A Shares, NorRock Preferred Shares, NorRock's mortgage and real estate portfolio and the value of the non-cash consideration being paid by Partners REIT, as at the valuation date (except those noted as being as at Closing) are as follows:

NorRock Realty Finance Corporation
Fair Market Value

Element to be Valued	Note	Fair Market Value	
		Low	High
(a) Shares (as at September 30, 2011)			
Class A Shares -- Going Concern Basis	1., 1a.	\$23,300,000	\$30,300,000
Less Proposed Transaction Adjustments	2.	-\$2,089,232	-\$2,089,232
Adjusted Class A Share Value as at September 30, 2011		\$21,210,768	\$28,210,768
Per Class A Share Outstanding as at September 30, 2011	3.	\$7.22	\$9.60
Preferred Shares		\$31,280,000	\$36,670,000
Per Preferred Share	4.	\$21.32	\$25.00
(b) Non-Cash Assets to be acquired by Partners REIT (as at September 30, 2011)			
Publicly Traded Securities		\$7,100,000	\$7,100,000
Mortgage and Real Estate Portfolio		\$21,512,000	\$22,950,000
(c) Non-Cash Consideration to be Paid by Partners REIT (as at Closing, but using September 30 Partners REIT Unit Value)			
Partners REIT Unit		\$1.68	\$1.79
Partners REIT Units to Preferred Shareholders	7.	\$32,990,681	\$35,150,785
Per Preferred Share	6.	\$23.06	\$24.57
Partners REIT Units To Class A Shareholders at Closing		\$16,437,553	\$17,513,822
Per Class A Share	7.	\$5.76	\$6.14
Contingent Value Rights to Class A Shareholders in 2012	7.	\$3,579,860	\$4,709,782
Per Class A Share	5.	\$1.26	\$1.65
Total Value Per Share at Closing to Class A Shareholders	7.	\$7.02	\$7.79

Assumptions and Notes

1. Schedule 1
- 1a. High value assumes Preferred Shares at Low value and *vice versa* -- see Section 27 and Schedules 1 and 15
2. These amounts have been provided by NorRock and are presented for reconciliation purposes only. See Schedule 15
3. Number of Class A Shares at Sep 30, 2011 2,938,860
4. Number of Preferred Shares at Sep 30, 2011 1,467,100
5. Number of Class A Shares at Closing (NorRock estimate) 2,851,641
6. Number of Preferred Shares at Closing (NorRock estimate) 1,430,423
7. Assumes all Partners REIT Units, no cash consideration

The full text of the M Partners Valuation is attached as Appendix "G" and forms part of this Joint Circular. The M Partners Valuation should be read in its entirety. The M Partners Valuation does not constitute a recommendation to any NorRock Shareholders as to how such NorRock Shareholder should vote on the applicable NorRock Arrangement Resolution or how to act with respect to any matters relating to the Arrangement.

Selection of the Independent Valuator of NorRock

NorRock is of the view that the Arrangement does not constitute a "related party transaction" for the purposes of MI 61-101 and therefore that the requirements of MI 61-101 do not apply. Nonetheless, in light of the inter-relationships between Green Tree, the Manager and Boddaert noted above under "Interests of Certain Persons in the Arrangement – NorRock", the NorRock Board has determined to voluntarily comply with the requirements of MI 61-101. In accordance with the provisions of MI 61-101, NorRock is required to obtain a formal valuation of the NorRock Preferred Shares, the NorRock Class A Shares, the Partners REIT Units and the Rights and other non-cash assets involved in the Arrangement prepared in accordance with MI 61-101 by a valuator who is independent of Partners REIT, Green Tree, IGW and all other "interested parties" and who is qualified to provide such a valuation.

The NorRock Independent Committee interviewed representatives of M Partners. The committee determined, based in part on representations made to it by M Partners, that M Partners was independent of all interested parties and was qualified to provide the valuation required under MI 61-101. The committee invited M Partners to submit an engagement proposal, which was submitted and approved by the committee, subject to certain revisions proposed by Mr. Pridham and legal counsel that were accepted by M Partners. The NorRock Independent Committee directed NorRock to enter into an engagement letter (the "**M Partners Engagement Letter**") with M Partners dated September 12, 2011.

The terms of the M Partners Engagement Letter provide that NorRock will pay M Partners a fee of \$110,000 and will reimburse M Partners its reasonable expenses, including fees of M Partners' legal counsel estimated to be \$15,000 (plus disbursements and HST). None of the fees payable to M Partners are contingent upon the conclusions reached by M Partners in the M Partners Valuation or on the completion of the Arrangement.

In addition in the M Partners Engagement Letter, NorRock has agreed to indemnify M Partners against all expenses, losses, claims actions damages or liabilities incurred in connection with the performance of professional services rendered by M Partners to NorRock in connection with the Valuation. In addition, M Partners has made various representations as to its qualifications and independence

See "Certain Information Concerning NorRock – Estimated Costs".

ARRANGEMENT MECHANICS

The Arrangement will be effected by way of the Plan of Arrangement. It is anticipated that the Arrangement will be effected as soon as reasonably practicable after receipt of the required approvals of the Arrangement from the Partners REIT Unitholders, the NorRock Shareholders and the Court. A copy of the Plan Arrangement is attached as Appendix "C" to this Joint Circular.

The purpose of the Arrangement is to carry out a reorganization of the assets, liabilities and share capital of NorRock to give effect to the transactions contemplated in the Acquisition Agreement. The Plan of Arrangement and the Arrangement will be binding on Partners REIT, NorRock, all registered holders and beneficial owners of NorRock Shares and holders of SARs without any further act or formality on the part of any Person except as expressly provided in the Plan of Arrangement and summarized below.

At the Effective Time, Partners REIT and NorRock will enter into the Subscription Agreement, pursuant to which NorRock will transfer the Transferred Assets to Partners REIT. In consideration for this transfer, NorRock will receive Partners REIT Units, Rights and the aggregate Cash Elected Amount (or will be directed to withhold the aggregate Cash Elected Amount from the Transferred Assets) which will be distributed to the NorRock Shareholders five minutes after the Effective Time on the following basis:

Each registered NorRock Preferred Shareholder who has not validly exercised Dissent Rights will receive the "**NorRock Preferred Share Consideration**" being either:

- 13.72824 Partners REIT Units plus a cash payment equal to the Stub Period Payment for each NorRock Preferred Share held by them; or

- 12.71676 Partners REIT Units plus a cash payment equal to the Stub Period Payment plus a cash payment of \$1.75 (the "**Cash Elected Amount**") for each NorRock Preferred Share held by them;

in each case as elected by such holder by completing the Letter of Transmittal or such alternative documentation that is acceptable to NorRock and following the instructions set out in the Joint Circular, provided that should the holder:

- fail to make such election or fail to properly complete the election documentation by the day before the Effective Date; or
- have dissented in accordance with the provisions of the Plan of Arrangement but become an Unperfected Dissenter or for any reason is ultimately not entitled to be paid fair value for their NorRock Shares, such holder will be deemed to have elected to receive the first option only.

These distributions to holders of NorRock Preferred Shares referred to above will represent the purchase price for the NorRock Preferred Shares that will be purchased for cancellation by NorRock and the NorRock Preferred Shares will be cancelled following the completion of these distributions.

Registered NorRock Class A Shareholders who have not validly exercised Dissent Rights, will receive that number of Partners REIT Units per NorRock Class A Share calculated by (i) dividing (A) the NorRock Class A Amount by (B) the number of outstanding NorRock Class A Shares outstanding at the Effective Time with respect to which Dissent Rights have not been validly exercised, and (ii) dividing the result of the calculation in (i) by \$1.73.

Holders of SARs will receive an amount in cash per SAR equal to the amount received per NorRock Class A Share by the NorRock Class A Shareholders described in clause (i) of the foregoing paragraph minus \$5.11.

At five minutes after the Effective Time, NorRock will distribute the Rights to the registered holders of the NorRock Class A Shares and the SARs on the basis of one Right for each NorRock Class A Share and each SAR outstanding at the Effective Time.

In connection with, and at the time of, the distribution of Partners REIT Units and Rights to NorRock Class A Shareholders, NorRock will reduce the stated capital account maintained by it for its NorRock Class A Shares by an amount equal to the fair market value of the property distributed as a return of capital to holders of NorRock Class A Shares.

No fractional Partners REIT Units or Rights will be issued under the Arrangement. To the extent that any registered NorRock Shareholder or holder of SARs is entitled to a fractional Partners REIT Unit or Right, such fraction will be rounded up to the nearest whole number for fractions above 0.50 and rounded down to the nearest whole number for fractions at or below 0.50.

If a Dissenting Shareholder decides to not pursue his or her Dissent Rights, or fails to do so in accordance with the provisions of the Interim Order, section 185 of the OBCA and the Plan of Arrangement (an "**Unperfected Dissenter**") the Dissenting Shareholder will be deemed to have participated in the Arrangement on the same basis as a non-dissenting NorRock Shareholder of the applicable class of NorRock Shares.

PAYMENTS TO NORROCK SHAREHOLDERS

Payments to NorRock Preferred Shareholders

All NorRock Preferred Shares are held in book-entry only system administered by CDS. Green Tree and CDS are the only registered NorRock Preferred Shareholders. The NorRock Preferred Share Consideration to be distributed to NorRock Preferred Shareholders is required to be credited to such Shareholder's Intermediary's account through procedures in place between such Intermediary and CDS. NorRock Preferred Shareholders should contact their Intermediary if they have any questions regarding this process.

Upon completion of the Arrangement, each NorRock Preferred Share will be redeemed for an amount equal to the NorRock Preferred Share Consideration.

Payments to NorRock Class A Shareholders

All NorRock Class A Shares held by the public are held in book-entry only system administered by CDS. CDS, Green Tree and the Manager are the only registered Class A Shareholders.

As soon as reasonably practicable after the Effective Date, the Depository will send to each NorRock Registered Shareholder as of the close of business on the business day prior to the Effective Date, at the address of such NorRock Registered Shareholder as it appears on the appropriate register for the NorRock Class A Shares, certificates representing the Partners REIT Units and Rights to which such NorRock Registered Shareholder is entitled as a result of the Arrangement, registered in the name of such NorRock Registered Shareholder.

Whether a NorRock Shareholder is a NorRock Registered Shareholder or a beneficial NorRock Shareholder who holds NorRock Class A Shares through an Intermediary, nothing is required on such NorRock Shareholder's part to receive certificates for the Partners REIT Units and Rights to which it is entitled as a result of the Arrangement.

Where NorRock Class A Shares are held in an account registered in the name of an Intermediary the Partners REIT Units and Rights distributed under the Arrangement will be sent to the Intermediary. Beneficial holders of NorRock Class A Shares should contact their Intermediary if they have any questions regarding this process.

Withholdings

Partners REIT and NorRock will be entitled to deduct and withhold from any amounts or property to be issued, paid, assigned or conveyed under the Plan of Arrangement, such amounts as Partners REIT or NorRock, as the case may be, is required to deduct and withhold with respect to such payment or transfer under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts will be treated for all purposes hereof as having been paid to the holder of the NorRock Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

INTEREST OF CERTAIN PERSONS IN THE ARRANGEMENT

Partners REIT

Partners REIT is managed by LAPP. LAPP is a wholly owned subsidiary of IGW. IGW holds approximately 41% of the Partners REIT Units. Gant is a director and the Chief Executive Officer of LAPP and is also a trustee and the Chief Executive Officer of Partners REIT. Miniutti is the Chief Financial Officer of LAPP and is also a Trustee of and the President and Chief Operating Officer of Partners REIT.

Gant is also a director and the Chief Executive Officer of IGW GP, the general partner of IGW. Miniutti is the Chief Financial Officer of IGW GP.

IGW LP owns 100% of the general and limited partnership interests of IGW. IGW LP is managed by LAC. Gant is a director and the Chief Executive Officer of LAC. Miniutti is the Chief Financial Officer of LAC.

Each of Boddaert and Darryl Abbott are directors and senior officers of NorRock and also directors and senior officers of Green Tree. BFT is the registered owner of 50% of the issued and outstanding shares of Green Tree. BFT is a trust settled under the laws of the Province of Ontario. The trustees of BFT are Boddaert and Gregory Harris. Boddaert is a discretionary beneficiary of BFT. GTT is the registered owner of the remaining 50% of the issued and outstanding shares of Green Tree. GTT is a trust settled under the laws of the Province of Ontario and Darryl Abbott is the sole trustee of GTT. Gant and Miniutti have an indirect and contingent financial interest in GTT.

Due to the fact that the largest shareholder of NorRock is Green Tree, a corporation held fifty percent by an entity associated with Boddaert, and fifty percent by an entity in which Gant and Miniutti have an indirect and contingent financial interest, both Boddaert and Gant requested that the NorRock Board and the Partners REIT Board set up independent committees to review the merits of the transaction, negotiate the terms and conditions, and be advised directly by financial and legal counsel. Since GTT is a discretionary trust, Partners REIT is of the view that the requirements of MI 61-101 do not apply. Nonetheless, in light of the inter-relationships between Green Tree and Gant, the Partners REIT Board has determined to voluntarily comply with the requirements of MI 61-101.

NorRock

Green Tree holds approximately 33.4% of the issued and outstanding NorRock Class A Shares and 0.2% of the issued and outstanding NorRock Preferred Shares. Green Tree and NorRock are parties to the Commitment Agreement pursuant to which Green Tree has made certain financial commitments to NorRock. Pursuant to the Commitment Agreement, Green Tree agreed that, for so long as there are NorRock Preferred Shares outstanding if the Adjusted Net Tangible Asset Value is less than 111% of the Original Preferred Share Issue Price (each as defined in the NorRock AIF) as at the end of a quarter, Green Tree will subscribe for, or arrange for subscriptions for, additional NorRock Class A Shares in an amount at least equal to the deficiency, within 10 business days following the end of the quarter. As a condition of closing of the Arrangement, the Commitment Agreement will have been terminated. See "Termination Agreement".

The Manager manages the affairs of NorRock pursuant to the Management Agreement. The Manager is a wholly owned subsidiary of Green Tree. As a condition of Closing of the Arrangement, the Management Agreement will have been terminated and the Manager will be receiving a net payment of approximately \$600,000 (which represents a termination fee and an offset for a note repayment from the Manager to NorRock) in complete satisfaction of the termination payment payable to the Manager. See "Termination Agreement".

The directors of NorRock hold an aggregate of 150,000 SARs. The following table sets out the SARs holdings of each director of NorRock.

Name	Number of SARs
Gordon Pridham.....	25,000
Jane Davis.....	25,000
Norman McPhedran.....	25,000
Jacqueline Boddaert.....	37,500
Darryl Abbott.....	37,500

Each SAR permits the holder to obtain an amount in cash equal to the NorRock Class A Share Consideration minus \$5.11 as well as one Right per SAR. See "Arrangement Mechanics".

Each of Boddaert and Darryl Abbott are directors and senior officers of NorRock and also directors and senior officers of Green Tree. BFT is the registered owner of 50% of the issued and outstanding shares of Green Tree. BFT is a trust settled under the laws of the Province of Ontario. The trustees of BFT are Boddaert and Gregory Harris. Boddaert is a discretionary beneficiary of BFT. Boddaert owns 104,157 Partners REIT Units and BFT owns 49,250 Partners REIT Units. GTT is the registered owner of the remaining 50% of the issued and outstanding shares of Green Tree. GTT is a trust settled under the laws of the Province of Ontario and Darryl Abbott is the sole trustee of GTT. NorRock understands that Gant and Miniutti have an indirect and contingent financial interest in GTT.

THE ACQUISITION AGREEMENT

The following is a summary of certain material terms of the Acquisition Agreement, a copy of which is attached as Appendix "D" to this Joint Circular. This summary does not contain all of the information about the Acquisition Agreement. Therefore, NorRock Shareholders and Partners REIT Unitholders should read the Acquisition Agreement carefully and in its entirety, as the rights and obligations of NorRock and Partners REIT are governed by the express terms of the Acquisition Agreement and not by this summary or any other information contained in this Joint Circular.

The Acquisition Agreement contains representations and warranties made by NorRock and Partners REIT. These representations and warranties, which are set forth in the Acquisition Agreement, were made by and to the parties thereto for the purposes of the Acquisition Agreement and are subject to qualifications and limitations agreed to by the parties in connection with negotiating and entering into the Acquisition Agreement. In addition, these representations and warranties were made as of specified dates, may be subject to a contractual standard of materiality different from what may be viewed as material to NorRock Shareholders and Partners REIT Unitholders, or may have been used for the purpose of allocating risk between the parties instead of establishing such matters as facts. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this Joint Circular, may have changed since the date of the Acquisition Agreement.

Conditions to the Arrangement

Mutual Conditions

The Acquisition Agreement provides that the obligations of NorRock and Partners to consummate the transactions contemplated in the Acquisition Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Closing Date or such other time as is specified below:

- the Interim Order will have been granted in form and substance satisfactory to each of Partners REIT and NorRock, acting reasonably, and will not have been set aside or modified in a manner unacceptable to Partners REIT and NorRock, acting reasonably, on appeal or otherwise;
- the Arrangement Resolutions will have been approved by the NorRock Shareholders and the Partners REIT Unitholders, as the case may be, duly approving the Arrangement in accordance with the Interim Order and the requirements of Canadian securities legislation on or prior to December 22, 2011;
- the Final Order will have been granted in form and substance satisfactory to each of Partners REIT and NorRock, acting reasonably, on or prior to December 27, 2011;
- the Articles of Arrangement, together with the Final Order, shall be filed with the Director in accordance with the Arrangement and Section 183 of the OBCA, in form and substance satisfactory to each of Partners REIT and NorRock, each acting reasonably;
- each of the TSX and TSXV will have accepted the notice of the Arrangement and the transactions contemplated thereby and the TSXV will have approved the transactions contemplated by the Arrangement (including the Plan of Arrangement and the Subscription Agreement) and the listing of the Partners REIT Units issuable in accordance with the Plan of Arrangement, subject only to customary listing conditions of the TSXV;
- the Arrangement will become effective on or before December 31, 2011;
- the Acquisition Agreement will not have been terminated in accordance with its terms;
- there will be no action taken under any Applicable Law that (a) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any transaction contemplated by the Acquisition Agreement; (b) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Acquisition Agreement; and (c) has had, or if the Arrangement was consummated, would reasonably be expected to result in, a Material Adverse Effect on NorRock or Partners REIT;
- NorRock (or a subsidiary of NorRock listed in the schedules to the Acquisition Agreement) will have acquired all the partnership interests in Reference L.P.;
- NorRock will have transferred or caused the transfer of the beneficial ownership of the Royal Oaks Condo to 2246329 (or to another NorRock subsidiary as directed by Partners REIT) and the relevant subsidiary of

NorRock holding nominee legal title to the Royal Oaks Condo transferring such title to 2246329 (or to another NorRock subsidiary as directed by Partners REIT);

- the Forward Contract will have been terminated and any fees associated with the termination of such agreement will be no more than \$150,000;
- in connection with, and following, the termination of the Forward Contract, Reference L.P. will have been wound up and terminated and its assets distributed to NorRock;
- the Rights Indenture will have been executed and delivered by the parties thereto;
- no material action or proceeding will be pending or threatened by any Person or Governmental Authority to enjoin or prohibit the Arrangement from being completed, or result in a judgment in material damages relating to the transaction as contemplated herein; and
- there being no change in law (including a proposal by the Minister of Finance of Canada to amend the Tax Act or any announcement, governmental or regulatory initiative, condition, event or development involving a change or a prospective change) that, directly or indirectly, has or may have a Material Adverse Effect on or with respect to Partners REIT, NorRock or its subsidiaries, including Reference L.P. with respect to the regulatory regime applicable to its respective businesses and operations, or with respect to consummating the transactions contemplated by the Plan of Arrangement.

NorRock Conditions

The Acquisition Agreement provides that the obligations of NorRock to consummate the transactions contemplated in the Acquisition Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Closing Date or such other time as is specified below:

- each of the acts and undertakings of Partners REIT to be performed on or before the Closing Date pursuant to the terms of the Acquisition Agreement will have been duly performed by Partners REIT in accordance with the terms of the Acquisition Agreement and the Plan of Arrangement;
- except as affected by the transactions contemplated by the Acquisition Agreement, the representations and warranties of Partners REIT contained in the Acquisition Agreement will be true and correct in all material respects on the Closing Date (other than the representations and warranties with respect to the capitalization of Partners REIT, which will be true and correct, it being understood that such representation may be updated to reflect the issuances of securities permitted under the terms and conditions of the Acquisition Agreement) with the same force and effect as though such representations and warranties had been made at and as of such time except where the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on Partners REIT (other than the representations and warranties relating to the capitalization of Partners REIT, which will be true and correct, it being understood that such representation may be updated to reflect the issuances of securities permitted under the terms and conditions of the Acquisition Agreement), and Partners REIT will have complied in all material respects with its covenants in the Acquisition Agreement and NorRock will have received certificates to that effect, dated the Closing Date, from a senior officer of Partners REIT;
- there will not have occurred a Material Adverse Change in respect of Partners REIT;
- all requisite consents, orders, approvals and authorizations, including, without limitation, regulatory and judicial approvals and orders, required or necessary for the completion of the Arrangement and the assignment of the Assigned Mortgages and Assigned Shares will have been completed or obtained on terms and conditions satisfactory to NorRock, acting reasonably, and all applicable statutory or regulatory waiting periods to the transactions contemplated under the Arrangement, will have been expired or been terminated, and no objection or opposition will have been filed, initiated or made by any regulatory authority during any applicable statutory or regulatory period;

- NorRock will have received a written fairness opinion from Cormark confirming its preliminary opinion that the consideration to be issued pursuant to the Arrangement is fair, from a financial point of view, to the NorRock Class A Shareholders and the NorRock Preferred Shareholders; and
- NorRock will have received a written valuation from M Partners as contemplated in the Acquisition Agreement.

Partners REIT Conditions

The Acquisition Agreement provides that the obligations of Partners REIT to consummate the transactions contemplated by the Acquisition Agreement are subject to the satisfaction, on or before the Closing Date or such other time as specified below:

- each of the acts and undertakings of NorRock to be performed on or before the Closing Date pursuant to the terms of the Acquisition Agreement will have been duly performed by NorRock in accordance with the terms of the Acquisition Agreement and the Plan of Arrangement;
- except as affected by the transactions contemplated by the Acquisition Agreement, the representations and warranties of NorRock contained in the Acquisition Agreement will be true in all material respects on the Closing Date (other than the representations and warranties relating to capitalization, ownership of shares and Assigned Mortgages, Assigned Shares and NorRock Material Contracts which will be true and correct) with the same force and effect as though such representations and warranties had been made at and as of such time except where the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on NorRock (other than with respect to the representations and warranties relating to subsidiaries, capitalization, ownership of shares and Assigned Mortgages, Assigned Shares and NorRock Material Contracts), and NorRock will have complied in all material respects with its covenants in the Acquisition Agreement other than the covenants relating to the transfer of the Royal Oaks Condo, the termination of the Commitment Agreement and the Forward Contract, the acquisition of all of the partnership interests in Reference L.P. and dissolving Reference L.P., which NorRock will have complied with in all respects and Partners REIT will have received certificates to that effect, dated the Closing Date, from a senior officer of NorRock;
- there will not have occurred any Material Adverse Change in respect of NorRock;
- all requisite consents, orders, approvals and authorizations, including, without limitation, regulatory and judicial approvals and orders, required or necessary for the completion of the Arrangement and the assignment of the Assigned Mortgages and Assigned Shares, will have been completed or obtained on terms and conditions satisfactory to Partners REIT, acting reasonably, and all applicable statutory or regulatory waiting periods to the transactions contemplated under the Arrangement, will have been expired or been terminated, and no objection or opposition will have been filed, initiated or made by any regulatory authority during any applicable statutory or regulatory period;
- holders of NorRock Shares will not have exercised the Dissent Rights or similar rights, and will not have instituted proceedings to exercise the Dissent Rights or similar rights in connection with the Arrangement (other than holders of NorRock Shares representing, in the aggregate, not more than 2.5% of the outstanding NorRock Class A Shares and 2.5% of the outstanding NorRock Preferred Shares);
- the Initial Asset Value will exceed \$48,000,000 and the principal amount of the Assigned Mortgages and the value of the Assigned Shares in aggregate will not exceed \$19,000,000;
- other than as set out in the Acquisition Agreement, the Assigned Mortgages will be in full force and effect and there will have occurred no event of default or other breach, or violation or event of acceleration, whether actual or threatened, by either the holder of the Assigned Mortgages or the counterparty thereto under the Assigned Mortgages which would have a Material Adverse Effect on the Transferred Assets;

- Partners REIT will have received a list of all of the creditors of NorRock and its subsidiaries (not including 633003) and amounts owing to such creditors and will be satisfied, acting reasonably, with the arrangements made by NorRock to satisfy the claims of such creditors;
- the Commitment Agreement will have been terminated;
- the NorRock Management Agreement will have been terminated and any fees associated with the termination of such agreement will be no more than \$1,746,614, before offsetting any amounts owing by the Manager to NorRock;
- Partners REIT, in its reasonable judgment, will be satisfied that, immediately prior to the Closing Time, NorRock Shareholders resident outside Canada do not hold, in the aggregate, more than 5% of the outstanding NorRock Shares;
- Partners REIT will have received a written fairness opinion from Brookfield, confirming its preliminary opinion that the consideration to be issued pursuant to the Arrangement is fair, from a financial point of view, to the Partners REIT Unitholders;
- Partners REIT will have received a written valuation from Capital Canada Limited as contemplated by the Acquisition Agreement; and
- in Partners REIT's opinion, acting reasonably, the completion of the Arrangement and the nature of the assets to be acquired by Partners REIT pursuant to the Plan of Arrangement will not in any way impair Partners REIT's ability to continue to qualify as a "real estate investment trust" and a "mutual fund trust" at all times under the Tax Act, including for its 2011 and future taxation years.

Notice and Cure Provisions and Effect of Failure to Comply with Conditions

Each of Partners REIT and NorRock have agreed to give prompt notice to the other of the occurrence, or failure to occur, at any time from the date of the Acquisition Agreement to the Closing Date of any event or state of facts which occurrence or failure would, or would be likely to (a) cause any of the representations or warranties of either Partners REIT or NorRock contained in the Acquisition Agreement to be untrue or inaccurate in any material respect; or (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by either Partners REIT or NorRock provided in the Acquisition Agreement, however, no such notification will affect the representations or warranties of Partners REIT and NorRock or the conditions to the obligations of Partners REIT and NorRock under the Acquisition Agreement.

If any of the conditions precedents set forth in the Acquisition Agreement will not be complied with or waived by the party for whose benefit such conditions are provided on or before the date required for the performance thereof, then the party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate the Acquisition Agreement in accordance with its terms provided that the party intending to rely thereon has prior to the filing of the Articles of Arrangement with the Director delivered a written notice to the other party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the party delivering such notice is asserting as the basis for the non-fulfilment of the applicable conditions precedent. If any such notice is delivered, provided that a party is proceeding diligently to cure such matter and such matter is capable of being cured, no party may terminate the Acquisition Agreement until the earlier of the expiration of a period of 10 days from the date of such notice and December 31, 2011. If such notice has been delivered prior to the date of the Meetings, such meeting will be postponed until the expiry of such period. If such notice has been delivered after the Meetings and prior to the making of the applications for the Final Order or the filing of the Articles of Arrangement, such applications and such filings will be postponed until the expiry of such period. More than one such notice may be delivered by a party.

Satisfaction of Conditions

The conditions set out on the Acquisition Agreement are conclusively deemed to have been satisfied, waived or released when, with the agreement of Partners REIT and NorRock, Articles of Arrangement are filed under the OBCA to give effect to the Arrangement.

Representations and Warranties

The Acquisition Agreement contains a number of customary representations and warranties of NorRock relating to, among other things, the following matters: subsidiaries; organization, authority; authorization; enforcement; no conflicts; filings; consents and approvals; capitalization; ownership of shares; continuous disclosure reports; financial statements; material changes; litigation; compliance; Assigned Mortgages, Assigned Shares and NorRock Material Contracts; mortgage representations and warranties; regulatory permits; Canadian securities legislation; internal accounting controls; certain fees; listing and maintenance requirements; solvency; taxes; and accountants.

The Acquisition Agreement also contains a number of customary representations and warranties of Partners REIT, relating to, among other things, the following matters: organization, authority; subsidiaries; authorizations; enforcement; no conflicts; filings, consents and approvals; capitalization; continuous reports; financial statements; no undisclosed liabilities; material changes; litigation; labour relations; employee plans; compliance; material contracts; regulatory permits; title to property; environmental laws; insurance; transactions with affiliates and employees; Canadian securities legislation; internal accounting controls; certain fees; listing and maintenance requirements; solvency; taxes; accountants; and use of short form prospectus.

Any investigation by either of Partners REIT or NorRock or their respective advisors will not mitigate, diminish or affect the representations and warranties of the other party made in or pursuant to the Acquisition Agreement. Other than the representations and warranties contained in the Acquisition Agreement, neither Partners REIT nor NorRock has made any express or implied representation or warranty with respect to any other matter. The representations and warranties of the parties contained in the Acquisition Agreement will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Closing Time and the date on which the Acquisition Agreement is terminated in accordance with its terms.

NorRock Covenants

General Covenants

In the Acquisition Agreement, NorRock agreed to certain customary negative and affirmative covenants relating to the operation of its business between the date of the Acquisition Agreement and until the earlier of the Closing Date and the day upon which the Acquisition Agreement is terminated in accordance with its terms. These covenants include a covenant to continue to carry on its and each NorRock Subsidiary's business in the usual, ordinary and regular course and consistent with past practice, and to use its reasonable commercial efforts to preserve intact its and each NorRock Subsidiary's business organization, assets, good will, business relationships and Assigned Mortgages. Subject to the terms of the Acquisition Agreement NorRock has agreed to undertake and carry out the transactions described in the Plan of Arrangement (to the extent applicable to it and its subsidiaries).

Other than as permitted by the Acquisition Agreement or previously disclosed to Partners REIT, NorRock as agreed that it will not directly or indirectly, do or permit any of the following without the prior written consent of Partners REIT, which will not be unreasonably withheld or delayed (such consent may be withheld where the relevant action could reasonably be expected to (a) adversely affect the Initial Asset Value by more than a nominal amount, (b) adversely affect the status of Partners REIT as a "mutual fund trust" or a "real estate investment trust", (c) adversely affect the value or marketability of the Assigned Mortgages, the Assigned Shares, the Royal Oaks Golf Course or the Royal Oaks Condo, or (d) otherwise delay or adversely affect the completion of the transactions contemplated by the Acquisition Agreement by more than a nominal amount):

- make any cash expenditure in excess of \$25,000 individually or \$50,000 in the aggregate other than certain enumerated expenses;

- take any action (whether by enforcement or otherwise) with respect to the Assigned Mortgages;
- take any action that would interfere with or be inconsistent with the completion of the transactions contemplated by the Acquisition Agreement or that would render, or that reasonably may be expected to render, any representation or warranty made by it in the Acquisition Agreement untrue in any material respect (except for certain representations and warranties which must be true and correct at all times) at any time prior to the Closing Date if then made; or
- take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with the Acquisition Agreement or which would reasonably be expected to significantly impede the consummation of the Arrangement.

NorRock has agreed to promptly notify Partners REIT of any Material Adverse Change, or any change, effect, event, occurrence or change in a state of facts which could reasonably be expected to become or result in a Material Adverse Change, or any Governmental Authority or third party written complaints, investigations or hearings (or communications indicating that the same may be contemplated in respect of the Arrangement). NorRock has also agreed to use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations under the Acquisition Agreement to the extent the same is within its control and take, or cause to be taken, all other action and do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Arrangement, including using its reasonable commercial efforts to:

- obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to the Material Contracts, including the Assigned Mortgages in connection with the Arrangement;
- obtain all necessary consents, approvals and authorizations that are required to be obtained by it under any Applicable Laws;
- effect all necessary registrations and filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of any party before Governmental Authorities in connection with the Arrangement;
- oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the parties to consummate, the transactions contemplated in the Acquisition Agreement or by the Plan of Arrangement;
- fulfill all conditions and satisfy all provisions of the Acquisition Agreement;
- cooperate with Partners REIT in connection with the performance by it of its obligations under the Acquisition Agreement; and
- conduct its affairs, and cause the affairs of each of its subsidiaries to be conducted, so that all of their respective representations and warranties contained in the Acquisition Agreement will be true and correct in all material respects on and as of the Closing Date as if made thereon.

The Acquisition Agreement further provides that NorRock will, in a timely and expeditious manner:

- upon Partners REIT's request, provide Partners REIT with a copy of the records relating to NorRock Shareholders maintained by or available to, the Depositary;
- use commercially reasonable efforts to solicit proxies for the approval of the Arrangement and related matters in accordance with Applicable Laws and provide Partners REIT with all information regarding:
 - the voting of all proxies received by NorRock or the Depositary by no later than 6 p.m. (Toronto time) on each Business Day; and
 - the exercise of any Dissent Rights;

- convene the NorRock Meeting as ordered by the Interim Order;
- provide notice to Partners REIT of the NorRock Meeting and allow Partners REIT's representatives to attend the NorRock Meeting unless such attendance is prohibited by the Interim Order; and
- conduct the NorRock Meeting in accordance with the Interim Order, the NorRock Governing Documents and any instrument governing such meeting, as applicable, and as otherwise required by Applicable Laws.

Except for individual proxies and other non substantive communications and materials relating to the NorRock Meeting, NorRock has agreed to furnish promptly to Partners REIT a copy of each notice, report, report of proxies submitted, schedule or other document or communication delivered, filed or received by NorRock in connection with the Arrangement or the Interim Order, the NorRock Meeting or any other meeting of NorRock Shareholders or class of security holders which all such holders, as the case may be, are entitled to attend, any filings under Applicable Laws and any dealings with regulatory agencies in connection with, or in any way affecting, the transactions contemplated in the Acquisition Agreement.

Prior to the Closing Date, NorRock will cause (a) beneficial ownership of the Royal Oaks Condo to be transferred to 2246329 (or to another NorRock subsidiary as Partners REIT directs) and (b) the relevant Subsidiary of NorRock holding nominee legal title to the Royal Oaks Condo to transfer such title to 2246329 (or to another NorRock subsidiary as Partners REIT directs), where the transfer in clause (a) will occur on a fully taxable basis. NorRock shall also use commercially reasonable efforts to terminate the Commitment Agreement and the Forward Contract prior to the Closing Date and acquire all partnership interests in Reference L.P. (directly or indirectly through a Subsidiary) and will dissolve Reference L.P., each in a manner that will permit the conditions precedent in the Acquisition Agreement to be satisfied. NorRock will use commercially reasonable efforts, prior to the Closing Date, to sell or otherwise dispose of any assets (other than cash, Cash Equivalents, the Assigned Mortgages and the Assigned Shares) and convert all such assets to cash or Cash Equivalents as of the Closing Date.

Pre-Acquisition Reorganizations

Subject to the terms and conditions of the Acquisition Agreement, NorRock has agreed to effect such reorganization of its business, operations and assets and integration of other affiliated business as Partners REIT may request, acting reasonably. Partners REIT will reimburse NorRock for all reasonable fees and expenses incurred by NorRock in considering and effecting a pre-acquisition reorganization which is not contemplated by the Arrangement or the Acquisition Agreement.

Partners REIT Covenants

General Covenants and Acknowledgments

Partners REIT has agreed to certain customary negative and affirmative covenants relating to the operation of its business between the date of the Acquisition Agreement and the earlier of the Closing Date and the day upon which the Acquisition Agreement is terminated in accordance with its terms, including, to continue to carry on its business and will cause its subsidiaries to conduct their respective businesses, in the usual, ordinary and regular course of business and consistent with past practice and use its commercially reasonable efforts to maintain and preserve its and its subsidiaries' business organization, assets, goodwill and business relationships.

Other than as permitted by the Acquisition Agreement or previously disclosed to NorRock, Partners REIT has agreed that it will not directly or indirectly, do or permit any of the following without the prior written consent of NorRock, which will not be unreasonably withheld or delayed:

- settle or compromise any claim brought by any present, former or purported holder of any of its securities in connection with the transactions contemplated by the Acquisition Agreement or the Plan of Arrangement;
- take any action that would interfere with or be inconsistent with the completion of the transactions contemplated by the Acquisition Agreement or that would render, or that reasonably may be expected to render, any representation or warranty made by it in the Acquisition Agreement untrue in any material

respect (except for certain representations and warranties which must be true and correct at all times) at any time prior to the Closing Date if then made; or

- take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with the Acquisition Agreement or which would reasonably be expected to significantly impede the consummation of the Arrangement.

Partners REIT has agreed to promptly notify NorRock of any Material Adverse Change, or any change, effect, event, occurrence or change in a state of facts which could reasonably be expected to become or result in a Material Adverse Change, or any Governmental Authority or third party written complaints, investigations or hearings (or communications indicating that the same may be contemplated in respect of the Arrangement or the Partners REIT Meeting). Partners REIT has also agreed to use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations under the Acquisition Agreement to the extent the same is within its control and take, or cause to be taken, all other action and do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Arrangement, including using its reasonable commercial efforts to:

- obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to the Material Contracts in connection with the Arrangement;
- obtain all necessary consents, approvals and authorizations that are required to be obtained by it under any Applicable Laws;
- effect all necessary registrations and filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of any party before Governmental Authorities in connection with the Arrangement;
- oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the parties to consummate, the transactions contemplated in the Acquisition Agreement or by the Plan of Arrangement;
- fulfill all conditions and satisfy all provisions of the Acquisition Agreement;
- cooperate with NorRock in connection with the performance by it of its obligations under the Acquisition Agreement; and
- conduct its affairs, and cause the affairs of each of its subsidiaries to be conducted, so that all of their respective representations and warranties contained in the Acquisition Agreement will be true and correct in all material respects on and as of the Closing Date as if made thereon.

The Acquisition Agreement further provides that Partners REIT will, in a timely and expeditious manner:

- upon NorRock's request, provide NorRock with a copy of the records relating to Partners REIT Unitholders maintained by the Transfer Agent and Registrar;
- use commercially reasonable efforts to solicit proxies for the approval of the Partners REIT Arrangement Resolution and related matters in accordance with Applicable Laws and provide NorRock with all information regarding the voting of all proxies received by Partners REIT or its Transfer Agent and Registrar by no later than 6 p.m. (Toronto time) on each Business Day;
- convene the Partners REIT Meeting as contemplated by the Acquisition Agreement;
- provide notice to NorRock of the Partners REIT Meeting and allow NorRock's representatives to attend the Partners REIT Meeting;
- conduct the Partners REIT Meeting in accordance with the Acquisition Agreement, the Declaration of Trust and any instrument governing such meeting, as applicable, and as otherwise required by Applicable Laws;

- provide to NorRock all information as may be reasonably requested by NorRock or as required by the Interim Order or Applicable Laws with respect to Partners REIT, its subsidiaries, and their business and properties;
- use reasonable commercial efforts to execute and deliver the Rights Indenture;
- at or prior to the Closing Time, allot and reserve for issuance a sufficient number of Partners REIT Units to meet the obligations of Partners REIT under the Arrangement;
- subject to the terms of the Acquisition Agreement, pay the aggregate consideration to be paid pursuant to the Plan of Arrangement at the time provided therein;
- apply for, and use commercially reasonable efforts to obtain conditional approval of the TSXV for the listing of all the Partners REIT Units comprising the consideration to be paid pursuant to the Plan of Arrangement, subject only to customary listing conditions of the TSXV; and
- ensure that the Partners REIT Units to be issued in connection with the transactions contemplated by the Acquisition Agreement will, when issued, be duly and validly issued as fully paid and non assessable Partners REIT Units.

Except for individual proxies and other non substantive communications and materials relating to the Partners REIT Meeting, Partners REIT has agreed to furnish promptly to NorRock a copy of each notice, report, report of proxies submitted, schedule or other document or communication delivered, filed or received by Partners REIT in connection with the Arrangement or the Partners REIT Meeting or any other meeting of Partners REIT Unitholders or class of security holders which all such holders, as the case may be, are entitled to attend, any filings under Applicable Laws and any dealings with regulatory agencies in connection with, or in any way affecting, the transactions contemplated in the Acquisition Agreement.

Subject to the terms of the Acquisition Agreement, Partners REIT will undertake and carry out the transactions described in the Plan of Arrangement at the times indicated therein. Partners REIT's obligations under the Acquisition Agreement with respect to carrying out the transactions described in the Plan of Arrangement with respect to payment of fair value to registered holders of NorRock Shares will survive the consummation of the transaction contemplated by the Acquisition Agreement and terminate at the time that any amounts owing on account of the exercise of Dissent Rights have been fully satisfied by Partners REIT.

Covenants Regarding Non-Solicitation

Covenant to Cease Discussions with any Person (Other Than Partners REIT)

The Acquisition Agreement provides that, as of the date of the Acquisition Agreement, NorRock will terminate and cause to be terminated all solicitations, initiations, encouragements, discussions and negotiations with any parties conducted prior to the date of the Acquisition Agreement by NorRock or its officers, directors, employees, legal counsel, financial advisors, experts, representatives agents, or other persons acting on its behalf, with respect to any NorRock Acquisition Proposal.

Covenant in Respect of Acquisition Proposals

Subject to the exceptions described under this heading and "The Acquisition Agreement – Covenants Regarding Non-Solicitation – Superior Proposal Determination", from and after the date of the Acquisition Agreement, NorRock will not, directly or indirectly, through any officer, director, employee, legal counsel, financial advisor, expert, representative, agent or other person other person acting on its behalf, solicit, initiate, invite or knowingly encourage (including by way of furnishing confidential information or entering into any form of agreement, arrangement or understanding) the initiation of or participate in, any inquiries or proposals regarding a NorRock Acquisition Proposal, provided that nothing contained in the Acquisition Agreement prevents the board of directors of NorRock from considering, negotiating, approving or recommending to the NorRock Shareholders an agreement in respect of an unsolicited written NorRock Acquisition Proposal:

- which did not result from a breach of the provisions of the Acquisition Agreement;
- in respect of which any financing required by the party making the NorRock Acquisition Proposal has been demonstrated to the satisfaction of the board of directors of NorRock, acting in good faith, to be reasonably likely to be obtained;
- in respect of which the board of directors of NorRock determines (having consulted outside counsel) that in the exercise of its fiduciary duty it would be necessary for such board of directors to take such action in order to avoid breaching its fiduciary duties; and
- in respect of which the board of directors of NorRock determines in good faith, after consultation with financial advisors, if consummated in accordance with its terms, would result in a transaction more favourable from a financial point of view to holders of NorRock Class A Shares and NorRock Preferred Shares than the Arrangement,

(any such NorRock Acquisition Proposal that satisfies the clauses above is referred to herein as a "**Superior Proposal**").

NorRock has agreed not to release any third party from any confidentiality agreement in respect of a NorRock Acquisition Proposal to which such third party is a party. NorRock has further agreed not to release any third party from any standstill agreement to which such third party is a party.

Covenant in Respect of Notice of Acquisition Proposals

NorRock has agreed to promptly notify Partners REIT of any current or any future NorRock Acquisition Proposal of which any of NorRock's directors or senior officers become aware, or any amendments to the foregoing, or any request for non-public information relating to NorRock in connection with a NorRock Acquisition Proposal or for access to the properties, books or records or for a list of the Shareholders of NorRock by any person or entity that informs NorRock that it is considering making a NorRock Acquisition Proposal. Such notice will include a copy of all written communications and a description of the material terms and conditions of any proposal and provide such details of the proposal, inquiry or contact as Partners REIT may reasonably request, including without limitation the identity of the person and controlling person, if any, making such proposal, inquiry or contact.

If NorRock receives a request for material non-public information from a Person who proposes a NorRock Acquisition Proposal in respect of NorRock, NorRock has complied with the provisions of the Acquisition Agreement, and the board of directors of NorRock determines that such proposal would be a Superior Proposal, then, and only in such case, the board of directors may, subject to the execution of a confidentiality agreement and provided NorRock sends a copy of any such confidentiality agreement to Partners REIT promptly following its execution, provide such person with access to non-public information. NorRock will provide Partners REIT with the information provided to the person making the Superior Proposal.

NorRock will ensure that its directors and officers and any financial advisors or other advisors or representatives retained by it are aware of the provisions of the Acquisition Agreement with respect to NorRock Acquisition Proposals, and it will be responsible for any breach of such provisions by its financial advisors or other advisors or representatives.

Superior Proposal Determination

NorRock has agreed not accept, approve or recommend or enter into any agreement (except for a confidentiality agreement entered into in compliance with the terms of the Acquisition Agreement) in respect of a NorRock Acquisition Proposal on the basis that it constitutes a Superior Proposal unless:

- it has complied with its obligations under the Acquisition Agreement;
- it has provided Partners REIT with a complete copy of the NorRock Acquisition Proposal document which has been determined to be a Superior Proposal (if applicable), with such deletions as are necessary to protect confidential portions of such NorRock Acquisition Proposal document, provided that material terms

or conditions or the identity of the person (and any entity controlling such person) making the NorRock Acquisition Proposal may not be deleted;

- five Business Days (the "**Notice Period**") will have elapsed from the later of the date Partners REIT received notice of the determination to accept, approve or recommend or enter into an agreement in respect of such NorRock Acquisition Proposal, and the date Partners REIT received a copy of the NorRock Acquisition Proposal document (if applicable); and
- it concurrently terminates the Acquisition Agreement and pays to Partners REIT the NorRock Non-Completion Fee.

Right to Match

During the Notice Period, NorRock will provide a reasonable opportunity to Partners REIT to consider, discuss and offer such adjustments in the terms and conditions of the Acquisition Agreement as would enable NorRock to proceed with its recommendation to the NorRock Shareholders with respect to the Arrangement; provided however that any such adjustment will be at the discretion of NorRock and Partners REIT at the time. The board of directors of NorRock will review in good faith any offer made by Partners REIT to amend the terms of the Acquisition Agreement in order to determine, in its discretion, as part of its exercising its fiduciary duties, whether the proposed amendments would, upon acceptance, result in such Superior Proposal ceasing to be a Superior Proposal.

If the board of directors of NorRock determines that the Superior Proposal would cease to be a Superior Proposal, it will so advise Partners REIT and will accept the offer by Partners REIT to amend the terms of the Acquisition Agreement and NorRock and Partners REIT will agree to take such actions and execute such documents as are necessary to give effect to the foregoing.

If the board of directors of NorRock continues to believe, in good faith and after consultation with financial advisors and outside counsel, that such Superior Proposal remains a Superior Proposal and therefore rejects the amendments offered by Partners REIT, NorRock may, subject to the terms of the Acquisition Agreement including payment of the NorRock Non-Completion Fee, accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.

Each successive material modification of any NorRock Acquisition Proposal or a Superior Proposal will constitute a new NorRock Acquisition Proposal and will require a five Business Day Notice Period from the date such amendment is communicated to Partners REIT.

Termination

The Acquisition Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Closing Time (notwithstanding any approval of the Acquisition Agreement or the applicable Arrangement Resolution by the Partners REIT Unitholders, the NorRock Shareholders or the Arrangement by the Court):

- by mutual written agreement of Partners REIT and NorRock; or
- by either Partners REIT or NorRock, as applicable, if (a) the Closing Time has not occurred on or by December 31, 2011, except that the right to terminate the Acquisition Agreement will not be available to the party whose failure to fulfill any of its obligations or the breach of its representations and warranties under the Acquisition Agreement has been the principal cause of, or resulted in, the failure of the Closing Time to occur by December 31, 2011; (b) there is an enacted or a change in Applicable Law that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the parties from consummating the Arrangement and such Applicable Law is final and non-appealable; and (c) the Arrangement Resolutions fails to receive the requisite approval from Partners REIT Unitholders or the NorRock Shareholders at their respective meetings; or
- by Partners REIT (a) if the board of directors of NorRock changes its approval or recommendation in favour of the Arrangement; (b) if the conditions precedent to the Arrangement set forth in the Acquisition Agreement are not complied with or waived on or before the date required for the performance thereof,

provided that Partners REIT is not in breach of the Acquisition Agreement so as to cause the conditions precedent to not be satisfied; or (c) if the NorRock Meeting has not occurred on or before December 21, 2011 provided that the failure by Partners REIT to fulfill any obligations under the Acquisition Agreement is not the cause of or resulted in the failure of the meeting to occur by such date; or

- by NorRock (a) if at any time prior to the NorRock Meeting the Ten Day VWAP is less than \$1.45; (b) if the board of directors of NorRock authorizes NorRock, in compliance with the terms of the Acquisition Agreement, to accept, approve, recommend or enter into any agreement or understanding with any Person in respect of a Superior Proposal provided that concurrently with such termination, NorRock shall pay the NorRock Non-Completion Fee; (c) if the conditions precedent to the Arrangement set forth in the Acquisition Agreement are not complied with or waived on or before the date required for the performance thereof, provided that NorRock is not in breach of the Acquisition Agreement so as to cause the conditions precedent to not be satisfied; or (d) if the Partners REIT Meeting has not occurred on or before December 21, 2011 provided that the failure by NorRock to fulfill any obligations under the Acquisition Agreement is not the cause of or resulted in the failure of the meeting to occur by such date.

The party desiring to terminate the Acquisition Agreement in accordance with its terms will give written notice of such termination to the other party.

Fees and Expenses

The Acquisition Agreement provides that subject to the provisions described below or as otherwise expressly provided for in the Acquisition Agreement, all fees and expenses incurred in connection with the negotiation of the Acquisition Agreement and the implementation of the Arrangement shall be paid by the party incurring such expenses. The Acquisition Agreement provides that each of Partners REIT and NorRock shall bear equally all costs associated with the printing and mailing of the Joint Circular.

If Partners REIT terminates the Acquisition Agreement because the conditions precedent to the Arrangement set forth in the Acquisition Agreement are not complied with or waived on or before the date required for the performance thereof and NorRock is in breach of the Acquisition Agreement so as to cause the conditions precedent to not be satisfied, NorRock shall pay an expense reimbursement of up to \$500,000 to Partners REIT. If NorRock pays the NorRock Non-Completion Fee then it will not be obligated to pay any expense reimbursement fees to Partners REIT.

If (a) NorRock terminates the Acquisition Agreement because the conditions precedent to the Arrangement set forth in the Acquisition Agreement are not complied with or waived on or before the date required for the performance thereof and Partners REIT is in breach of the Acquisition Agreement so as to cause the conditions precedent to not be satisfied; or (b) Partners REIT terminates the Acquisition Agreement because more than 2.5% but less than 7.5% of the holders of the NorRock Class shares and more than 2.5% and less than 7.5% of the holders of the NorRock Preferred Shares have exercised Dissent Rights, Partners REIT shall pay an expense reimbursement of up to \$500,000 to NorRock.

NorRock Non-Completion Fee

If at any time after the execution of the Acquisition Agreement and prior to the termination of the Acquisition Agreement in accordance with its terms, one or more of the following occurs:

- the board of directors of NorRock fails to recommend, withdraws, withholds, or amends, modifies or qualifies in a manner adverse to Partners REIT, or fails to reaffirm its recommendation of the Arrangement within seven business days (or if the NorRock Meeting is scheduled to be held within such seven business day period, when reasonably requested by Partners REIT) after having been requested by Partners REIT to do so, other than for a change in approval or recommendation of the board of NorRock in respect of the Arrangement if the 10 Day VWAP of the Partners REIT Units is less than \$1.45 (it being understood that the taking of a neutral position or no position with respect to a NorRock Acquisition Proposal will not be considered a change in recommendation); or

- NorRock accepts, approves, recommends or enters into any agreement or understanding with any Person in respect of a Superior Proposal, excluding a confidentiality agreement entered into in compliance with the Acquisition Agreement; or
- except as contemplated in the Acquisition Agreement with respect to Partners REIT's right to respond to any Superior Proposal, NorRock publicly announces its intention to do any of the foregoing,

then NorRock will pay to Partners REIT the amount of \$1,750,000 as a non-completion fee (the "**NorRock Non-Completion Fee**") in immediately available funds to an account designated by Partners REIT within two Business Days after the termination of the Acquisition Agreement by Partners REIT if the board of directors of NorRock changes its approval or recommendation of the Arrangement or concurrently with the termination of the Acquisition Agreement by NorRock if the board of directors of NorRock authorizes NorRock to accept, approve, recommend or enter into any agreement or understanding with any Person in respect of a Superior Proposal. NorRock will only have to pay the NorRock Non-Completion fee once.

Amending Agreement

As of November 16, 2011 Partners REIT and NorRock entered into the Amending Agreement. The Amending Agreement amended the Arrangement Agreement to, among other things, reflect the amendments to the Plan of Arrangement described under "Arrangement Mechanics" and to provide for NorRock's written consent to the Consolidation.

TERMINATION AGREEMENT

The following is a summary of certain material terms of the Termination Agreement, a copy of which is filed on SEDAR. This summary does not contain all of the information about the Termination Agreement. Therefore, NorRock Shareholders and Partners REIT Unitholders should read the Termination Agreement carefully and in its entirety, as the rights and obligations of parties to the Termination Agreement are governed by the express terms of the Termination Agreement and not by this summary or any other information contained in this Joint Circular

As of October 17, 2011, NorRock, Green Tree and the Manager entered into a termination agreement (the "**Termination Agreement**"), under which it was agreed that the amended and restated agreement dated May 20, 2011 between NorRock and the Manager (the "**Management Agreement**") pursuant to which the Manager provides certain management services to NorRock would be terminated as of the Closing and all the rights and obligations of both NorRock and the Manager under the Management Agreement shall terminate subject to the condition that NorRock pay to the Manager at Closing the amount of approximately \$600,000 (which represents a termination fee and an offset for a note repayment from the Manager to NorRock) in complete satisfaction of the termination payment payable to the Manager. The Termination Agreement further provides that the amended and restated agreement dated May 20, 2011 between NorRock and Green Tree (the "**Commitment Agreement**") pursuant to which Green Tree has made certain financial commitments to NorRock in respect of the NorRock Preferred Shares (to be redeemed at Closing) will be terminated as of the Closing and all of the rights and obligations of both NorRock and Green Tree shall terminate as of the Closing.

TERMINATION OF THE FORWARD CONTRACT

In connection with the Closing, NorRock expects to enter into an amendment to the terms of the share basket forward transaction with TD Global Finance, under which the Confirmation of Share Basket Forward Transaction (the "**Forward Contract**") between NorRock and TD Global Finance would be terminated upon notice by NorRock in exchange for a payment equal to \$150,000.

IGW SUPPORT AGREEMENT

The following is a summary of certain material terms of the IGW Support Agreement, a copy of which is filed on SEDAR. This summary does not contain all of the information about the IGW Support Agreement. Therefore, NorRock Shareholders and Partners REIT Unitholders should read the IGW Support Agreement carefully and in its entirety, as the rights and obligations of parties to the IGW Support Agreement are governed by the express terms of the IGW Support Agreement and not by this summary or any other information contained in this Joint Circular.

On October 17, 2011, NorRock, Partners REIT and IGW entered into a support agreement (the "**IGW Support Agreement**") pursuant to which IGW agreed to vote the 12,812,860 Partners REIT Units (representing approximately 41% of the outstanding Partners REIT Units) held by it at the Partners REIT Meeting in support of the Arrangement.

The IGW Support Agreement contains customary representations and warranties of IGW including due authorization, title, delivery, execution, enforcement, no conflict, filings, consents and approvals and litigation.

The IGW Support Agreement contains a number of covenants of IGW including:

- that it shall not sell, transfer, gift, assign, pledge, hypothecate, encumber or otherwise dispose of, or grant an interest in any of its Partners REIT Units or other securities of Partners REIT or grant any proxies or powers of attorney or deposit its Partners REIT Units into a voting trust or enter into any voting agreement, pooling agreement, understanding or arrangement without the prior written consent of both NorRock and Partners REIT, which consent may be unreasonably withheld;
- to not take any steps that might reduce the likelihood of success of, or delay or interfere with the completion of the Arrangement;
- to use its reasonable best efforts to assist NorRock and Partners REIT to successfully complete the Arrangement;

IGW also irrevocably agrees to vote all of its Partners REIT Units at every meeting of Partners REIT Unitholders held prior to December 31, 2011:

- in favour of the approval, consent, ratification and adoption of the Arrangement (and any actions required in furtherance thereof);
- against any action that might impede, interfere or discourage the Arrangement; and
- against any action that might result in any breach of any representation, warranty or covenant of Partners REIT in the Acquisition Agreement or might result in the conditions of Closing in favour of either party to the Acquisition Agreement.

The obligations of IGW pursuant to the IGW Support Agreement will terminate on the earlier of:

- the 10th business day following the termination of the Acquisition Agreement in accordance with its terms;
- 12:01 a.m. (Toronto time) on the Effective Date; or
- December 31, 2011.

GREEN TREE SUPPORT AGREEMENT

The following is a summary of certain material terms of the Green Tree Support Agreement, a copy of which is filed on SEDAR. This summary does not contain all of the information about the Green Tree Support Agreement. Therefore, NorRock Shareholders and Partners REIT Unitholders should read the Green Tree Support Agreement carefully and in its entirety, as the rights and obligations of parties to the Green Tree Support Agreement are

governed by the express terms of the Green Tree Support Agreement and not by this summary or any other information contained in this Joint Circular.

On October 17, 2011, NorRock, Partners REIT, Green Tree and the Manager entered into a support agreement (the "**Green Tree Support Agreement**") pursuant to which each of Green Tree and the Manager, in their capacity as NorRock Shareholders, agreed to vote their respective NorRock Shares, which aggregate to 966,160 NorRock Class A Shares (representing approximately 33.4% of the outstanding NorRock Class A Shares) and 3,500 NorRock Preferred Shares (representing approximately 0.2% of the outstanding NorRock Preferred Shares) held by them at the NorRock Meeting in support of the Arrangement.

The Green Tree Support Agreement contains customary representations and warranties of Green Tree and the Manager including due authorization, title, delivery, execution, enforcement, no conflict, filings, consents and approvals and litigation.

The Green Tree Support Agreement contains a number of covenants of each of Green Tree and the Manager including:

- that it shall not sell, transfer, gift, assign, pledge, hypothecate, encumber or otherwise dispose of, or grant an interest in any of its shares or other securities of NorRock or grant any proxies or powers of attorney or deposit its shares of NorRock into a voting trust or enter into any voting agreement, pooling agreement, understanding or arrangement without the prior written consent of both NorRock and Partners REIT, which consent may be unreasonably withheld;
- to not take any steps that might reduce the likelihood of success of, or delay or interfere with the completion of the Arrangement;
- to use its reasonable best efforts to assist NorRock and Partners REIT to successfully complete the Arrangement;

Each of Green Tree and the Manager also irrevocably agrees to vote all of its shares of NorRock at every meeting of NorRock Shareholders held prior to December 31, 2011:

- in favour of the approval, consent, ratification and adoption of the Arrangement (and any actions required in furtherance thereof);
- against any action that might impede, interfere or discourage the Arrangement (including, for greater certainty, against (a) any NorRock Acquisition Proposal; (b) any merger, consolidation, business combination, amalgamation, arrangement, reorganization, share issuance or recapitalization of NorRock; (c) any sale, lease or transfer of any assets of NorRock; (d) any dissolution, liquidation or winding up of NorRock; or (e) any material change in the corporate structure or constating documents of NorRock) (in each case where the relevant proposal does not have the express written agreement of Partners REIT); and
- against any action that might result in any breach of any representation, warranty or covenant of NorRock in the Acquisition Agreement or might result in the conditions of Closing in favour of either party to the Acquisition Agreement not being fulfilled.

The obligations of Green Tree and the Manager pursuant to the Green Tree Support Agreement will terminate on the earlier of:

- the 10th business day following the termination of the Acquisition Agreement in accordance with its terms;
- 12:01 a.m. (Toronto time) on the Effective Date; or
- December 31, 2011.

The Green Tree Support Agreement includes an acknowledgement from all the parties thereto that the Manager, in its capacity as the manager of NorRock under the Management Agreement, owes fiduciary and other duties to

NorRock and the Green Tree Support Agreement does not diminish or otherwise affect any of the Manager's duties to NorRock in its capacity as NorRock's manager.

NORROCK CLASS J HOLDER SUPPORT AGREEMENT

The following is a summary of certain material terms of the NorRock Class J Support Agreement, a copy of which is filed on SEDAR. This summary does not contain all of the information about the NorRock Class J Support Agreement. Therefore, NorRock Shareholders and Partners REIT Unitholders should read the NorRock Class J Support Agreement carefully and in its entirety, as the rights and obligations of parties to the NorRock Class J Support Agreement are governed by the express terms of the NorRock Class J Support Agreement and not by this summary or any other information contained in this Joint Circular.

On October 17, 2011, NorRock, Partners REIT and NorRock Realty Finance Trust (the "**NorRock Class J Holder**") entered into a support agreement (the "**NorRock Class J Support Agreement**") pursuant to which the NorRock Class J Holder agreed to vote the NorRock Class J Share in support of the Arrangement on substantially the same material terms as the Green Tree Support Agreement (excluding the clause relating to the fiduciary duty of the Manager).

In accordance with its obligations under the NorRock Class J Support Agreement, the NorRock Class J Holder has provided its written consent to the NorRock Class J Share Arrangement Resolution.

SUMMARY OF RIGHTS INDENTURE

The following is a summary of certain material terms of the Rights Indenture, a copy of which is attached as part of Appendix "C" to this Joint Circular. This summary does not contain all of the information about the Rights Indenture. Therefore, NorRock Shareholders and Partners REIT Unitholders should read the Rights Indenture carefully and in its entirety, as the rights and obligations of Partners REIT and the Rights Holders are governed by the express terms of the Rights Indenture and not by this summary or any other information contained in this Joint Circular.

Rights

The Rights Indenture will be entered into between Partners REIT and the Rights Agent effective upon the closing of the Arrangement. Each NorRock Class A Shareholder (who has not validly exercised Dissent Rights) and holder of SARs will be issued one Right for each NorRock Class A Share or SAR held.

After Closing, Partners REIT may choose to sell or retain the mortgages and other non-cash assets it has purchased from NorRock. If Partners REIT chooses to sell any of such assets before July 1, 2012, such assets will be valued at the net sale price provided that any such assets that are sold after the Closing Date and prior to July 1, 2012 to person(s) dealing not at arm's length with Partners REIT will be valued at an amount equal to or above the fair market value net of reasonable third party expenses as determined in accordance with the provisions of the Rights Indenture (collectively, the "**Liquidated Value**"). If Partners REIT continues to hold any such assets on July 1, 2012, it will have such assets valued as of July 1, 2012 by two independent and qualified valuers by August 1, 2012. The average valuation will be considered to be the "**Retained Value**" for such assets. See "Risk Factors" and "Certain Information Concerning Partners REIT – Description of Rights and Rights Indenture".

Under the terms of the Rights Indenture, prior to effecting a sale or other realization of the Assigned Mortgages or the Assigned Shares to a non-arm's length party, Partners REIT will at its cost and expense appoint a Valuator to: (i) determine the fair market value of the applicable Assigned Mortgages and Assigned Shares as of a date not more than thirty Business Days prior to such proposed sale using whatever methodology it deems appropriate; and (ii) deliver a written report setting forth its determinations (the "**Fair Market Value Report**") to the Rights Agent. A period of seven Business Days shall have elapsed from the date when Partners REIT shall have delivered a copy of the Fair Market Value Report to the Rights Agent and caused the Rights Agent to forward such report to the Holders along with a notice setting out the terms on which the proposed sale or realization will take place.

Each Right will entitle the holder to receive a number of Deferred Units calculated by dividing (a) the Deferred Payment, less the amount, if any, Partners REIT pays to the holder of the Right in cash, by (b) the Five Day VWAP calculated immediately prior to the Payment Date. Partners REIT may elect to deliver cash in lieu of all or a portion of the Partners REIT Units in an amount selected by Partners REIT not to exceed the Deferred Payment.

The "**Deferred Payment**" will be an amount equal to the greater of (i) \$0.01; and (ii) the quotient of (A) the Liquidated Value, plus (B) the Retained Value, less (C) the Assets at Closing Payment less (D) 20% of the amount (if any) by which the Liquidated Value exceeds the Assets at Closing Payment divided by the Aggregate Class A/ SARs. The Deferred Payment will be at least \$0.01 per Right.

In accordance with the terms of the Rights, the aggregate Deferred Payment will be made up to 90 days following the earlier of (i) the liquidation of all non-cash assets acquired by Partners REIT from NorRock and (ii) August 1, 2012.

Any Deferred Units issuable will be fully paid and non assessable Partners REIT Units and will be listed and posted for trading on the principal stock exchange on which the Partners REIT Units are then listed and posted for trading. No fractional Deferred Units will be issued in connection with the Rights. To the extent that a fraction of a Deferred Unit would otherwise be issuable, such amount will be payable in cash. Subject to TSXV approval, a maximum of 3,000,000 Partners REIT Units are issuable in connection with the satisfaction of the Rights. In the event that more than 3,000,000 Partners REIT Units are issuable in connection with the Rights, Partners REIT has agreed that unless it has previously obtained an exemption from such requirements, it will pay any such overage in cash.

Transfer of Rights

Rights may not be transferred other than by operation of law and to the heirs, executors and successors of the initial holder of Rights. Transferees of Rights will be required, in addition to any reasonable requirements of the Rights Agent or applicable securities rules or law to certify in writing that:

- it is not a U.S. Person;
- at the time of transfer it is not within the United States; and
- it is not acquiring such Right by or on behalf of a U.S. Person or a Person within the United States.

Covenants of Partners REIT

Among other covenants, Partners REIT has agreed to the following covenants in the Rights Indenture. If Partners REIT fails to perform the covenants, the Rights Agent may perform the covenants.

To Maintain Existence

So long as any Rights are outstanding, Partners REIT has agreed to use its commercially reasonable efforts to at all times maintain its existence, carry on and conduct its business, and that of its material subsidiaries in accordance with good business practice.

Issuance of Partners REIT Units

Partners REIT will cause the Partners REIT Units that may be issued pursuant to the deemed exercise of Rights under the Rights Indenture and the certificates representing any Partners REIT Units to be duly issued and delivered in accordance with the terms of the Rights Indenture. All Partners REIT Units issued pursuant to the deemed exercise of the Rights shall be issued as fully paid and non-assessable and Partners REIT shall make all requisite filings, and pay all applicable fees, under applicable securities laws to report the deemed exercise of the Rights.

To Pay Rights Agent Remuneration and Expenses

Partners REIT will pay the fees and expenses of the Rights Agent.

To Preserve Value; Dispose of Assigned Mortgages

Partners REIT covenants in favour of the holders of the Rights that it will:

- use commercially reasonable efforts to preserve the value of the Assigned Shares and Assigned Mortgages; and/or
- dispose of the Assigned Shares and Assigned Mortgages in a commercially reasonable manner.

To Provide Notices

Partners REIT will give written notice to each holder of Rights, with a copy to the Rights Agent:

- A notice (an “**Interim Report**”) dated as of the following dates
 - January 31, 2012;
 - March 31, 2012; and
 - May 31, 2012,

setting out:

- the amount realized from the Assigned Mortgages and Assigned Shares that are repaid, sold, mature or are otherwise liquidated after the Closing Date (if any) since the Closing Date in the case of the first Interim Report and since the date of the most recent prior Interim Report in the case of all other Interim Reports and prior to the date of the applicable Interim Report including details of all third party expenses attributable to such repayment, sale, maturity or liquidation and all accrued interest from the Closing Date to the date of such repayment, sale, maturity or liquidation; and
- the amount of Assigned Mortgages and Assigned Shares retained by Partners REIT as at the date of the Interim Report;
- Within ten Business Days after July 1, 2012, a notice setting out the information required in an Interim Report and including the names of the Valuers if applicable;
- No later than August 31, 2012, a notice setting out the complete reports of the Valuers and the calculation of the Retained Value (if applicable) along with a detailed description of the calculation by which the amount of the Deferred Consideration is derived; and
- No later than the date the Deferred Consideration is paid, a notice setting out in detail how the Retained Value was calculated and the number of Partners REIT Units or cash that were paid as the Deferred Consideration.

To Preserve Listing

Partners REIT will use reasonable commercial efforts to ensure that all Partners REIT Units outstanding or issuable from time to time (including without limitation the Partners REIT Units issuable on the deemed exercise of the Rights) continue to be or are listed and posted for trading on the TSXV or the TSX, provided that if the Partners REIT Units are not listed on the TSXV or the TSX at the time of the deemed exercise of the Rights, the aggregate Deferred Consideration shall be paid solely in cash.

Partners REIT will use reasonable commercial efforts maintain its status as a reporting issuer in good standing in all the provinces and territories of Canada and it will make the requisite filings to be made by it under applicable Canadian securities legislation and stock exchange rules.

Meetings of Holders of Rights

Convening Meetings

Partners REIT or holders holding not less than 20% of the Rights issued and outstanding, may convene a meeting of holders of Rights. Every meeting of holders will be held in Toronto, Ontario, or Victoria, British Columbia, or at such other place as may be approved or determined by the Rights Agent and Partners REIT, each acting reasonably.

Notice of Meetings

Holders of Rights must be given at least 21 days' notice of any meeting of the holders of Rights.

Quorum

At any meeting of the holders of Rights, a quorum is holders of Rights present in person or by proxy and holding at least 10% of the aggregate number of then outstanding Rights, provided that at least two Persons entitled to vote at a meeting are personally present or represented by proxy.

If a quorum is not present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the holders will be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week. At the adjourned meeting the holders present in person or by proxy will form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may hold at least 10% of the then outstanding Rights.

Voting

On a show of hands, every person who is present and entitled to vote, whether as a holder of Rights or as proxy for one or more holders of Rights or both, shall have one vote. On a poll, each holder of Rights present in person or represented by a proxy is entitled to one vote in respect of each Right or Rights held or represented by that person. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of any Rights held or represented by him, but will not have a second or deciding vote.

Matters to Be Approved by Extraordinary Resolution

Subject to applicable law and the rules and regulations of any stock exchange having jurisdiction, in addition to the powers conferred upon them by any other provisions of the Rights Indenture or by law, the holders of Rights at a meeting shall have the power, exercisable from time to time by Extraordinary Resolution:

- to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the holders of Rights and/or the Rights Agent against Partners REIT, or against its property, whether such rights arise under the Rights Indenture or otherwise;
- to assent to any modification of or change in or addition to or omission from the provisions contained in the Rights Indenture which must be agreed to by Partners REIT and to authorize the Rights Agent to concur in and execute any indenture supplemental hereto embodying any such modification, change, addition or omission;
- to sanction any scheme for the reconstruction or reorganization of Partners REIT or for the consolidation, amalgamation or merger of Partners REIT with any other entity or for the sale, leasing, transfer or other disposition of the undertaking, property and assets of Partners REIT or any part thereof, provided that no such sanction will be necessary if certain conditions are complied with;
- to direct or authorize the Rights Agent to exercise any power, right, remedy or authority given to it by the Rights Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;

- to waive and direct the Rights Agent to waive any default of Partners REIT hereunder either unconditionally or upon any condition specified in such Extraordinary Resolution; and
- to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the holders of Rights.

An "**Extraordinary Resolution**" means a resolution proposed to be passed at a meeting of holders of Rights held in accordance with the provisions of the Rights Indenture at which there are holders of Rights present in person or by proxy who hold at least 10% of the aggregate number then outstanding Rights and passed by the affirmative votes of the Holders holding at least 66 2/3% of the then outstanding Rights represented at the meeting and voted on a poll upon such resolution.

If, at any meeting at which an Extraordinary Resolution is proposed to be approved by holders of Rights, the holders of Rights holding at least 10% of the then outstanding Rights are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of the holders of Rights, shall be dissolved; but in any other case it shall stand adjourned to such date, being not less than 7 nor more than 45 days later, and to such place and time as may be appointed by the chairman. Not less than two days' prior notice shall be given of the time and place of such adjourned meeting. Such notice must state that at the adjourned meeting the holders of Rights present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the holders of Rights present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as an Extraordinary Resolution, notwithstanding that holders of Rights holding at least 10% of the then outstanding Rights are not present in person or by proxy at such adjourned meeting.

Votes on an Extraordinary Resolution will always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

Rights Agent

The Rights Indenture provides that the Rights Agent, in exercising its powers and discharging its duties under the Rights Indenture, will:

- act honestly and in good faith with a view to the best interests of the holders of the Rights; and
- exercise the care, diligence and skill that a reasonably prudent rights agent would exercise in comparable circumstances.

Partners REIT has agreed to indemnify the Rights Agent and its officers, trustees, agents and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising in connection with the Rights Indenture. Partners REIT is not obligated to indemnify such parties to the extent that in any circumstances there have been acts of gross negligence, willful misconduct, or bad faith by the Rights Agent.

STOCK EXCHANGE LISTINGS

Partners REIT

The Partners REIT Units are listed on the TSXV under the symbol "PAR.UN". The TSXV has conditionally approved the listing of the Partners REIT Units to be issued pursuant to the Arrangement (including upon the exercise of the Rights), subject to Partners REIT satisfying customary listing requirements of the TSXV. The Rights will not be listed on any stock exchange.

NorRock

The NorRock Preferred Shares are currently listed on the TSX under the symbol "RF.PR.A" and it is intended that the NorRock Preferred Shares will be delisted from the TSX following the completion of the Arrangement.

NorRock Class A Shares are currently listed on the TSX under the symbol "RF.A". Following completion of the Arrangement NorRock will have undergone a Change of Business according to TSX rules. As a result, in order to remain listed on the TSX, NorRock will be required to meet the original listing requirements of the TSX. Failure to meet these requirements within the timeframe permitted by the TSX, will result in the NorRock Class A Shares being delisted from the TSX.

See "Certain Information Concerning NorRock - Information Concerning NorRock Following Closing".

COURT APPROVAL OF THE ARRANGEMENT AND COMPLETION OF THE ARRANGEMENT

Interim Order

On November 16, 2011, NorRock obtained the Interim Order providing for the calling and holding of the NorRock Meeting and other procedural matters. The Interim Order is attached as Appendix "J" to this Joint Circular.

Final Order

The Arrangement requires final Court approval. Subject to the terms of the Acquisition Agreement, if the NorRock Arrangement Resolutions are approved at the NorRock Meeting, NorRock will make an application on December 16, 2011 at 10:00 a.m. (or any time thereafter as the application can be heard) for the Final Order at the Court, 330 University Avenue, Toronto, Ontario.

The Notice of Application for the Final Order is attached as Appendix "K" to this Joint Circular. At the application for the Final Order the Court will be requested to consider the fairness of the Arrangement.

The Court will be advised prior to the hearing on the Final Order that if the Arrangement, including, without limitation, the issuance of the Partners REIT Units and Rights issuable in connection therewith, is approved by the Court, the Final Order will serve as the basis for claiming the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof, with respect to the issuance of the Partners REIT Units and Rights (but, for greater certainty, not Partners REIT Units issuable pursuant to such Rights) issuable to NorRock Shareholders in connection with the Arrangement.

Any NorRock Shareholder and any other interested party desiring to appear on, and make submissions at, the application for the Final Order, must file with the Court, with proof of service, and serve on NorRock's solicitors, Bennett Jones LLP, at 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4, Attention: Derek J. Bell and Michael J. Paris; and serve on Partners REIT's solicitors, McCarthy Tétrault LLP, at Box 48, Suite 5300, Toronto Dominion Bank Tower, 66 Wellington Street, Toronto, ON M5K 1E6, Attention: Geoff R. Hall:

- a notice of appearance; and
- any affidavit or documentary evidence that is to be presented to the Court by such applicants,

as soon as possible, but not later three days before the hearing for the Final Order.

NorRock has been advised by its counsel that the Court has broad discretion under the OBCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the NorRock Shareholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate.

Assuming the Final Order is granted and the other conditions to Closing contained in the Acquisition Agreement are satisfied or waived, then management of NorRock currently anticipates that the Articles of Arrangement will be filed with the Director on or about December 20, 2011 to give effect to the Arrangement.

LEGAL MATTERS

Multilateral Instrument 61-101

Partners REIT

Partners REIT is a reporting issuer under applicable Canadian securities legislation in, among other Provinces, Ontario and Quebec and is subject to the applicable securities laws of such provinces, which include MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among security holders, generally requiring enhanced disclosure, approval by a majority of security holders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors.

Partners REIT is of the view that the Arrangement does not constitute a "related party transaction" for the purposes of MI 61-101 and therefore that the requirements of MI 61-101 do not apply. Nonetheless, in light of the inter-relationships between Green Tree, Gant and Miniutti noted above under "Interests of Certain Persons in the Arrangement – Partners REIT", the Partners REIT Board has determined to voluntarily comply with the requirements of MI 61-101.

Approval of the Partners REIT Arrangement Resolution requires the affirmative vote of:

- not fewer than two-thirds of the votes cast by Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting; and
- since Partners REIT has determined to voluntarily comply with the requirements of MI 61-101, not fewer than a majority of the votes cast by the Minority Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting.

Pursuant to MI 61-101, Partners REIT would be required to obtain a formal valuation prepared by an independent valuator of the assets of NorRock and to provide the Partners REIT Unitholders with a summary of such valuation. In light of Partners REIT's intention to voluntarily comply with the requirements of MI 61-10, Partners REIT has obtained the Capital Canada Valuation and a copy of the Capital Canada Valuation is attached as Appendix I to this Joint Circular.

MI 61-101 would also require that in addition to the Partners REIT Arrangement Resolution being approved by not fewer than two-thirds of the votes cast by Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting, the Partners REIT Arrangement Resolution be approved by not fewer than a majority of the votes cast by Minority Partners REIT Unitholders present (in person or by proxy) and entitled to vote at the Partners REIT Meeting (i.e., excluding votes cast in respect of the Partners REIT Units held by IGW, Gant, Boddaert and BFT, collectively the "**Partners REIT Interested Parties**").

Partners REIT after reasonable enquiry, has determined that as of the Record Date, the Partners REIT Interested Parties owned an aggregate total of 12,991,267 Partners REIT Units, representing approximately 41% of the total votes attached to the outstanding Partners REIT Units, which Partners REIT Units will be excluded from the simple majority vote of Partners REIT Minority Unitholders cast on the Partners REIT Arrangement Resolution described herein.

To the knowledge of Partners REIT, the Partners REIT Board and senior officers of Partners REIT, after reasonable inquiry, there have been no prior valuations in respect of NorRock (as contemplated in MI 61-101) within the 24-month period preceding the date of this Joint Circular and no *bona fide* prior offer (as contemplated in MI 61-101) that relates to the transactions contemplated by the Arrangement has been received by Partners REIT during the 24-month period preceding the execution of the Acquisition Agreement.

See "Background to and Reasons for the Consolidation" below.

NorRock

NorRock is a reporting issuer under applicable Canadian securities legislation in, among other Provinces, Ontario and Quebec and is subject to the applicable securities laws of such provinces which include MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among security holders, generally requiring enhanced disclosure, approval by a majority of shareholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors.

NorRock is of the view that the Arrangement does not constitute a "related party transaction" for the purposes of MI 61-101 and therefore that the requirements of MI 61-101 do not apply. Nonetheless, in light of the inter-relationships between Partners REIT, Green Tree, IGW, the Manager, Gant, Miniutti and Boddaert described elsewhere in this Circular the NorRock Board has determined to voluntarily comply with the requirements of MI 61-101.

Under MI 61-101, NorRock would be required to obtain a formal valuation prepared by an independent valuator and to provide the NorRock Shareholders with a summary of such valuation. In light of the foregoing NorRock has obtained the M Partners Valuation and attached a copy of the M Partners Valuation as Appendix "G" to this Joint Circular.

MI 61-101 would also require that in addition to each NorRock Arrangement Resolution being approved by not fewer than two-thirds of the votes cast by the applicable class of holders of NorRock Shares present (in person or by proxy) and entitled to vote at the NorRock Meeting each NorRock Arrangement Resolution must also be approved by not fewer than a majority of the votes cast by Minority NorRock Class A Shareholders and Minority NorRock Preferred Shareholders, on a class by class basis, present (in person or by proxy) and entitled to vote at the NorRock Meeting (i.e., excluding votes cast in respect of the NorRock Shares held by Partners REIT, Green Tree, IGW, the Manager, Gant and Boddaert and certain specified parties related to these entities, collectively the "**NorRock Interested Parties**").

NorRock, after reasonable enquiry, has determined that as of the Record Date, the NorRock Interested Parties owned an aggregate total of 966,160 NorRock Class A Shares, representing approximately 33.4% of the total votes attached to the outstanding NorRock Class A Shares, which NorRock Class A Shares will be excluded from the simple majority vote of Minority NorRock Class A Shareholders cast on the NorRock Class A Shares Arrangement Resolution described herein. As at the date hereof, 416,160 of the NorRock Class A Shares are held by Green Tree and 550,000 of the NorRock Class A Shares are held by the Manager.

NorRock, after reasonable enquiry, has determined that as of the Record Date, the NorRock Interested Parties owned an aggregate total of 3,500 NorRock Preferred Shares, representing approximately 0.2% of the total votes attached to the outstanding NorRock Preferred Shares, which NorRock Preferred Shares will be excluded from the simple majority vote of Minority NorRock Preferred Shareholders cast on the NorRock Preferred Shares Arrangement Resolution described herein. As at the date hereof, all of the 3,500 NorRock Preferred Shares are held directly by Green Tree.

To the knowledge of the NorRock Board and senior officers of NorRock, after reasonable inquiry other than as disclosed in the Joint Circular, there have been no prior valuations in respect of NorRock (as contemplated in MI 61-101) within the 24-month period preceding the date of this Joint Circular and no *bona fide* prior offer (as contemplated in MI 61-101) that relates to the transactions contemplated by the Arrangement or is otherwise related to the Arrangement has been received by NorRock during the 24-month period preceding the execution of the Acquisition Agreement.

Governmental Approvals

Partners REIT

There are no material filings, consents, waiting periods or approvals required to be made with, applicable to, or required to be received from any Governmental Authority in connection with the Arrangement prior to the Effective Time except for approval from the TSXV for the transactions contemplated by the Arrangement and the listing of the Partners REIT Units issuable in accordance with the Plan of Arrangement, which is a condition to the completion of the Arrangement and approval from the TSXV for the Consolidation.

NorRock

There are no material filings, consents, waiting periods or approvals required to be made with, applicable to, or required to be received from any Governmental Authority in connection with the Arrangement prior to the Effective Time except for the Court's approval of the Final Order, which will be sought on or about December 16, 2011 and which is a condition to the completion of the Arrangement.

CERTAIN INFORMATION CONCERNING PARTNERS REIT

Business Overview

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

Management is of the view that retail centres are attractive investments because they offer stable cash flow where the majority of rents are derived from national and regional retailers with multi-year leases. These centres typically provide growth opportunities through the lease-up of vacant space, the upward trend in rental rates through contractual escalations and through management's active re-merchandising and re-development of the properties. Partners REIT will look to create a base of retail assets that provide both a reliable, stable cash flow and an opportunity for yield growth through re-leasing, re-development and/or development of assets which it will use for rental purposes. Currently, Partners REIT's portfolio consists of twenty properties located in Ontario, Québec, British Columbia and Manitoba comprising approximately 1.6 million square feet of gross leasable area. For a list of Partners REIT subsidiaries, please see Schedule C to the Acquisition Agreement.

Partners REIT is managed by LAPP (the "**Partners REIT Manager**") pursuant to the terms of a management agreement dated June 4, 2010 (the "**Partners REIT Management Agreement**") between Partners REIT and LAPP. The Partners REIT Manager provides strategic, advisory, asset management and administrative services to Partners REIT. See "Management Contracts".

Recent Developments

Management of Partners REIT has been authorized by the Partners REIT Board to complete the acquisition of two retail properties, one representing Partners REIT's first expansion into Alberta and the other the expansion of its operations in the Montreal, Quebec area. The contracted aggregate purchase price for the two properties is \$8.1 million. The acquisitions will be funded by the assumption of approximately \$1.7 million in existing mortgage debt, the issuance of new mortgage debt of approximately \$3.3 million, the issuance of approximately 1.2 million partnership units with a value of approximately \$2.2 million or \$1.80 per unit, which are exchangeable into Partners REIT Units in the future on a one for one basis (adjusted for any consolidation) and the balance from cash on hand.

Consolidated Capitalization

The following table sets forth the consolidated capitalization of Partners REIT as at September 30, 2011 before giving effect to the Arrangement and as at September 30, 2011 after giving effect to the Arrangement.

	As at September 30, 2011	As adjusted as at September 30, 2011 ⁽¹⁾
Indebtedness		
Mortgages Payable	\$ 165,220,332	\$ 165,220,332
Bank Credit Facility	5,645,387	5,645,387
Other:	4,407,360	26,693,521
Debentures:	26,693,521	8,807,360
Total Indebtedness	<u>201,966,600</u>	<u>206,366,600</u>
Unitholders' Equity		
(1) Partners REIT Units	<u>70,038,337</u>	<u>118,355,904</u>
(2) Contributed Surplus	<u>569,830</u>	<u>569,830</u>
(3) Deficit and Accumulated Other Comprehensive Loss	<u>(16,088,044)</u>	<u>(16,088,043)</u>
Total Unitholders' Equity	<u>54,520,123</u>	<u>102,837,691</u>
Total Capitalization	<u>\$ 256,486,723</u>	<u>\$ 309,204,291</u>
Number of outstanding Partners REIT Units	31,020,937	60,453,057

Note:

- (1) Indebtedness adjusted for the deferred payment estimated to be \$4,400,000 and unitholders' equity adjusted for the issuance of 29,432,120 units at a value of \$1.73 per unit less \$2,600,000 in transaction expenses.

Following the Arrangement, the gross book value of assets will increase from \$270,652,755 to \$323,370,323 (original cost of income producing properties plus book value of all other assets as of September 30, 2011). The debt to gross book value ratio will decrease from 73.3% to 61.3% based on the combination of the mortgages payable, bank credit facility and Debentures which aggregate to \$198,264,829 excluding deferred financing costs, the value of the Debentures' convertible feature, fair value of embedded derivatives, and unamortized above market interest rate adjustments.

Use of Proceeds

At Closing, the estimated net proceeds to be received by Partners REIT pursuant to the Arrangement and the transactions related thereto, after deducting expenses of the Arrangement and the transactions related thereto, estimated to be \$2,600,000 and payable by Partners REIT, will be approximately \$48,000,000. Partners REIT intends to use such proceeds from any sale or realization of the Assigned Mortgages and Assigned Shares for general trust working capital purposes and for *future acquisitions* of attractive income producing real estate assets in Canada.

Ownership of Securities of Partners REIT and Voting Intentions

The following table sets out the names and positions of all trustees and executive officers of Partners REIT and, as of November 16, 2011, the number and designation of outstanding securities of Partners REIT beneficially owned or over which control or direction is exercised by each such trustee or executive officer and, where known after reasonable enquiry, by their respective associates. Each of the trustees and officers set out below has advised Partners REIT that he or she currently intends to vote all of the Partners REIT Resolutions.

Name	Position	No. of Partners REIT Units	No. of Partners REIT Units Underlying Partners REIT Unit Options	No. of Partners REIT Debentures
Trustees and Officers:				
Louis Maroun ⁽¹⁾	Chair and trustee of Partners REIT	228,400		
Patrick Miniutti	Trustee, President and Chief Operating Officer of Partners REIT		255,000	
Dionne Barnes	Chief Financial Officer of Partners REIT		150,000	
Adam Gant	Trustee and Chief Executive Officer of Partners REIT	25,000	265,000	
John van Haastreht ⁽¹⁾	Trustee of Partners REIT	60,584	50,000	\$100,000
Saul Shulman ⁽¹⁾	Trustee of Partners REIT	40,000		\$100,000
Paul Dykeman ⁽¹⁾⁽²⁾	Trustee of Partners REIT	180,000		\$100,000

Note:

- (1) Member of the Partners REIT Board's audit committee.
- (2) Chair of the Partners REIT Board's audit committee.

The following table sets forth all compensation plans under which equity securities of Partners REIT are authorized for issuance as of the end of the most recently completed financial year:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	950,000	\$1.84	2,153,575
Equity compensation plans not approved by security holders	–	–	–
Total	950,000	\$1.84	2,153,575

Note:

- (1) Based on 10% of 31,049,718 Partners REIT Units outstanding as at November 16, 2011.

Management Contracts

Prior to June 4, 2010, Partners REIT delegated responsibility for managerial and executive oversight and certain administrative services to C.A. Realty Management Inc. (the "**Prior Partners REIT Manager**") pursuant to the management agreement between Partners REIT and the Prior Manager dated March 27, 2007 (the "**Prior Partners REIT Management Agreement**") (which is described in more detail in the annual information form of Partners REIT dated April 12, 2010 and filed on SEDAR). Under the Prior Management Agreement management fees of \$188,550 for the year ended December 31, 2010 were paid and payable to the Prior Manager.

Management Agreement

Partners REIT is managed by the Partners REIT Manager pursuant to the terms of the Partners REIT Management Agreement. The initial term of the Partners REIT Management Agreement is for a three year period, expiring on June 3, 2013. Upon expiry of the initial term, the Partners REIT Management Agreement will renew

automatically for successive three year terms, unless terminated in accordance with its terms. Services provided to Partners REIT under the Partners REIT Management Agreement include:

- managing the day-to-day operations of Partners REIT;
- preparing or overseeing the preparation of annual budgets and business plans for presentation to the trustees of Partners REIT;
- advising the trustees of Partners REIT on strategic matters relating to properties, potential acquisitions, dispositions and development, and Partners REIT Unit value maximization;
- searching for, identifying, introducing, evaluating and screening property acquisition opportunities;
- conducting and/or managing due diligence with respect to potential acquisitions;
- structuring, sourcing, negotiating and organizing the financing of acquisitions;
- organizing and coordinating the completion of investments, including structuring and negotiating the business terms on which acquisitions are made;
- monitoring and maintaining Partners REIT's properties (including retaining property management and leasing agents);
- overseeing the lease negotiations and providing leasing guidelines with respect to the leasing of Partners REIT's properties;
- re-developing or re-selling Partners REIT's properties;
- providing investor relations services to Partners REIT;
- providing advice and assistance in connection with Partners REIT's borrowings, raising of capital and issuance of securities, including representing Partners REIT in its dealings with banks and other lenders, investment dealers, institutions and investors;
- conducting day-to-day relations on behalf of Partners REIT with third parties, including property managers, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers;
- managing and providing direction to Partners REIT's property manager(s) and negotiating arrangements for the engagement of any new property manager(s) or the renewal of the arrangements with existing property manager(s); and
- such further duties as may be reasonably required by Partners REIT or its subsidiaries, provided that, if any strategic advisory or asset management services provided by the Partners REIT Manager to Partners REIT and its subsidiaries may increase the risk that Partners REIT will be a SIFT trust, the Partners REIT Manager is obliged to notify the trustees of Partners REIT of such risk.

The Partners REIT Manager also provides administrative services to Partners REIT, including:

- accounting, reporting and financial preparation relating to Partners REIT and its subsidiaries, including record-keeping, preparation of financial statements and filing tax returns;

- activities related to Partners REIT's public company and reporting issuer status, assistance in determining and making distributions payable to unitholders and advice with respect to Partners REIT's obligations as a reporting issuer (including its continuous disclosure obligations);
- administrative services, including administrative support with respect to the holding of Partners REIT trustees' and Partners REIT Unitholders' meetings, provision of office space, provision of any necessary equipment and personnel, and provision of all corporate accounting, clerical, secretarial, corporate and administrative services as may be reasonably necessary; and
- such further duties as may be reasonably required by Partners REIT and its subsidiaries.

The Partners REIT Management Agreement also provides that the Partners REIT Management Agreement may be terminated if the independent trustees of Partners REIT determine (an "**Internalization Decision**") to employ individuals directly by Partners REIT rather than by the Partners REIT Manager where such independent trustees determine the cost of doing so would be less on an annual basis than the fees paid to the Partners REIT Manager under the Partners REIT Management Agreement.

All costs associated with the executives and any additional executives are borne by the Partners REIT Manager. In accordance with the terms of the Partners REIT Management Agreement, the Partners REIT Manager is required to consult with the Partners REIT Board's compensation committee or the independent trustees of Partners REIT, as applicable, with regard to compensation decisions for executives who devote substantially all of their time to the business of Partners REIT. In the event that any executive providing services to Partners REIT ceases to do so for any reason, the Partners REIT Manager will replace such individual with another employee with similar qualifications and experience.

Nomination Rights

Prior to each annual meeting of Partners REIT Unitholders and any special meeting of Partners REIT Unitholders at which trustees are to be elected and so long as the number of trustees to be elected is at least five, the Partners REIT Manager is entitled to designate two individuals pursuant to the Declaration of Trust (which may include the reappointment of an incumbent trustee) to stand for election as a trustee at such meeting.

Fees

Pursuant to the terms of the Partners REIT Management Agreement, Partners REIT pays the Partners REIT Manager an annual management fee equal to 0.30% of the Adjusted Book Value of Partners REIT's assets, paid quarterly in arrears, and an acquisition fee equal to 0.50% of the "property cost" of each property acquired by Partners REIT and/or its subsidiaries during the quarter. For the purposes of the Partners REIT Management Agreement, the property cost means the purchase cost of an acquired property (for greater certainty whether paid in cash, by the assumption of any mortgage or other indebtedness, the issuance of debt or equity, or in any other manner), excluding the fees payable to the Partners REIT Manager for the acquisition and all out-of-pocket costs incurred by Partners REIT or its subsidiaries in connection with the acquisition, including legal fees and disbursements, registration and filing fees, land transfer and sales taxes, all calculated in accordance with Canadian generally accepted accounting principles applicable to the real estate industry, applied on a consistent basis.

Term and Termination

The initial term of the Partners REIT Management Agreement is for a three-year period, expiring on June 3, 2013. Upon expiry of the initial term, the Partners REIT Management Agreement will renew automatically for successive three-year terms, unless terminated in accordance with its terms.

The Partners REIT Management Agreement provides that in the event of termination of the Partners REIT Management Agreement by (a) Partners REIT on an expiry of any term of the agreement or upon the independent trustees of Partners REIT making an Internalization Decision or where IGW LP, IGW, League Assets LP ("**LALP**"), or LAC or their respective affiliates, no longer control the Partners REIT Manager; (b) the Partners REIT Manager (i) following a change of control of Partners REIT (except where the change of control occurred or was agreed to at

any time that IGW LP, IGW, LALP, LAC or any of their respective affiliates held or controlled, in aggregate, 20% or more of the issued and outstanding Partners REIT Units immediately prior to the change of control); (ii) following the passing of a resolution by Partners REIT or the Partners REIT Unitholders or Partners REIT security holders (as applicable) or authorization of or proceeding with a termination, winding up or dissolution of Partners REIT, or a sale or transfer of all or substantially all of the assets of Partners REIT to a person or persons that are not parties to the Partners REIT Management Agreement (other than pursuant to an internal reorganization); or (iii) following a material breach of the Partners REIT Management Agreement by Partners REIT and/or its subsidiaries is required to, within ninety days of such termination:

pay to the Partners REIT Manager an amount equal to two times the annual management fee provided that the Partners REIT Manager pays (i) all costs associated with terminating the employment or services of any named executive officers (and all other employees) and (ii) all other costs and expenses incurred or required to be incurred by the Partners REIT Manager in terminating contracts the Partners REIT Manager (or entities providing services to the Partners REIT Manager) entered into in respect of the performance by the Partners REIT Manager of its obligations under the Partners REIT Management Agreement; and

pay to the Partners REIT Manager all other amounts owed to it under the Partners REIT Management Agreement.

A "change of control" is defined in the Partners REIT Management Agreement and means (i) in the case a public entity, the direct or indirect acquisition of beneficial ownership of, or control or direction over, voting securities of such entity representing 20% or more of the outstanding voting securities of such entity or any successor to such entity by any person or combination of persons acting "jointly or in concert" (as such term is used in Part XX of the *Securities Act*, and (ii) in the case of a privately held entity, the direct or indirect acquisition of beneficial ownership of, or control or direction over, voting securities of such entity representing 50% or more of the outstanding voting securities of such entity by any person or combination of persons acting "jointly or in concert" (as such term is used in Part XX of the *Securities Act*).

The Partners REIT Manager will not be entitled to any termination payment under the Partners REIT Management Agreement if the Partners REIT Management Agreement is terminated by (a) Partners REIT, in the event of (i) a material breach of the Partners REIT Management Agreement by the Partners REIT Manager, (ii) the commission by the Partners REIT Manager or any of its agents or employees of an act of fraud, misconduct, breach of fiduciary duty, negligence or willful breach of applicable laws, or (iii) a breach by the Partners REIT Manager of the Non-Competition Agreement described below (the provisions of (a) are referred to collectively as the "**Breach Provisions**"); (b) the Partners REIT Manager, in the event it terminates the Partners REIT Management Agreement (i) at any time upon not less than 180 days' prior written notice to Partners REIT, or (ii) because Partners REIT makes a filing or takes certain other actions under applicable bankruptcy or insolvency law; or (c) Partners REIT, in the event the Partners REIT Manager or the Partners REIT Unitholders or the Partners REIT security holders (as applicable) (i) pass a resolution or otherwise authorizes or proceeds with a termination, winding up, dissolution or a sale of all or substantially all of its assets to a person or persons that are not parties to the Partners REIT Management Agreement other than pursuant to an internal reorganization, or (ii) makes a filing or takes certain other actions under applicable bankruptcy or insolvency laws.

Expenses Assumed by the Partners REIT Manager

The expenses assumed by the Partners REIT Manager under the Partners REIT Management Agreement include expenses of the executives, additional executives and employees providing services to Partners REIT or its subsidiaries to fulfill the Partners REIT Manager's obligations under the Partners REIT Management Agreement and includes the Partners REIT Manager's overhead (such as rent and office supplies) incurred in performing its duties under the Partners REIT Management Agreement. Partners REIT will be responsible for paying all expenses of Partners REIT not required to be assumed by the Partners REIT Manager (including fees paid to trustees of Partners REIT, professional advisors and any property managers), and shall reimburse the Partners REIT Manager for any out-of-pocket costs directly incurred by the Partners REIT Manager in performing any of the services required of it under the Partners REIT Management Agreement.

Pursuant to the Partners REIT Management Agreement and the Prior Partners REIT Management Agreement, Partners REIT paid management fees of \$477,092 and acquisition fees of \$101,325 (in aggregate, \$578,417) for the year ended December 31, 2010.

Non-Competition Agreement

In connection with entering into the Partners REIT Management Agreement, the Partners REIT Manager, IGW, and LALP (collectively, for the purposes of this section, the "**Restricted Parties**"), entered into a non-competition agreement (the "**Non-Competition Agreement**") with Partners REIT effective June 4, 2010.

Pursuant to the Non-Competition Agreement, each of the Restricted Parties agreed that it will not, and will cause its affiliates not to, directly or indirectly, by way of an investment in shares or other ownership interests in any Person, and either individually or in partnership or jointly or in concert with any other Person:

create, manage or provide strategic, advisory and asset management services as so described in the Partners REIT Management Agreement to another Person (including a real estate investment trust) which is not LAC, the Partners REIT Manager or an affiliate of the Partners REIT Manager and which carries on the primary business of the acquisition, development and/or management of any property located in Canada that derives substantially all of its revenues from rents paid by tenants whose principal business is the sale of consumer goods and/or services directly to consumers through retail stores ("**Retail Property**") or any mixed-use property located in Canada that derives 40% or more of the revenues (calculated based on the most recently prepared financial statements or similar information for the property) from tenants that would normally be found in a Retail Property. For greater certainty, without limitation, a Retail Property shall include restaurants, entertainment facilities (such as movie theatres) or other facilities which are normally found in shopping centres, but shall not include self-storage facilities, nursing home or health care facilities, hotels or sports facilities (the Retail Property and mixed-use property together are referred to as "**Restricted Real Estate Assets**");

- purchase any Restricted Real Estate Asset or develop any property that, on completion of development, will be a Restricted Real Estate Asset, other than as permitted under the Non-Competition Agreement; or
- provide strategic, advisory and asset management services for any Restricted Real Estate Asset the equity interests in which are not all held by LAC, the Partners REIT Manager or their respective affiliates.

The Non-Competition Agreement contains exceptions from the foregoing covenants as follows:

- interests arising as a security holder of Partners REIT;
- properties acquired for development pursuant to the terms of any development or joint venture agreement entered into between the Restricted Party and Partners REIT or any of Partners REIT's subsidiaries;
- properties or investments that have been first offered to Partners REIT pursuant to the terms of the Non-Competition Agreement and which Partners REIT notified or was deemed to have notified the Restricted Party pursuant to the terms of the Non-Competition Agreement that it was not interested in pursuing such property;
- any loan or mortgage and, in the event of a foreclosure under a loan or mortgage, an ownership interest in any Restricted Real Estate Asset resulting from such foreclosure provided that the loan or mortgage was not made or granted with the intention of using such loan or mortgage as part of a method for subsequently acquiring an interest in a Restricted Real Estate Asset;
- an investment in publicly traded securities, provided that such investment represents less than 10% of the voting interest of the issuer of such publicly traded securities at the time of the investment; or

- any activities that have been specifically approved by the independent trustees of Partners REIT.

The covenants contained in the Non-Competition Agreement will remain in effect until the earlier of:

- the date that is six months after the date of termination of the Partners REIT Management Agreement if the Partners REIT Management Agreement is terminated by Partners REIT in accordance with the Breach Provisions or in circumstances where the Partners REIT Management Agreement has been terminated and Partners REIT is obligated to pay a fee to the Partners REIT Manager; or
- the date of termination of the Partners REIT Management Agreement if the Partners REIT Management Agreement is terminated by the Partners REIT Manager in the event of a material breach by Partners REIT of its obligations under the Partners REIT Management Agreement or in circumstances where the Partners REIT Management Agreement has been terminated and Partners REIT is not obligated to pay a fee to the Partners REIT Manager.

Prior Non-Competition Agreement

In connection with entering into the Prior Partners REIT Management Agreement, the Prior Partners REIT Manager and CAB entered into a non-competition agreement with Partners REIT (the "**Prior Partners REIT Non-Competition Agreement**"). The Prior Partners REIT Non-Competition Agreement contained covenants and exceptions consistent with the Non-Competition Agreement discussed above. The Prior Partners REIT Non-Competition Agreement expired upon termination of the Prior Partners REIT Management Agreement on June 4, 2010.

Material Changes in the Affairs of Partners REIT

Other than as disclosed in this Joint Circular, no material changes in the affairs of Partners REIT or subsequent transactions are contemplated by Partners REIT. Partners REIT conducts non-material property acquisitions on an ongoing basis.

Previous Purchases and Sales

2007 Partners REIT Offerings

On June 21, 2007, Partners REIT completed a private placement of 741,000 Partners REIT Units at a price of \$4.05 per Partners REIT Unit, for aggregate gross proceeds of approximately \$3.0 million.

On August 9, 2007, Partners REIT completed a public offering (the "**2007 Offering**") of 13,375,000 Partners REIT Units for gross proceeds of approximately \$46.1 million. The underwriters of the 2007 Offering exercised their over-allotment option to purchase an additional 1,370,912 Partners REIT Units at a price of \$3.45 per Partners REIT Unit, for additional gross proceeds of approximately \$4.7 million on September 5, 2007.

Rights Offering

On June 16, 2010, Partners REIT filed a short form prospectus in each of the provinces and territories of Canada qualifying the distribution of rights to the holders of its outstanding Partners REIT Units of record at the close of business (Toronto time) on June 30, 2010 (the "**Rights Offering**"). Each Partners REIT Unitholder was entitled to one right for each Partners REIT Unit held on the record date. Each 2.5787 rights entitled the holder thereof to purchase one Partners REIT Unit at a price of \$1.39 per Partners REIT Unit prior to 5:00 p.m. (Toronto time) on July 23, 2010, and Partners REIT Unitholders who exercised these basic subscription rights in full were entitled to subscribe for additional Partners REIT Units, if available, pursuant to an additional subscription privilege. On July 26, 2010 the Partners REIT announced that Partners REIT Unitholders had elected to exercise 6,920,528 rights under the basic subscription rights, which resulted in the issuance of 2,683,727 Partners REIT Units to such Partners REIT Unitholders at a price of \$1.39 per Partners REIT Unit. In addition, 5,613 Partners REIT Units were issued pursuant to the additional subscription rights, for a total issuance of 2,689,340 Partners REIT Units. This

included 2,345,016 Partners REIT Units issued in connection with the exercise of the basic subscription rights by IGW. Pursuant to the terms of a standby purchase agreement between the REIT and IGW dated June 4, 2010, as amended on July 29, 2010 IGW purchased an additional 4,420,749 Partners REIT Units at a purchase price of \$1.39 per Partners REIT Unit. As of December 10, 2010, IGW held 49.8% of the outstanding Partners REIT Units. Substantially all of the funds raised by the Rights Offering were used by the REIT to repay outstanding indebtedness under its operating and acquisition facility.

2010 Partners REIT Unit Offering

On December 20, 2010, Partners REIT entered into an underwriting agreement with TD Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp., Dundee Securities Corporation and Macquarie Capital Markets Canada Ltd. relating to the distribution of 4,680,000 Partners REIT Units as well as the distribution of 468,000 Partners REIT Units by way of an over-allotment option, which was fully exercised. The Partners REIT Units were issued at \$1.60 per Partners REIT Unit and the offering closed on December 30, 2010. Partners REIT issued 5,148,000 Partners REIT Units under the offering for total raised capital of \$8,236,800.

The net proceeds to Partners REIT from that offering, after deducting the underwriters' fee and other expenses of the offering, were used by Partners REIT to fund the purchase price of Partners REIT's cinema-anchored retail strip centre located in London, Ontario.

Convertible Debenture Offering

On February 17, 2011, Partners REIT entered into an underwriting agreement with TD Securities Inc., CIBC World Markets Inc., Dundee Securities Ltd., Macquarie Capital Markets Canada Ltd., Scotia Capital Inc., National Bank Financial Inc., Canaccord Genuity Corp., Raymond James Ltd. and Brookfield Financial Corp. relating to the distribution of \$25 million aggregate principal amount of 8% extendible convertible unsecured subordinated debentures at a price of \$1,000 per \$1,000 principal amount of debentures ("**Debentures**") which included the granting of an over-allotment option equal to 15% of the aggregate principal amount of the Debentures to the underwriters. The Debentures mature on March 31, 2016. The Debentures bear interest at an annual rate of 8.0% payable semi-annually, in arrears, on March 31 and September 30 in each year commencing on September 30, 2011. The Debentures were listed on the TSXV in 2011 under the symbol "PAR.DB".

On March 15, 2011, the underwriters exercised the over-allotment option and Partners REIT issued an additional \$3,750,000 aggregate principal amount of debentures, for a total issuance of \$28,750,000 in aggregate principal amount of debentures in connection with the offering of Debentures.

The net proceeds of the sale of the Debentures were used to purchase six income producing Shoppers Drug Mart properties (the "**SDM Acquisition**") (which acquisition is described in more detail in the annual information form of Partners REIT dated May 13, 2011 and filed on SEDAR)) and to pay out a \$8.6 million credit facility.

Distributions

Distribution Policy

The amount of Partners REIT's cash distributions is determined by, or in accordance with, guidelines established from time to time by the trustees of Partners REIT. It is the intention of the trustees of Partners REIT that the aggregate amount of cash distributions made in respect of a calendar year not be less than the amount necessary to ensure that Partners REIT will not be liable to pay income tax under Part I of the Tax Act for such year. The trustees of Partners REIT have discretion in declaring distributions and review these distributions on a regular basis. Distributions are paid monthly in the month following declaration.

Distributions

For the financial year ended December 31, 2010, Partners REIT declared distributions to Partners REIT Unitholders totaling \$0.16 per Partners REIT Unit (2009 - \$0.16 per Partners REIT Unit; 2008 - \$0.26 per Partners REIT Unit). For 2010, all of the distributions made will not be included in the income of a Partners REIT Unitholder

for tax purposes but will reduce the adjusted cost base of that Partners REIT Unitholder's Partners REIT Units. The monthly distributions declared by Partners REIT in each month during the fiscal years 2009 and 2010 are shown below. Also shown are the distributions declared in 2011 as of the date of this Joint Circular.

Month	2009 (\$/unit)	2010 (\$/unit)	2011 (\$/unit)
January	\$0.01333	\$0.01333	\$0.01333
February	\$0.01333	\$0.01333	\$0.01333
March	\$0.01333	\$0.01333	\$0.01333
April	\$0.01333	\$0.01333	\$0.01333
May	\$0.01333	\$0.01333	\$0.01333
June	\$0.01333	\$0.01333	\$0.01333
July	\$0.01333	\$0.01333	\$0.01333
August	\$0.01333	\$0.01333	\$0.01333
September	\$0.01333	\$0.01333	\$0.01333
October	\$0.01333	\$0.01333	\$0.01333
November	\$0.01333	\$0.01333	\$0.01333
December	\$0.01333	\$0.01333	-
TOTAL:	\$0.15996	\$0.15996	\$0.14663

Distribution Reinvestment and Optional Unit Purchase Plan

On January 11, 2008, Partners REIT adopted a distribution reinvestment and optional unit purchase plan (the "DRIP") dated January 11, 2008, as amended on February 9, 2009 and June 16, 2011 to permit eligible Partners REIT Unitholders to reinvest monthly distributions in additional Partners REIT Units. To the extent permitted by applicable law and regulatory rulings, a participating Partners REIT Unitholder (a "Plan Participant") also has the option to purchase Partners REIT Units with additional cash payments (each an "Optional Cash Payment"), provided that Optional Cash Payments by any Plan Participant shall not be less than \$1,000 per distribution payment date and not more than \$12,000 per calendar year. Partners REIT Units issued pursuant the DRIP will be issued directly from the treasury of Partners REIT at a price based on the volume-weighted average of the closing price for the 20 trading days immediately preceding the relevant distribution date. Participants in the DRIP will receive "bonus units" in an amount equal in value to 5% of each cash distribution.

As of the date of this Joint Circular, holders of approximately 6% of the issued and outstanding Partners REIT Units have enrolled in the DRIP.

Prior Sales

Partners REIT has not sold any of its securities during the five year period preceding the date of this Joint Circular except as described under "Previous Purchases and Sales – 2007 Partners REIT Unit Offerings", "Previous Purchases and Sales – Rights Offering", "Previous Purchases and Sales – 2010 Partners REIT Unit Offering" and "Previous Purchases and Sales – Convertible Debenture Offering".

Trading Price And Volume

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

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
2011			
March	103.50	100.03	8,293,500
April	103.35	102.50	1,253,000
May	105.75	103.75	394,000
June	105.00	101.00	848,000
July	104.00	103.00	196,000
August	103.50	98.00	372,000
September	100.00	95.50	203,000
October	100.75	93.50	384,000
November 1 – 15	101.50	100.50	87,000

On October 14, 2011, the last trading day before the announcement of the Arrangement on October 17, 2011, the Debentures closed at \$97.00 on the TSXV.

Trading price and volume information for the Partners REIT Units is set out below under "Comparative Market Price Data".

Description of Rights and Rights Indenture

See "Summary of Rights Indenture".

Sale of Remaining Assets

Partners REIT has entered into an agreement with LAC, which provides that, if a majority of the independent trustees of Partners REIT so resolves at any time to sell the remaining non-cash assets that were acquired from NorRock by Partners REIT, that such assets will be sold to LAC and LAC will purchase the remaining assets as follows:

- the remaining assets from NorRock will each be valued by an independent valuator in accordance with MI 61-101 and
- LAC will pay an amount in cash for the remaining assets that ensures Partners REIT receives \$12.6 million.

If the aggregate independent valuation for the remaining assets is greater than \$12.6 million, the proceeds in excess of \$12.6 million will be distributed to NorRock and Partners REIT as set out in the Subscription Agreement. It may be that disinterested shareholder approval of the Partners REIT unitholders would be required under applicable law in connection with the sale of the assets to LAC.

This agreement remains subject to Partners REIT's obligations to NorRock under the Arrangement and the Rights Holders under the Rights Indenture.

A copy of the agreement is available at www.sedar.com.

Resales of Partners REIT Units and Other Securities Law Matters

Canadian Securities Laws

The Partners REIT Units to be issued pursuant to the Arrangement will be issued or transferred in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws. In accordance with applicable securities legislation, the Partners REIT Units may be resold without restriction, subject to the conditions that Partners REIT is a reporting issuer at the time of such resale, no unusual effort is made to prepare the market or create a demand for the Partners REIT Units that are the subject of the resale and no extraordinary

commission or consideration is paid in respect of the resale and to customary restrictions applicable to distributions of securities held by control persons and trades by insiders and officers of Partners REIT and other persons in a "special relationship" with Partners REIT.

United States

The Partners REIT Units and Rights issuable to NorRock Shareholders in connection with the completion of the Arrangement have not been and will not be registered under the U.S. Securities Act, and will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of securities issued in exchange for one or more *bona fide* outstanding securities, claims or property interests from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities, claims or property interests have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement, including, without limitation, the issuance of the Partners REIT Units and Rights issuable to NorRock Shareholders issuable in connection therewith, will be considered. The Court granted the Interim Order on November 16, 2011 and, subject to the approval of the Arrangement by the Partners REIT Unitholders and the NorRock Shareholders, a hearing on the Arrangement will be held on December 16, 2011 by the Court. See "Court Approval of the Arrangement and Completion of the Arrangement – Final Order".

The Partners REIT Units received by NorRock Shareholders in connection with the completion of the Arrangement may generally be resold without restriction under the U.S. Securities Act, except by persons who are "affiliates" of Partners REIT after the completion of the transactions contemplated by Arrangement or within 90 days prior to the completion of the transactions contemplated by Arrangement. Persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of such Partners REIT Units by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the U.S. Securities Act and applicable state securities laws, absent an exemption or exclusion therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Partners REIT Units outside the United States without registration under the U.S. Securities Act pursuant to Regulation S thereunder. If available, such Partners REIT Units held by such affiliates (and former affiliates) may also be resold in accordance with the volume, current public information and manner of sale limitations of Rule 144 under the U.S. Securities Act.

Rights received by NorRock Shareholders in connection with the completion of the Arrangement will not be transferable, except pursuant to certain limited exceptions contained in the Rights Indenture. See "Summary of Rights Indenture – Transfer of Rights".

The foregoing discussion is only a general overview of certain requirements of the U.S. Securities Act applicable to the resale of securities to be received in connection with the completion of the Arrangement. All holders of securities received in connection with the completion of the Arrangement are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

Estimated Costs

The estimated fees, costs and expenses of Partners REIT in connection with the Arrangement including, without limitation, financial advisor fees, soliciting dealer fees, filing fees, legal and accounting fees and printing and mailing costs are estimated to be \$2.6 million.

Information Concerning Partners REIT following Closing

If the Arrangement is consummated, Partners REIT will acquire substantially all of the assets of NorRock, consisting of cash, cash equivalents, mortgages and other assets, in exchange for a combination of Partners REIT Units, Rights and cash.

At Closing, if the NorRock Preferred Shareholders elect to receive only Partners REIT Units, together with cash equal to any Stub Period Payment, in exchange for their NorRock Preferred Shares and no NorRock Preferred Shareholder elects to receive the Cash Elected Amount, it is expected that approximately 29,432,120 Partners REIT Units will be issued at Closing (representing approximately 92% of the currently issued and outstanding Partners REIT Units). In payment of the Deferred Payment (and assuming that in calculating the number of Partners REIT Units to be issued in payment of the Deferred Payment that the five day volume weighted average trading price of the Partners REIT Units is \$1.73), up to approximately another 2,543,352 Partners REIT Units will be issued (representing approximately 8% of the currently issued and outstanding Partners REIT Units).

At Closing, Partners REIT will receive cash equal to the Cash Amount. Partners REIT intends to use such proceeds for future acquisitions and general trust working capital purposes.

CERTAIN INFORMATION CONCERNING NORROCK

Ownership of Securities of NorRock

Other than the SARs held by the directors and the securities held by Green Tree and the Manager as disclosed in this Joint Circular, no director or officer of NorRock, and to the knowledge of NorRock after reasonable enquiry, no (i) associate or affiliate of an insider of NorRock; (ii) associate or affiliate of NorRock; (iii) insider of Partners REIT; and (iv) person or company acting jointly or in concert with NorRock owns, directs, or controls any outstanding securities of NorRock.

Management Contracts

NorRock Realty Management Services Ltd., 36 Toronto Street, Suite 1150, Toronto, Ontario, M5C 2C5, is the manager of NorRock pursuant to the Management Agreement. NorRock Realty Management Services Ltd. is a wholly-owned subsidiary of Green Tree.

As manager of NorRock, the Manager is responsible for providing or arranging for required portfolio management and administrative services to NorRock including, without limitation: authorizing the payment of operating expenses incurred on behalf of NorRock; preparing financial statements and financial and accounting information as required by NorRock; ensuring that NorRock Shareholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that NorRock complies with regulatory requirements and applicable stock exchange listing requirements; preparing NorRock's reports to NorRock Shareholders and the Canadian Securities Regulatory Authorities; determining the amount of distributions to be made by NorRock; and negotiating contractual agreements with third party providers of services, including registrars, transfer agents, auditors and printers.

Under the Management Agreement, the Manager may delegate certain of its duties to third parties (including parties related to the Manager).

Pursuant to the Management Agreement, the Manager is required to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of NorRock, and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances.

The Manager may resign as manager of NorRock upon 60 days' notice to the holders of NorRock Preferred Shares. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the holders of NorRock Preferred Shares. If the Manager is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to the Manager, the holders of NorRock Class A Shares and NorRock Preferred Shares may, together, remove the Manager and appoint a successor manager.

The Manager is entitled to fees for its services under the Management Agreement and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of NorRock. In addition, the Manager and each of its directors, officers, employees and agents will be indemnified by NorRock for all liabilities, costs and expenses

incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors, employees or agents in the exercise of its duties as Manager, if they do not result from the Manager's willful misconduct, bad faith, negligence or breach of its obligations under the Management Agreement and NorRock has reasonable grounds to believe that the action or inaction that gave rise to the claim was in the best interests of NorRock.

Management and Investment Advisory Fees

In 2010, NorRock and Reference L.P. collectively paid the Manager \$869,254.90, including HST for managerial and investment advisory services. For the ten months ended October 31, 2011, the Manager earned \$726,037.24, including HST in management and investment advisory fees, of which \$76,624.70 was unpaid as at October 31, 2011. In 2010, Reference L.P. paid \$99,838.24 including HST for expense recoveries in accordance with the Management Agreement and the investment advisory agreement between the Manager and NorRock and the Manager and Reference L.P., respectively. For the ten months ended October 31, 2011, \$49,188.55 including HST in expenses were recoverable of which \$15,846.36 was unpaid as at October 31, 2011.

Directors' and Officers' Insurance and Indemnification

NorRock has acquired and maintains liability insurance for its directors and officers as well as those of its subsidiaries as a group. The coverage limit of such insurance is \$10 million per claim and \$10 million in the annual aggregate. NorRock has entered into a one-year contract ending May 12, 2012. The annual premium is \$35,500. Where a non-indemnifiable claim is advanced against an insured person, no deductible applies. Claims for which NorRock grants indemnification to the insured persons are subject to a \$50,000 deductible for any one loss. There were no indemnification claims in the last complete financial period and there have been no claims in the current financial year to the date hereof.

Benefits from the Arrangement/Other Benefits

Green Tree holds approximately 33.4% of the issued and outstanding NorRock Class A Shares and 0.2% of the issued and outstanding NorRock Preferred Shares. Green Tree and NorRock are parties to the Commitment Agreement pursuant to which Green Tree has made certain financial commitments to NorRock. Pursuant to the Commitment Agreement, Green Tree agreed that, for so long as there are NorRock Preferred Shares outstanding if the Adjusted Net Tangible Asset Value is less than 111% of the Original Preferred Share Issue Price (each as defined in the NorRock AIF) as at the end of a quarter, Green Tree will subscribe for, or arrange for subscriptions for, additional NorRock Class A Shares in an amount at least equal to the deficiency, within 10 business days following the end of the quarter. As a condition of closing of the Arrangement, the Commitment Agreement will have been terminated. See "Termination Agreement".

The Manager manages the affairs of NorRock pursuant to the Management Agreement. The Manager is a wholly owned subsidiary of Green Tree. As a condition of Closing of the Arrangement, the Management Agreement will have been terminated and the Manager will be receiving a net payment of approximately \$600,000 (which represents a termination fee and an offset for a note repayment from the Manager to NorRock) in complete satisfaction of the termination payment payable to the Manager. See "Termination Agreement".

The directors of NorRock hold an aggregate of 150,000 SARs. The following table sets out the SARs holdings of each director of NorRock.

Name	Number of SARs
Gordon Pridham.....	25,000
Jane Davis.....	25,000
Norman McPhedran.....	25,000
Jacqueline Boddaert.....	37,500
Darryl Abbott.....	37,500

Each SAR permits the holder to obtain an amount in cash equal to the NorRock Class A Share Consideration minus \$5.11 as well as one Right per SAR. See "Arrangement Mechanics".

Each of Boddaert and Darryl Abbott are directors and senior officers of NorRock and also directors and senior officers of Green Tree. BFT is the registered owner of 50% of the issued and outstanding shares of Green Tree. BFT is a trust settled under the laws of the Province of Ontario. The trustees of BFT are Boddaert and Gregory Harris. Boddaert is a discretionary beneficiary of BFT. Boddaert owns 104,157 Partners REIT Units and BFT owns 49,250 REIT Units. GTT is the registered owner of the remaining 50% of the issued and outstanding shares of Green Tree. GTT is a trust settled under the laws of the Province of Ontario and Darryl Abbott is the sole trustee of GTT. NorRock understands that Gant and Miniutti have an indirect and contingent financial interest in GTT.

NorRock engages Fovere Investments Inc. ("**Fovere**") for certain administrative and underwriting services in connection with NorRock's mortgage portfolio. Darryl Abbott is a Partner of Fovere and also a small minority shareholder of Fovere. Neither Fovere nor Darryl Abbott is receiving any benefit not otherwise available to the holders of NorRock Shares, as a result of the Arrangement.

Material Changes in the Affairs of NorRock

Other than as disclosed in this Joint Circular, no material changes in the affairs of NorRock or subsequent transactions are contemplated by NorRock.

Previous Purchases and Sales

Normal Course Issuer Bid

NorRock may purchase NorRock Preferred Shares and NorRock Class A Shares in the market for cancellation.

For the period from October 7, 2010 to October 6, 2011, NorRock had in place a normal course issuer bid ("**NCIB**") in accordance with the policies of the TSX to purchase up to 100,000 NorRock Preferred Shares (being approximately 10% of the public float of NorRock) and up to 218,050 NorRock Class A Shares (being approximately 10% of the public float of NorRock) for cancellation through the facilities of the TSX.

All purchases under the NCIB are made by NorRock at the prevailing market price at the time of such purchases in accordance with the requirements of the TSX. NorRock is of the view that from time to time the market price of the NorRock Preferred Shares and NorRock Class A Shares may not reflect their underlying value and that the purchase of the NorRock Preferred Shares and NorRock Class A Shares may represent an appropriate and desirable use of NorRock's funds.

During the 12-month period prior to the date hereof, 5,400 NorRock Preferred Shares at an average price of \$20.96 and 32,000 NorRock Class A Shares at an average price of \$6.82, were purchased by NorRock pursuant to the NCIB.

Mandatory Market Purchase Program

NorRock has in place a mandatory market purchase program ("**MMPP**"), pursuant to which NorRock will, subject to certain exceptions and compliance with any applicable regulatory requirements, purchase any NorRock Class A Shares offered in the market at prices that are less than 92.5% of the latest determined Net Asset Value (i.e. as determined by subtracting the aggregate amount of the liabilities of NorRock from the total value of the assets of NorRock) per NorRock Class A Share, up to a maximum amount in any calendar year of 5%, of the number of NorRock Class A Shares outstanding at the beginning of such calendar year if on any business day, the closing price of the NorRock Class A Shares is less than 92.5% of the latest determined Net Asset Value per NorRock Class A Share.

NorRock is not obligated to make any purchases under the MMPP if either or both of the following conditions exist: (1) NorRock has cash or cash equivalents on hand that is less than a year's worth of scheduled distributions based on the most recent distribution rate and most recent number of outstanding NorRock Class A Shares and NorRock Preferred Shares; or (2) NorRock has an Adjusted Net Tangible Asset Value (i.e. the aggregate value of the assets of NorRock less deferred issue expenses and less the aggregate amount of the liabilities of NorRock (other than the Original Preferred Share Issue Price)) of less than 120% of the Original Preferred Share Issue Price (i.e. \$25 multiplied by the number of outstanding NorRock Preferred Shares).

During the 12-month period prior to the date hereof, 180,200 NorRock Class A Shares at an average price of \$5.77 were purchased by NorRock pursuant to the MMPP.

Monthly Redemption of NorRock Preferred Shares

NorRock Preferred Shares may be surrendered at any time for redemption by NorRock, but will be redeemed only on the second last business day of each month ("**Monthly Redemption Date**").

Holders of NorRock Preferred Shares whose shares are surrendered for redemption will be entitled to receive the Monthly Redemption Price (i.e. the lesser of (i) 90% of the weighted average closing price of a NorRock Preferred Share on the TSX over the previous 20 trading days ending immediately before the Monthly Redemption Date, and (ii) 100% of the closing market price of a NorRock Preferred Share on the applicable Monthly Redemption Date). Any declared and unpaid distributions payable on or before a Monthly Redemption Date in respect of NorRock Preferred Shares tendered for redemption on such Monthly Redemption Date is also paid.

During the 12-month period prior to the date hereof, 3,400 NorRock Preferred Shares at an average price of \$19.64 were redeemed by NorRock.

The following table summarizes the NorRock Preferred Shares and NorRock Class A Shares purchased by NorRock during the 12-month period prior to the date hereof:

NorRock Preferred Shares

<u>Trade date</u>	<u>Settlement Date</u>	<u>Purpose</u>	<u>Shares Repurchased</u>	<u>Price (\$)</u>
November 1, 2010	November 4, 2010	Normal Course Issuer Bid	500	21.00
November 3, 2010	November 8, 2010	Normal Course Issuer Bid	500	21.00
November 4, 2010	November 9, 2010	Normal Course Issuer Bid	1,000	21.00
November 26, 2010	December 1, 2010	Normal Course Issuer Bid	1,000	21.00
November 29, 2009	December 2, 2010	Normal Course Issuer Bid	1,000	20.81
December 1, 2010	December 6, 2010	Normal Course Issuer Bid	700	21.00
December 20, 2010	December 23, 2010	Normal Course Issuer Bid	700	21.00
June 16, 2011	June 16, 2011	Redemption	2,900	19.67
July 14, 2011	July 14, 2011	Redemption	500	19.45

NorRock Class A Shares

<u>Trade date</u>	<u>Settlement Date</u>	<u>Purpose</u>	<u>Shares Repurchased</u>	<u>Price (\$)</u>
November 1, 2010	November 4, 2010	Normal Course Issuer Bid	1,000	6.60
November 2, 2010	November 5, 2010	Normal Course Issuer Bid	1,000	6.57
November 3, 2010	November 8, 2010	Normal Course Issuer Bid	2,000	6.85
November 4, 2010	November 9, 2010	Normal Course Issuer Bid	1,000	6.79
November 5, 2010	November 10, 2010	Mandatory Market Purchase Program	1,200	6.70
November 8, 2010	November 12, 2010	Mandatory Market Purchase Program	2,000	6.72
November 9, 2010	November 15, 2010	Mandatory Market Purchase Program	11,400	6.75
November 10, 2010	November 16, 2010	Mandatory Market Purchase Program	2,000	6.75
November 11, 2010	November 16, 2010	Mandatory Market Purchase Program	3,900	6.76

<u>Trade date</u>	<u>Settlement Date</u>	<u>Purpose</u>	<u>Shares Repurchased</u>	<u>Price (\$)</u>
November 12, 2010	November 17, 2010	Mandatory Market Purchase Program	3,500	6.75
November 15, 2010	November 18, 2010	Mandatory Market Purchase Program	2,400	6.81
November 16, 2010	November 19, 2010	Mandatory Market Purchase Program	7,500	6.77
November 18, 2010	November 23, 2010	Normal Course Issuer Bid	1,100	6.93
November 19, 2010	November 24, 2010	Normal Course Issuer Bid	1,500	6.90
November 29, 2010	December 2, 2010	Normal Course Issuer Bid	4,000	6.90
November 30, 2010	December 3, 2010	Normal Course Issuer Bid	5,000	6.90
December 1, 2010	December 6, 2010	Normal Course Issuer Bid	6,000	6.90
December 2, 2010	December 7, 2010	Normal Course Issuer Bid	2,000	6.78
December 6, 2010	December 9, 2010	Normal Course Issuer Bid	1,000	6.75
December 7, 2010	December 10, 2010	Normal Course Issuer Bid	2,400	6.75
December 20, 2010	December 23, 2010	Mandatory Market Purchase Program	7,000	6.44
December 21, 2010	December 24, 2010	Mandatory Market Purchase Program	1,000	6.65
December 22, 2010	December 29, 2010	Normal Course Issuer Bid	2,000	6.64
December 23, 2010	December 30, 2010	Normal Course Issuer Bid	2,000	6.64
February 2, 2011	February 7, 2011	Mandatory Market Purchase Program	2,000	6.87
February 3, 2011	February 8, 2011	Mandatory Market Purchase Program	2,000	6.97
February 4, 2011	February 9, 2011	Mandatory Market Purchase Program	2,000	6.92
February 14, 2011	February 17, 2011	Mandatory Market Purchase Program	2,000	6.85
February 15, 2011	February 18, 2011	Mandatory Market Purchase Program	2,000	6.84
March 3, 2011	March 8, 2011	Mandatory Market Purchase Program	2,000	6.75
March 4, 2011	March 9, 2011	Mandatory Market Purchase Program	2,000	6.75
March 9, 2011	March 14, 2011	Mandatory Market Purchase Program	2,500	6.06
March 10, 2011	March 15, 2011	Mandatory Market Purchase Program	2,500	6.05
March 10, 2011	March 15, 2011	Mandatory Market Purchase Program	2,500	5.87
March 11, 2011	March 16, 2011	Mandatory Market Purchase Program	2,500	5.98
March 16, 2011	March 21, 2011	Mandatory Market Purchase Program	2,000	5.70
March 17, 2011	March 22, 2011	Mandatory Market Purchase Program	2,000	5.95
March 18, 2011	March 23, 2011	Mandatory Market Purchase Program	2,000	5.92
March 23, 2011	March 28, 2011	Mandatory Market Purchase Program	2,000	5.75
March 24, 2011	March 29, 2011	Mandatory Market Purchase Program	2,000	5.88
March 25, 2011	March 30, 2011	Mandatory Market Purchase Program	2,000	6.00
April 5, 2011	April 8, 2011	Mandatory Market Purchase Program	2,000	5.62
April 6, 2011	April 11, 2011	Mandatory Market Purchase Program	2,000	5.59
April 12, 2011	April 15, 2011	Mandatory Market Purchase Program	2,000	5.58
April 13, 2011	April 18, 2011	Mandatory Market Purchase Program	2,000	5.61
April 13, 2011	April 18, 2011	Mandatory Market Purchase Program	1,600	5.64
April 14, 2011	April 19, 2011	Mandatory Market Purchase Program	2,000	5.60
April 15, 2011	April 20, 2011	Mandatory Market Purchase Program	2,000	5.50
April 18, 2011	April 21, 2011	Mandatory Market Purchase Program	400	5.38
April 20, 2011	April 26, 2011	Mandatory Market Purchase Program	2,500	5.40
April 21, 2011	April 27, 2011	Mandatory Market Purchase Program	2,500	5.40

<u>Trade date</u>	<u>Settlement Date</u>	<u>Purpose</u>	<u>Shares Repurchased</u>	<u>Price (\$)</u>
April 25, 2011	April 28, 2011	Mandatory Market Purchase Program	2,000	5.25
April 26, 2011	April 29, 2011	Mandatory Market Purchase Program	2,000	5.25
April 27, 2011	May 2, 2011	Mandatory Market Purchase Program	2,000	5.20
April 29, 2011	May 4, 2011	Mandatory Market Purchase Program	2,000	5.36
May 4, 2011	May 9, 2011	Mandatory Market Purchase Program	2,500	5.25
May 6, 2011	May 11, 2011	Mandatory Market Purchase Program	2,000	5.20
May 6, 2011	May 11, 2011	Mandatory Market Purchase Program	900	5.10
May 9, 2011	May 12, 2011	Mandatory Market Purchase Program	900	5.10
May 16, 2011	May 16, 2011	Mandatory Market Purchase Program	1,100	5.10
May 12, 2011	May 17, 2011	Mandatory Market Purchase Program	3,000	5.00
May 12, 2011	May 17, 2011	Mandatory Market Purchase Program	2,000	4.98
May 13, 2011	May 18, 2011	Mandatory Market Purchase Program	2,500	5.03
May 20, 2011	May 26, 2011	Mandatory Market Purchase Program	1,000	5.14
June 17, 2011	June 15, 2011	Mandatory Market Purchase Program	1,100	4.70
June 17, 2011	June 17, 2011	Mandatory Market Purchase Program	900	4.75
June 22, 2011	June 22, 2011	Mandatory Market Purchase Program	1,000	5.60
June 24, 2011	June 24, 2011	Mandatory Market Purchase Program	2,000	5.75
June 24, 2011	June 29, 2011	Mandatory Market Purchase Program	2,000	5.45
July 4, 2011	July 4, 2011	Mandatory Market Purchase Program	1,500	5.45
July 6, 2011	July 6, 2011	Mandatory Market Purchase Program	500	5.45
July 8, 2011	July 8, 2011	Mandatory Market Purchase Program	1,100	5.35
July 11, 2011	July 11, 2011	Mandatory Market Purchase Program	900	5.35
July 14, 2011	July 14, 2011	Mandatory Market Purchase Program	2,000	5.35
July 18, 2011	July 18, 2011	Mandatory Market Purchase Program	2,000	5.30
July 20, 2011	July 20, 2011	Mandatory Market Purchase Program	2,000	5.32
July 22, 2011	July 22, 2011	Mandatory Market Purchase Program	1,100	5.40
July 25, 2011	July 25, 2011	Mandatory Market Purchase Program	900	5.40
July 25, 2011	July 25, 2011	Mandatory Market Purchase Program	800	5.30
July 26, 2011	July 26, 2011	Mandatory Market Purchase Program	2,000	5.30
August 2, 2011	August 2, 2011	Mandatory Market Purchase Program	4,000	5.20
August 3, 2011	August 3, 2011	Mandatory Market Purchase Program	800	5.25
August 4, 2011	August 4, 2011	Mandatory Market Purchase Program	1,200	5.25
August 5, 2011	August 5, 2011	Mandatory Market Purchase Program	500	5.10
August 9, 2011	August 9, 2011	Mandatory Market Purchase Program	500	5.10
August 9, 2011	August 9, 2011	Mandatory Market Purchase Program	500	5.05
August 10, 2011	August 10, 2011	Mandatory Market Purchase Program	1,000	5.20
August 11, 2011	August 11, 2011	Mandatory Market Purchase Program	200	5.28
August 11, 2011	August 11, 2011	Mandatory Market Purchase Program	600	5.05
August 12, 2011	August 12, 2011	Mandatory Market Purchase Program	300	5.00
August 12, 2011	August 12, 2011	Mandatory Market Purchase Program	400	4.99
August 12, 2011	August 12, 2011	Mandatory Market Purchase Program	300	4.95
August 15, 2011	August 15, 2011	Mandatory Market Purchase Program	2,000	4.78

<u>Trade date</u>	<u>Settlement Date</u>	<u>Purpose</u>	<u>Shares Repurchased</u>	<u>Price (\$)</u>
August 16, 2011	August 16, 2011	Mandatory Market Purchase Program	3,300	4.85
August 24, 2011	August 24, 2011	Mandatory Market Purchase Program	400	5.05
September 6, 2011	September 6, 2011	Mandatory Market Purchase Program	300	5.24
September 6, 2011	September 6, 2011	Mandatory Market Purchase Program	500	5.15
September 9, 2011	September 9, 2011	Mandatory Market Purchase Program	900	5.05
September 26, 2011	September 26, 2011	Mandatory Market Purchase Program	700	5.13
September 27, 2011	September 27, 2011	Mandatory Market Purchase Program	600	5.08
September 28, 2011	September 28, 2011	Mandatory Market Purchase Program	500	5.00
September 28, 2011	September 28, 2011	Mandatory Market Purchase Program	1,600	5.00
September 29, 2011	September 29, 2011	Mandatory Market Purchase Program	500	5.05
September 30, 2011	September 30, 2011	Mandatory Market Purchase Program	1,000	5.00
September 30, 2011	September 30, 2011	Mandatory Market Purchase Program	300	5.02
September 30, 2011	October 5, 2011	Mandatory Market Purchase Program	600	5.01
October 3, 2011	October 6, 2011	Mandatory Market Purchase Program	1,000	5.00
October 3, 2011	October 6, 2011	Mandatory Market Purchase Program	600	5.02
October 4, 2011	October 7, 2011	Mandatory Market Purchase Program	5,300	4.98
October 6, 2011	October 11, 2011	Mandatory Market Purchase Program	500	4.85
October 6, 2011	October 11, 2011	Mandatory Market Purchase Program	2,500	4.79
October 7, 2011	October 12, 2011	Mandatory Market Purchase Program	500	4.85
October 7, 2011	October 12, 2011	Mandatory Market Purchase Program	1,700	4.87
October 11, 2011	October 14, 2011	Mandatory Market Purchase Program	2,000	4.50

Preferred Share Offering

NorRock completed an initial public offering of NorRock Preferred Shares on February 22, 2008 raising, including the over-allotment on March 20, 2008, \$38.5 million in gross proceeds. In total, 1,540,000 NorRock Preferred Shares were issued at \$25 per share. Concurrently, NorRock issued to CAB, 766,160 NorRock Class A Shares at \$10.25 per share raising \$7.85 million in gross proceeds (after taking into account the consolidation of the 785,000 NorRock Class A Shares on September 11, 2008 to 766,160). The NorRock Class A Shares are subordinate in ranking to the NorRock Preferred Shares.

NorRock's investment objective with respect to the NorRock Preferred Shares was to provide tax-efficient quarterly distributions in the amount of 6.75% per annum and to return the original price of \$25 per share to holders of NorRock Preferred Shares on March 31, 2018.

The gross proceeds of the NorRock Preferred Share Offering and the concurrent issuance of NorRock Class A Shares to CAB were used to obtain exposure to the investment performance of the portfolio of loans and investments in the Canadian commercial real estate sector held by Reference L.P. by virtue of a forward agreement with a Canadian chartered bank or an affiliate whose obligations are guaranteed by such bank. NorRock did not invest directly in the Reference L.P. The aforementioned gross proceeds were invested by NorRock in a portfolio consisting of common shares of Canadian public companies (the "**Common Share Portfolio**").

Stapled Unit Offering

On September 12, 2008, NorRock completed a public offering (the "**Unit Offering**") of stapled units (the "**Stapled Units**") each of which consisted of one NorRock Class A Share and one warrant (the "**Warrant**") to purchase a NorRock Preferred Share at a price of \$23.75 at any time up to and including September 30, 2011. The Unit Offering, including the over-allotment option on October 1, 2008, raised gross proceeds of \$52.55 million. The

Stapled Units traded on the TSX under the symbol RF.UN up to and including October 1, 2008. Thereafter the Stapled Units were unstapled and the NorRock Class A Shares (including the NorRock Class A Shares purchased by CAB in February 2008) and Warrants traded on the TSX under the symbols RF.A and RF.WT, respectively.

The NorRock Class A Shares have no fixed maturity date and currently have a target distribution rate of \$0.19 per NorRock Class A Share per quarter.

The gross proceeds of the Stapled Unit Offering were used to obtain exposure to the investment performance of the portfolio of loans and investments in the Canadian commercial real estate sector held by Reference L.P. by virtue of a forward agreement with a Canadian chartered bank or an affiliate whose obligations are guaranteed by such bank. NorRock did not invest directly in the Reference L.P. The aforementioned gross proceeds were invested by NorRock in the Common Share Portfolio.

Dividend Policy

Holders of record of NorRock Preferred Shares on the last business day of March, June, September and December are entitled to receive fixed cumulative preferential quarterly cash dividends of \$0.4219 per share.

Holders of NorRock Class A Shares are entitled to receive non-cumulative quarterly cash dividends as and when declared by the board of directors of NorRock, provided however, that no dividend may be declared or paid if:

- the dividends payable on the NorRock Preferred Shares are in arrears; or
- after the payment of the dividend by NorRock, the Adjusted Net Tangible Asset Value of NorRock is less than 111% of the Original Preferred Share Issue Price (each as defined in the NorRock AIF).

The NorRock Class A Shares have a target dividend of \$0.19 per quarter. Dividends for the NorRock Class A Shares were suspended for the quarter ending March 31 2011.

NorRock has no plan or intention to change its current dividend policy.

The following table summarizes the frequency and amount of dividends with respect to the NorRock Preferred Shares and the NorRock Class A Shares in the 2-year period prior to the date hereof:

NorRock Preferred Shares

<u>Record Date</u>	<u>Paid</u>	<u>Amount</u>	<u>Tax Treatment</u>
December 31, 2009.....	January 15, 2010	\$0.4219	Return of Capital
March 31, 2010.....	April 15, 2010	\$0.4219	Return of Capital
June 30, 2010.....	July 15, 2010	\$0.4219	Return of Capital
September 30, 2010.....	October 15, 2010	\$0.4219	Return of Capital
December 31, 2010.....	January 15, 2011	\$0.4219	Return of Capital
March 31, 2011.....	April 15, 2011	\$0.4219	Return of Capital
June 30, 2011.....	July 15, 2011	\$0.4219	Return of Capital
September 30, 2011.....	October 15, 2011	\$0.4219	Return of Capital

NorRock Class A Shares

<u>Record Date</u>	<u>Paid</u>	<u>Amount</u>	<u>Tax Treatment</u>
December 31, 2009.....	January 15, 2010	\$0.19	Return of Capital
March 31, 2010.....	April 15, 2010	\$0.19	Return of Capital
June 30, 2010.....	July 15, 2010	\$0.19	Return of Capital
September 30, 2010.....	October 15, 2010	\$0.19	Return of Capital
December 31, 2010.....	January 15, 2011	\$0.19	Return of Capital

Estimated Costs

The estimated fees, costs and expenses of NorRock in connection with the Arrangement including, without limitation, financial advisor fees, soliciting dealer fees, filing fees, legal and accounting fees and printing and mailing costs are estimated to be approximately \$1.35 million. The Acquisition Agreement provides that the term Cash Amount includes an amount equal to Transaction Expenses of \$1.38 million which has the effect of Partners REIT reimbursing NorRock for this amount.

Information Concerning NorRock following Closing

Upon completion of the Arrangement, NorRock will no longer have any material assets other than a nominal amount of cash and an estimated amount of cash to pay Dissenting Shareholders, if any. Not including the estimated amount of cash to pay Dissenting Shareholders, it is expected that NorRock will have approximately \$20,000 in cash after completion of the Arrangement. NorRock is contemplating obtaining the Credit Facility from Green Tree after completion of the Arrangement. The Credit Facility would provide NorRock with additional working capital to operate after completion of the Arrangement. The Credit Facility would be in the approximate amount of \$100,000 and on commercially reasonable terms, including commercially reasonable interest rates and repayment terms. Principal and interest would be repayable in cash and no securities of NorRock would be issuable pursuant to the Credit Facility. Green Tree would benefit from the Credit Facility to the extent any interest is repaid thereon. For further details on the relationship between NorRock and Green Tree, see "Interest of Certain Persons in the Arrangement – NorRock".

Assuming the Arrangement is completed, NorRock intends to use its available cash to maintain its listing on the TSX (for the time frame permitted by and subject to TSX rules as described below) and explore new business opportunities. At this time the NorRock Board has not made any definitive business decisions regarding its post-Arrangement business, but it is working with management and together they will be exploring options which they believe will be in the best interests of NorRock and the NorRock Shareholders. Any proposed transaction will be subject to receipt of all necessary regulatory approvals. The business of NorRock may remain in the commercial real estate lending industry or be in a different industry. Management of NorRock is actively reviewing a number of opportunities.

There can be no assurance that NorRock will be able to acquire new assets on appropriate terms or at all, or to successfully locate other opportunities that it can operate profitably. Furthermore, there can be no assurance that NorRock will be able to obtain the Credit Facility to provide it with additional working capital after completion of the Arrangement.

The NorRock Class A Shares currently trade on the TSX. If the Arrangement is completed, NorRock will have undergone a Change in Business according to the TSX rules. As a result of such Change in Business, NorRock will be required to meet the original listing requirements of the TSX in order to remain listed. As described herein, following completion of the Arrangement, the NorRock Board and management will consider the business plan for NorRock and its future. Although NorRock continues to identify and evaluate potential opportunities, the NorRock Board has currently not made any decisions in this regard. Upon completion of the Arrangement, if NorRock has not identified an opportunity sufficient to meet the original listing requirements of the TSX, NorRock will, as a result, not meet the TSX's original listing requirements and will be delisted shortly after the completion of the Arrangement.

If NorRock is to be delisted from the TSX, NorRock may take steps to maintain liquidity in the NorRock Class A Shares by applying for listing on TSXV or NEX, a separate board of TSXV that provides a trading forum for listed companies that have low levels of business activity or have ceased to carry on an active business. No assurance can be given that NorRock will meet the listing requirements for an alternate listing on TSXV or NEX. In the event the NorRock Class A Shares are not listed on TSX, TSXV, NEX or an alternative exchange, there will be no public market through which the shares may be sold and traded and NorRock Shareholders may not be able to dispose of their shares. This can be expected to affect the liquidity of the NorRock Class A Shares and the transparency and availability of trading prices.

Despite completion of the Arrangement and NorRock remaining listed on TSX, TSXV, NEX or an alternative exchange, NorRock may, nevertheless, no longer qualify as a "mutual fund corporation" within the meaning of the

Tax Act. Even if it did so qualify, NorRock may, in order to have more flexibility in its ability to organize its business structure into the future, seek to remove the mandatory requirement in its articles of incorporation mandating that it maintain mutual fund corporation status. See "Risks Related to Canadian Federal Income Tax Matters - NorRock Tax Related Risks"

COMPARATIVE MARKET PRICE DATA

Partners REIT Units trade on the TSXV under the symbol "PAR.UN". NorRock Class A Shares trade on the TSX under the symbol "RF.A" and the NorRock Preferred Shares trade on the TSX under the symbol "RF.PR.A". The table below sets forth, for the periods indicated, the high and low daily sales prices for Partners REIT Units and NorRock Shares as reported in published financial sources. These quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not necessarily reflect actual transactions.

NorRock Class A Shares

Period	High	Low	Volume
November 2010	\$6.93	\$6.57	86,427
December 2010.....	\$6.92	\$6.19	83,150
January 2011	\$7.18	\$6.56	71,790
February 2011.....	\$7.00	\$6.64	89,260
March 2011	\$6.75	\$5.30	211,714
April 2011	\$5.65	\$5.01	112,422
May 2011	\$6.25	\$5.00	74,390
June 2011	\$5.82	\$4.55	74,847
July 2011.....	\$5.40	\$4.96	51,583
August 2011	\$5.10	\$4.50	73,169
September 2011	\$5.19	\$4.70	50,133
October 2011	\$5.74	\$4.24	206,138
November 1 - 15, 2011.....	\$5.70	\$5.45	87,700

NorRock Preferred Shares

Period	High	Low	Volume
November 2010	\$21.75	\$20.80	20,250
December 2010.....	\$21.25	\$20.78	35,922
January 2011	\$22.50	\$21.01	24,422
February 2011.....	\$22.48	\$21.50	9,270
March 2011	\$23.50	\$21.80	28,864
April 2011	\$22.80	\$21.80	86,374
May 2011	\$22.25	\$21.61	27,360
June 2011	\$22.25	\$20.53	49,199
July 2011.....	\$21.75	\$20.23	29,854
August 2011	\$21.25	\$19.02	18,300
September 2011	\$20.76	\$19.02	38,450
October 2011	\$22.50	\$19.05	180,323
November 1 - 15, 2011.....	\$22.50	\$21.88	31,070

Partners REIT Units

Period	High	Low	Volume
November 2010	\$1.85	\$1.70	413,308
December 2010.....	\$1.72	\$1.58	595,756
January 2011	\$1.79	\$1.68	860,554
February 2011.....	\$1.80	\$1.65	816,882
March 2011	\$1.85	\$1.69	1,153,187
April 2011	\$1.83	\$1.76	1,133,824

Period	High	Low	Volume
May 2011	\$1.85	\$1.75	1,220,382
June 2011	\$1.84	\$1.80	579,969
July 2011	\$1.81	\$1.75	426,925
August 2011	\$1.80	\$1.59	1,895,790
September 2011	\$1.72	\$1.60	941,869
October 2011	\$1.81	\$1.58	709,193
November 1 - 15, 2011.....	\$1.76	\$1.71	426,075

On October 14, 2011, the last trading day before the announcement of the Arrangement on October 17, 2011, Partners REIT Units closed at \$1.67 on the TSXV and the NorRock Class A Shares closed at \$4.30 on the TSX. On October 11, 2011, the last day on which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011, the NorRock Preferred Shares closed at \$19.65 on the TSX. The table above shows only historical comparisons. Because the market prices of Partners REIT Units and NorRock Shares will likely fluctuate prior to the Arrangement, these comparisons may not provide meaningful information, and the market value of the Partners REIT Units that Partners REIT will issue to holders of NorRock Shares pursuant to the Arrangement may increase or decrease prior to the Effective Date of the Arrangement. Partners REIT Unitholders and NorRock Shareholders are encouraged to obtain current market quotations for Partners REIT Units and NorRock Shares and to review carefully the other information contained in this Joint Circular.

On November 16, 2011, there were 31,049,718 issued and outstanding Partners REIT Units, 2,924,160 issued and outstanding NorRock Class A Shares and 1,467,100 issued and outstanding NorRock Preferred Shares.

BACKGROUND TO AND REASONS FOR THE CONSOLIDATION

The business reason for Partners REIT pursuing and proposing the Arrangement is to raise capital needed for its acquisition plans in a cost effective manner. The Partners REIT Board considered other means of raising capital and concluded that purchasing the highly liquid assets from NorRock in return for units and some cash provided Partners REIT with the capital on terms that were attractive and cost efficient compared to the other means considered.

The management of Partners REIT is of the view that both the number of Partners REIT Units outstanding and the current market price of the Partners REIT Units limit the ability of Partners REIT to attract significant investors. Partners REIT believes that a higher anticipated unit price may meet investing guidelines for certain institutional investors and investment funds that are currently prevented under their investing guidelines from investing in the units at current price levels.

- *Reduction of Unitholder Transaction Costs* - Partners REIT Unitholders may benefit from relatively lower trading costs associated with a higher unit price. It is likely that many investors pay commissions based on the number of units traded when they buy or sell units. If the unit price were higher, investors may pay lower commissions to trade a fixed dollar amount than they would if the unit price is lower; and
- *Improved Trading Liquidity* - The combination of potentially lower transaction costs and increased interest from investors could ultimately improve the trading liquidity of the units.

If the Partners REIT Consolidation Resolution is approved, the Consolidation would be implemented, if at all, only upon a determination by the Partners REIT Board that it is in the best interests of Partners REIT at that time and only if the Arrangement has been consummated. In connection with any determination to implement a consolidation, the Partners REIT Board will set the timing for such consolidation. No further action on the part of Partners REIT Unitholders would be required in order for Partners REIT Board to implement the Consolidation.

If the Partners REIT Board does not implement the Consolidation before the next meeting of Partners REIT Unitholders, the authority granted by the resolution to implement the Consolidation on these terms would lapse and be of no further force or effect. The resolution also authorizes the Partners REIT Board to elect not to proceed with, and abandon, the Consolidation at any time if it determines, in its sole discretion, to do so. The Partners REIT Board would exercise this right if it determined that the Consolidation was no longer in the best interests of Partners REIT

and the Partners REIT Unitholders. No further approval or action by or prior notice to Partners REIT Unitholders would be required in order for the Partners REIT Board to abandon the Consolidation.

Principal Effects of the Consolidation

If approved and implemented, the Consolidation will occur simultaneously for all of the Partners REIT Units and the consolidation ratio will be the same for all of such units. The consolidation will affect all Partners REIT Unitholders uniformly. The change in the number of issued and outstanding Partners REIT Units that will result from the Consolidation will cause no change in the capital attributable to the Partners REIT Units and will not affect any Partners REIT Unitholders' percentage ownership of Partners REIT Units, even though such ownership will be represented by a smaller number of Partners REIT Units.

In addition, the Consolidation will not affect any Partners REIT Unitholder's proportionate voting rights. Each Partners REIT Unit outstanding after the Consolidation will be entitled to one vote and will be fully paid and non-assessable. The principal effects of the Consolidation will be that:

- *Reduction in Number of Partners REIT Units Outstanding* - The number of Partners REIT Units issued and outstanding will be reduced from 31,049,718 Partners REIT Units (based on the number of issued and outstanding Partners REIT Units as of November 16, 2011) to approximately 7,758,939 Partners REIT Units; and
- *Reduction in Number of Partners REIT Units Reserved for Issuance Under the Partners REIT Unit Option Plan, Partners REIT Debentures and Warrants* - The numbers of Partners REIT Units reserved for issuance under the Partners REIT Unit Option Plan, the number of Partners REIT Warrants to purchase Partners REIT Units and the number of Partners REIT Units into which Debentures may be converted will be reduced proportionately based on the consolidation ratio.

Fractional Units arising from the Consolidation

In connection with, and immediately following, the Consolidation of Partners REIT Units, each Partners REIT Unitholder that receives fractional Partners REIT Units on the Consolidation will irrevocably deposit all such fractional Partners REIT Units with their agent, Computershare. Computershare will aggregate all such fractional Partners REIT Units into marketable blocks of units and, as agent for the relevant holders of such fractional Partners REIT Units, sell such Partners REIT Units on the principal stock exchange on which such units are traded for cash proceeds. Computershare will then remit the net sale proceeds from the sale of all such fractional Partners REIT Units pro-rata to the relevant holders.

Trading of Partners REIT Units Post-Consolidation

The consolidation of Partners REIT Units on a four for one basis will result in some Partners REIT Unitholders holding less than 100 units. At the current trading price for the Partners REIT units, the TSXV treats 100 Partners REIT Units as a board lot. The trading in non-board lot amounts, known as odd lots, is difficult and can result in additional fees being paid by anyone buying or selling securities in less than a full board lot.

To facilitate trading in the odd lots created by the consolidation, Partners REIT intends to take advantage of the Small Shareholder Selling and Purchase Arrangements policy of the TSXV, details of which will be provided to all holders of Partners REIT Units at a later date. Under that policy, Partners REIT will agree to pay a fee per odd lot account to TSXV members to sell Partners REIT Units on behalf of Partners REIT odd lot holders. In addition, to allow its Partners REIT Unitholders to buy additional Partners REIT Units to enable the holder to hold a whole board lot, Partners REIT will also agree to pay such members a fee per odd lot account to purchase a sufficient number of Partners REIT Units on behalf of odd lot holders to constitute a board lot.

Effect on Non-registered Unitholders

Non-registered Partners REIT Unitholders holding their Partners REIT Units through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by Partners REIT for registered Partners REIT Unitholders. If you

hold your Partners REIT Units with such a bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee.

Effect on Unit Certificates

If the proposed Consolidation is approved by Partners REIT Unitholders and implemented, registered Partners REIT Unitholders will be required to exchange their Partners REIT Unit certificates representing pre-consolidation Partners REIT Units for new certificates representing post-consolidation Partners REIT Units. Following the effective date of the Consolidation, registered Partners REIT Unitholders will be sent a letter of transmittal from Partners REIT's transfer agent, Computershare, as soon as practicable after the effective date of the Consolidation. The letter of transmittal will contain instructions on how to surrender your certificate(s) representing your pre-consolidation Partners REIT Units to Computershare. Computershare will forward to each registered Partners REIT Unitholder who has sent the required documents a new certificate representing the number of post-consolidation Partners REIT Units to which the Partners REIT Unitholder is entitled.

Until surrendered, each certificate representing pre-consolidation Partners REIT Units will be deemed for all purposes to represent the number of post-consolidation Partners REIT Units, to which the holder is entitled as a result of the Consolidation.

Partners REIT Unitholders should not destroy any Partners REIT Unit certificate(s) and should not submit any Partners REIT Unit certificate(s) until requested to do so.

Procedure for Implementing the Consolidation

If Partners REIT Unitholders approve the Partners REIT Consolidation Resolution, the Consolidation receives the approval of the TSXV and the Partners REIT Board decides to implement the Consolidation, the Partners REIT Board will issue a press release indicating the date the Consolidation is to take place, provided that, in any event, such date will be prior to the next meeting of Partners REIT Unitholders.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary, as of the date of the Joint Circular, of the principal Canadian federal income tax consequences under the Tax Act relating to the Arrangement generally applicable to a NorRock Shareholder who, for the purposes of the Tax Act and at all relevant times, (i) is resident in Canada, (ii) holds NorRock Shares as capital property and will hold Partners REIT Units received pursuant to the Arrangement as capital property, and (iii) deals at arm's length with, and is not affiliated with, NorRock or Partners REIT. The NorRock Shares and Partners REIT Units will generally constitute capital property to a NorRock Shareholder provided that the NorRock Shareholder did not acquire such securities in the course of carrying on a business of trading or dealing in securities, or in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to holders of SARs. This summary is also not applicable to a NorRock Shareholder that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), a "specified financial institution" (as defined in the Tax Act), a NorRock Shareholder an interest in which is a "tax shelter investment" for purposes of the Tax Act, or a NorRock Shareholder to whom the "functional currency" (as defined in the Tax Act) reporting rules apply. Such persons should consult their own tax advisors with respect to their own particular circumstances.

This summary is based on the facts set out in the Joint Circular and in certificates provided by an officer of Partners REIT (the "**Partners REIT Certificate**") and an officer of NorRock (the "**NorRock Certificate**"). This summary assumes that the representations made in the Partners REIT Certificate are true and correct, including the representations that (i) Partners REIT has at all times qualified and currently qualifies as a "mutual fund trust" and a "real estate investment trust" for purposes of the Tax Act, (ii) Partners REIT should continue to qualify as a "mutual fund trust" and a "real estate investment trust" under the provisions of the Tax Act (including the Proposed Amendments) while the Partners REIT Units remain outstanding, and (iii) Partners REIT has complied and will at

all times comply with the Declaration of Trust, as amended from time to time. This summary also assumes that the representations made in the NorRock Certificate are true and correct, including the representations that (i) NorRock currently qualifies as a "mutual fund corporation" within the meaning of the Tax Act, (ii) NorRock intends to qualify as a "mutual fund corporation" at all material times relevant to the matters addressed in this Joint Circular, and (iii) the NorRock Class A Shares will continue to be listed on the TSX until at least the Effective Date. This summary is also based on the assumption that NorRock is not, and will not at all material times relevant to the matters addressed in this Joint Circular be, a "mortgage investment corporation" within the meaning of the Tax Act.

This summary is based on the provisions of the Tax Act in force as of the date hereof, all specific proposed amendments to the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) (the "**Minister**") before the date hereof ("**Proposed Amendments**") and the current administrative policies and assessing practices of the CRA published in writing by it prior to the date hereof and assumes that the Proposed Amendments will be enacted in the form proposed. No assurances can be given that the Proposed Amendments will be enacted in the form proposed, or at all. Except for the Proposed Amendments, this summary does not otherwise take into account or anticipate changes in law, whether by judicial, governmental or legislative decision or action, or changes in the administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular NorRock Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, NorRock Shareholders should consult their own tax advisors having regard to their own particular circumstances.

Holders of NorRock Preferred Shares

This summary is based on the assumption that NorRock qualifies as a "mutual fund corporation" as defined in the Tax Act and will continuously so qualify at all material times relevant to the matters addressed in this Joint Circular. If NorRock were to not qualify as a mutual fund corporation, the income tax considerations would, in some respects, be materially and adversely different.

Pursuant to the Unit Election, a NorRock Preferred Shareholder whose NorRock Preferred Shares are repurchased by NorRock for a combination of Partners REIT Units and a cash payment in an amount equal to the Stub Period Payment (the "**Unit Election Consideration**") will be considered to have disposed of such NorRock Preferred Shares for proceeds of disposition equal to the total of the fair market value, as at the Effective Time, of the Partners REIT Units received and such cash payment. The NorRock Preferred Shareholder will realize a capital gain (or a capital loss) to the extent that such proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than the adjusted cost base to the NorRock Preferred Shareholder of such NorRock Preferred Shares. For a discussion regarding the treatment of capital gains and losses, see "*Taxation of Capital Gains and Capital Losses*" below.

Pursuant to the Unit and Cash Election, a NorRock Preferred Shareholder whose NorRock Preferred Shares are repurchased by NorRock for a combination of Partners REIT Units and a cash payment in an amount equal to the total of the Cash Elected Amount and a cash payment equal to the Stub Period Payment (the "**Cash and Unit Election Consideration**") will be considered to have disposed of such NorRock Preferred Shares for proceeds of disposition equal to the total of the fair market value, as at the Effective Time, of the Partners REIT Units received and such cash payment. The NorRock Preferred Shareholder will realize a capital gain (or a capital loss) to the extent that such proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than the adjusted cost base to the NorRock Shareholder of such NorRock Preferred Shares. For a discussion regarding the treatment of capital gains and losses, see "*Taxation of Capital Gains and Capital Losses*" below.

The cost to the NorRock Preferred Shareholder of the Partners REIT Units received on the repurchase will be equal to the fair market value of such Partners REIT Units at the Effective Time and such cost will be averaged with the adjusted cost base of all other Partners REIT Units held by the NorRock Preferred Shareholder as capital property for the purposes of determining thereafter the adjusted cost base of each Partners REIT Unit held by such NorRock Preferred Shareholder.

Holders of NorRock Class A Shares

A NorRock Class A Shareholder who, pursuant to the Arrangement, receives a distribution of Partners REIT Units and Rights on such NorRock Class A Shares will be required to reduce the adjusted cost base of such NorRock Class A Shares by an amount equal to the total fair market value, as at the Effective Time, of the Partners REIT Units and the Rights received. To the extent that the adjusted cost base of the NorRock Class A Shares to a NorRock Class A Shareholder will otherwise be a negative amount, such NorRock Class A Shareholder will be considered to have realized a capital gain from the disposition of the NorRock Class A Shares at that time, equal to the negative amount, and the adjusted cost base of such NorRock Class A Shares will be increased to nil. For a discussion regarding the treatment of capital gains and losses, see "*Taxation of Capital Gains and Capital Losses*" below.

The cost to the NorRock Class A Shareholder of the Partners REIT Units received on the distribution will be equal to the fair market value of such Partners REIT Units at the Effective Time and such cost will be averaged with the adjusted cost base of all other Partners REIT Units held by the NorRock Class A Shareholder as capital property for the purposes of determining thereafter the adjusted cost base of each Partners REIT Unit held by such NorRock Class A Shareholder.

The cost to the NorRock Class A Shareholder of the Rights received on the distribution will be equal to the fair market value of those Rights at the Effective Time. NorRock and Partners REIT intend to take the position that the fair market value of each Right at the Effective Time will be \$1.47. There can be no assurance that the position of NorRock and Partners REIT in this regard will be accepted by the CRA.

Status of Partners REIT

Qualification as a "Mutual Fund Trust"

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

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

Qualification as a "Real Estate Investment Trust"

As discussed below, the SIFT Rules do not apply to a trust that qualifies as a "real estate investment trust" for the year (the "**REIT Exception**"). If Partners REIT does not satisfy the REIT Exception throughout the year, the SIFT Rules will apply to Partners REIT for that year. The application of the SIFT Rules could be materially adverse to unitholders of Partners REIT.

SIFT Rules

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

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

and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada.

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

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

REIT Exception

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

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

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

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

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

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

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

The REIT Exception contains a number of technical tests and the determination as to whether Partners REIT qualifies for the REIT Exception in any particular taxation year can only be made at the end of the taxation year. Based on representations as to factual matters set out in the Partners REIT Certificate, Partners REIT believes that it has satisfied the requirements under the REIT Exception throughout each taxation year since Partners REIT's inception and that it intends to continue to operate in a manner so that Partners REIT should continue to qualify for the REIT Exception throughout 2011 and in each subsequent taxation year, in reliance on the December 16, 2010 Proposals. No assurance can be provided in this regard. Partners REIT has not obtained, nor sought, an advance tax ruling from the CRA in respect of the non-application to Partners REIT of the SIFT Rules, including the availability of the REIT Exception. There can be no assurance that subsequent investments or activities undertaken by Partners REIT will not result in Partners REIT failing to comply with the REIT Exception. The Declaration of Trust provides that Partners REIT shall use its reasonable best efforts not to be a SIFT trust.

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

Taxation of Partners REIT

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

In computing its income for purposes of the Tax Act, Partners REIT may generally deduct reasonable administrative costs, interest and other expenses of a current nature incurred by it for the purpose of earning income.

In computing its taxable income, except as the Partners REIT Board otherwise determines, Partners REIT shall claim the maximum of CCA and other discretionary deductions available to Partners REIT under the Tax Act.

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

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

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

paid or payable to the redeeming Partners REIT Unitholder, and will be deductible by Partners REIT in computing its income.

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

Ownership of Partners REIT Units

Distributions

A NorRock Shareholder who acquires Partners REIT Units pursuant to the Arrangement (referred to in this section as a Partners REIT Unitholder) will generally be required to include in computing income for a particular taxation year the portion of the net income for tax purposes of Partners REIT for a taxation year, including net realized taxable capital gains, that is paid or payable to the Partners REIT Unitholder in the particular taxation year, whether such portion is received in cash, additional Partners REIT Units or otherwise.

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

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

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

Dispositions of Partners REIT Units

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

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

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

Consolidation of Partners REIT Units

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

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

Ownership of Rights

A NorRock Class A Shareholder who receives on the Payment Date (as defined in the Subscription Agreement) and pursuant to a Right a cash payment or Partners REIT Units the amount or value of which, as the case may be, is greater (or less) than the cost of the Right to the NorRock Class A Shareholder may realize a gain (or loss). **NorRock Class A Shareholders should consult their own tax advisors as to the timing and nature of such gain or loss for the purposes of the Tax Act.**

Taxation of Capital Gains and Losses

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

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

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

Alternative Minimum Tax

In the case of a holder that is an individual including a trust (other than certain trusts), capital gains realized on a disposition of NorRock Shares or Partners REIT Units and net income of Partners REIT paid or payable to the holder that is designated as taxable dividends or as net taxable capital gains may increase the holder's liability for alternative minimum tax.

Dissenting NorRock Shareholders

A Dissenting Shareholder who is paid the fair value of the Dissenting Shareholder's NorRock Shares by NorRock will be considered to have disposed of such NorRock Shares for proceeds of disposition equal to the amount paid (excluding any interest awarded by the court). Consequently, a Dissenting Shareholder will realize a capital gain (or capital loss) to the extent that the amount of the payment, net of any interest awarded by a court, is greater (or less) than the aggregate of the Dissenting Shareholder's adjusted cost base of such NorRock Shares immediately before the disposition and any reasonable costs of disposition. For a discussion regarding the treatment of capital gains and losses, see "*Taxation of Capital Gains and Capital Losses*" above. A Dissenting Shareholder will be required to include in computing its income any interest awarded by the court.

The income tax considerations relating to the Arrangement applicable to a NorRock Shareholder who purports to exercise Dissent Rights but becomes an Unperfected Dissenter, or for any reason is ultimately not entitled to be paid fair value for their NorRock Shares, may be materially different than those described in this summary. Such NorRock Shareholders should consult their own tax advisors regarding their particular circumstances.

ELIGIBILITY FOR INVESTMENT

Subject to the provisions of a particular plan, provided that Partners REIT and NorRock qualify and continue to qualify as a "mutual fund trust" and a "mutual fund corporation", respectively, the Partners REIT Units and NorRock Class A Shares will at the Effective Time be qualified investments for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered disability savings

plans, deferred profit sharing plans, tax-free savings accounts ("TFSA's") and registered education savings plans (collectively, "**Registered Plans**").

Provided that the Partners REIT Units are qualified investments for a Registered Plan at the Effective Time, the Rights will also be qualified investments on that date for any Registered Plan if on that date neither Partners REIT, nor any person with whom it does not deal at arm's length for purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, such Registered Plan.

Notwithstanding that Partners REIT Units, Rights and NorRock Class A Shares may be qualified investments for a trust governed by a TFSA, the holder of a TFSA will be subject to a penalty tax under the Tax Act if such Partners REIT Units, Rights or NorRock Class A Shares are a "prohibited investment" for the TFSA. Partners REIT Units and Rights will generally be a "prohibited investment" if the holder of a TFSA does not deal at arm's length (for purposes of the Tax Act) with Partners REIT or has a "significant interest" (within the meaning of the Tax Act) in Partners REIT or a corporation, partnership or trust with which Partners REIT does not deal at arm's length for purposes of the Tax Act. Similarly, NorRock Class A Shares will generally be a "prohibited investment" if the holder of a TFSA does not deal at arm's length (for purposes of the Tax Act) with NorRock or has a "significant interest" (within the meaning of the Tax Act) in NorRock or a corporation, partnership or trust with which NorRock does not deal at arm's length for purposes of the Tax Act.

On October 4, 2011, the Minister introduced Bill C-13 to implement certain Proposed Amendments from the 2011 federal budget, including extending the "prohibited investment" rules to RRSPs and RRIFs and their annuitants (the "**RRSP/RRIF Proposals**"). As proposed, the RRSP/RRIF Proposals apply to transactions occurring and investments acquired after March 22, 2011. No assurance can be given that the RRSP/RRIF Proposals will be enacted as proposed or at all.

NorRock Shareholders who intend to hold Partners REIT Units, Rights and/or NorRock Class A Shares in a RRSP, RRIF or TFSA should consult with their own tax advisors regarding the application of the foregoing prohibited investment rules having regard to their particular circumstances.

RISK FACTORS

The following risk factors, as well as the other information contained in this Joint Circular, including the documents incorporated by reference herein and the related risk factors, should be carefully considered by Partners REIT Unitholders and NorRock Shareholders in evaluating whether to approve the Arrangement.

Risks Related to the Arrangement

Under the Arrangement NorRock Shareholders will receive Partners REIT Units based on a fixed exchange ratio that will not be adjusted to reflect market fluctuations. Consequently, the Partners REIT Units issuable under the Arrangement may have a lower than expected market value.

Holders of NorRock Class A Shares and NorRock Preferred Shares will receive Partners REIT Units based on an agreed issue price of \$1.73 per Partners REIT Unit. As the exchange ratio under the Arrangement will not be adjusted to reflect any changes in the market value of the Partners REIT Units, the market value of the Partners REIT Units may vary significantly from the value at the dates referenced in this Joint Circular or the actual dates that NorRock Shareholders become entitled to receive Partners REIT Units pursuant to the Arrangement. Many of the factors that affect the market value of the Partners REIT Units are beyond the control of NorRock and are described under "Certain Information Concerning Partners REIT".

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

As of November 16, 2011, 31,049,718 Partners REIT Units were issued and outstanding and an aggregate of 3,450,000 Partners REIT Units were issuable upon the exercise or conversion of outstanding Partners REIT convertible securities. Partners REIT currently expects that, in connection with the Arrangement it will issue

approximately 29,432,120 Partners REIT Units. See "Certain Information Concerning Partners REIT – Information Concerning Partners REIT following Closing" and 2,543,352 Rights which may be issuable into a further 2,543,352 Partners REIT Units (assuming that in calculating the number of Partners REIT Units to be issued in payment of the Deferred Payment that the Five Day VWAP of the Partners REIT Units is \$1.73). Partners REIT has applied to the TSXV to issue a maximum of 29,432,120 Partners REIT Units in connection with the Arrangement and a maximum of 3,000,000 Partners REIT Units in connection with the exercise of Rights. See "Certain Information Concerning Partners REIT – Description of Rights and Rights Indenture". The issuances of these new Partners REIT Units will not be subject to any "lock-up" agreements and therefore may become eligible for sale in the public market from time to time and could depress the market price of the Partners REIT Units.

The consideration available to NorRock Class A Shareholders depends on the value of the cash and Cash Equivalents transferred by NorRock to Partners REIT at Closing.

The amount of the NorRock Class A Share Consideration depends on a number of factors some of which are beyond the control of NorRock including: NorRock's expenses, amounts needed to satisfy all creditors of NorRock any other obligations of NorRock (contingent or otherwise) which are due or become payable following the Effective Time and the amount realized for NorRock's non-cash and non-Cash Equivalent assets. In light of these uncertainties NorRock Class A Shareholders will not be able to calculate the precise value of the consideration they will receive upon Closing. NorRock's assumptions regarding the NorRock Class A Share Consideration may vary significantly from the actual amounts available at Closing in which case NorRock Class A Shareholders may receive significantly less than \$5.94 per NorRock Class A Share in Partners REIT Units.

The rights of Partners REIT Unitholders under the Declaration of Trust are different than those of NorRock Class A Shareholders under the OBCA.

Upon the successful completion of the Arrangement, NorRock Shareholders will hold Partners REIT Units. Partners REIT is a trust and the rights of unitholders are established by the Declaration of Trust unlike NorRock, which is a corporation existing under the laws of Ontario, where the rights of shareholders are governed by the OBCA and by NorRock's articles and by-laws.

Although the Declaration of Trust confers upon a Partners REIT Unitholder many of the same protections, rights and remedies a NorRock Shareholder would have as a shareholder of a corporation governed by the OBCA, significant differences exist. For example, the Declaration of Trust does not give Partners REIT Unitholders recourse to the statutory oppression remedy available to shareholders of an OBCA corporation where a corporation's actions are oppressive, unfairly prejudicial or disregard the interests of securityholders and certain other parties.

In addition, shareholders of an OBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of a corporation and its affiliates is carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not allow Partners REIT Unitholders to pass resolutions appointing an inspector to investigate the Trustees' performance of their responsibilities and duties. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of Partners REIT Unitholders to commence or participate in legal proceedings with respect to Partners REIT.

The previous paragraphs describe some of the differences between the rights of shareholders of an OBCA corporation and those available to Partners REIT Unitholders under the Declaration of Trust. A summary of some of the additional material differences is provided in Schedule "E" attached to and forming part of this Joint Circular. NorRock Shareholders should consult their legal or other professional advisors with respect to the implications of holding Partners REIT Units.

If the Arrangement is not completed, the market price of the NorRock Shares may decline significantly.

On October 17, 2011, the day on which the proposed Arrangement was publicly announced, the closing price for the NorRock Class A Shares on the TSX was \$5.41, an increase of \$1.11, or approximately 25.81%, over the closing prices on the prior trading day and the closing price for the NorRock Preferred Shares on the TSX was \$21.63, an increase of \$1.98, or approximately 10.08%, over the closing prices on October 11, 2011 (the last day on

which there was a trade on the TSX for the NorRock Preferred Shares before the announcement of the Arrangement on October 17, 2011). If the current market price of the NorRock Class A Shares and NorRock Preferred Shares reflects an assumption that the Arrangement will be completed, then the price of the NorRock Shares may decline significantly if the Arrangement is not completed.

If the Arrangement is not completed, Partners REIT and/or NorRock will incur significant costs.

If the Arrangement is not completed, NorRock may be required to pay Partners REIT, in certain circumstances specified in the Acquisition Agreement, a termination fee of \$1.75 million or either party may be required to pay the other, in certain circumstances specified in the Acquisition Agreement, an expense reimbursement amount of up to \$500,000 for the non-terminating party's out-of-pocket costs and expenses incurred in connection with the transactions contemplated by the Acquisition Agreement.

Moreover, Partners REIT and NorRock are each responsible for their own legal, financial, advisory, accounting and other costs and expenses incurred in connection with the Acquisition Agreement. For more information about these costs, please see "Certain Information Concerning Partners REIT – Estimated Costs" and "Certain Information Concerning NorRock – Estimated Costs".

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

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

Some of the conditions to the Arrangement may be waived by Partners REIT or NorRock without resoliciting Partners REIT Unitholder or NorRock Shareholder approval for the Arrangement.

Some of the conditions set out in the Acquisition Agreement may be waived by NorRock or Partners REIT, subject to the agreement of the other party in specific cases. If those conditions are waived, Partners REIT and NorRock will evaluate whether an amendment to the Joint Circular and a resolicitation of proxies is warranted. In the event that Partners REIT or NorRock determines that resolicitation of proxies is not warranted, the applicable party will have the discretion to complete the Arrangement without seeking the further approval of its securityholders.

Trustees, directors and senior officers of each of Partners REIT and NorRock have interests in the Arrangement that are different from the interests of Partners REIT Unitholders and NorRock Shareholders generally.

In considering whether to approve the Arrangement, Partners REIT Unitholders and NorRock Shareholders should recognize that some of the trustees, directors and senior officers of each of Partners REIT and NorRock have interests in the Arrangement that differ from, or are in addition to, their interests as Partners REIT Unitholders or NorRock Shareholders. These interests are described in detail under "Interests of Certain Persons in the Arrangement".

Effects on NorRock if the Arrangement is not completed

If the NorRock Arrangement Resolution is not approved by NorRock Shareholders or if the Arrangement is not completed for any other reason, NorRock Shareholders will not receive any Partners REIT Units, cash or Rights in connection with the Arrangement. In addition, if the Arrangement is not completed, it is expected that management will operate NorRock in a manner similar to that in which it is being operated today and that NorRock Shareholders will continue to be subject to the same risks and opportunities to which they are currently subject.

Effects on Partners REIT if the Arrangement is not completed

If the Partners REIT Arrangement Resolution is not approved by Partners REIT Unitholders or if the Arrangement is not completed for any other reason, in order to make additional acquisitions, Partners REIT will need to seek

additional sources of funds. Partners REIT Unitholders will continue to be subject to the same risks and opportunities to which they are currently subject.

Risks Related to Rights

Characteristics of Partners REIT

Partners REIT is an unincorporated, open-ended, limited purpose trust that conducts its business and holds assets through its various subsidiaries. The obligations of Partners REIT under the Rights and the Rights Agreement are not guaranteed and recourse of the Rights Holders under the Rights and the Rights Agreement is limited to the property and assets from time to time held by Partners REIT and available to satisfy Partners REIT's obligations in respect of the Rights.

The amount of the Deferred Payment may be nominal.

The Deferred Payment may be only \$0.01 per Right unless the Assigned Mortgages and the Assigned Shares are realized, sold or valued in excess of \$12.6 million.

The expenses incurred by Partners REIT in realizing, selling or otherwise administering the Assigned Mortgages and Assigned Shares may be significant.

The expenses that Partners REIT may deduct in calculating the Liquidated Value may result in a reduction of the amount of the Liquidated Value. If the expenses are high, the deductions may be significant which will result in a reduction of the amount of the Deferred Payment Amount.

Partners REIT will make decisions regarding the Assigned Shares and Assigned Mortgages in its sole discretion.

Subject to specified limitations on non-arm's length transactions, provided that Partners REIT has used commercially reasonable efforts to preserve the value of the Assigned Shares and Assigned Mortgages and/or disposed of the Assigned Shares and Assigned Mortgages in a commercially reasonable manner, Partners REIT is entitled to make, implement, take, modify or abandon decisions or actions with respect to the Assigned Shares or Assigned Mortgages in their discretion without regard to, and have no obligation to make, implement, take, modify or abandon any decision or action in any manner that would maximize, maintain or protect the value of, the Rights or the amount of any potential Deferred Payment. As a result of the foregoing, there may be a diminution in or elimination of the value of the Rights or the amount of any potential Deferred Payment. Partners REIT's interests with respect to the above referenced matters may differ from, and conflict with, those of the Rights Holders.

The Rights are not secured and do not give holders of Rights any interest or right as a Partners REIT Unitholder.

The Rights will not confer or be construed as conferring upon a Rights Holder any right or interest whatsoever as a unitholder of Partners REIT, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Partners REIT Unitholders or any other proceedings of Partners REIT or the right to receive distributions and other distributions except as provided in the Rights Indenture or certificates evidencing the Rights. The Rights will represent contingent, unsecured obligations of Partners REIT and holders of Rights will not be entitled to the benefit of any security in any of the property or assets of Partners REIT.

Rights may not be assigned or transferred except in very limited circumstances.

Except for transfers by operation of law and to heirs, executors and successors of an initial holder, the Rights will not be assignable or otherwise transferable by Rights Holders. As a result, a Rights Holder's ability to transfer a Right and realize an economic benefit that might have been available from such a transfer will be significantly restricted.

Given the nature of the Rights, other than seeking payment for the Deferred Payment, when it becomes due and payable in accordance with the provisions of the Rights Indenture, the rights and remedies of the Rights Holders under the Rights Indenture (including any such rights that may arise if a default occurs) are limited.

Risks Related to Partners REIT

In evaluating the Arrangement, NorRock Shareholders should carefully consider the risk factors and other information relating to Partners REIT in the documents incorporated by reference herein, including the risk factors incorporated herein from Partners REIT's Annual Information Form under "Risk Factors", and Partners REIT's management's discussion and analysis for the interim period ended September 30, 2011 under "Risks and Uncertainties". See "Documents Incorporated by Reference – Partners REIT".

Readers of this Joint Circular should carefully consider the risk factors set forth in this Joint Circular and in the information incorporated by reference herein, and all of the other information contained in this Joint Circular (including, without limitation, the documents incorporated by reference) before coming to a decision with respect to the Partners REIT Resolutions and the NorRock Arrangement Resolutions. The risks described herein and in the documents incorporated by reference are not the only risks facing Partners REIT. The business, financial condition, revenues or profitability of Partners REIT could be materially adversely affected by any of these risks. The trading price of the Partners REIT Units could decline due to any of these risks. Additional risks and uncertainties not currently known to Partners REIT, or that Partners REIT currently deems immaterial, may also materially and adversely affect its business.

Risks Related to NorRock's Business after Closing

Assuming the Arrangement is completed, NorRock intends to use its available cash to maintain its listing on the TSX (for the time frame permitted by and subject to TSX rules) and explore new business opportunities. There can be no assurance that NorRock will be able to obtain the Credit Facility to provide it with additional working capital after completion of the Arrangement. Furthermore, there can be no assurance that NorRock will be able to acquire new assets on appropriate terms or at all, or to successfully locate other opportunities that it can operate profitably or that would enable NorRock to meet the original listing requirements of the TSX in order to remain listed.

In the event the NorRock Class A Shares are not listed on TSX, TSXV or NEX or an alternative exchange, there will be no public market through which the shares may be sold and traded and NorRock Shareholders may not be able to dispose of their shares. This can be expected to affect the liquidity of the NorRock Class A Shares and the transparency and availability of trading prices. See "Certain Information Concerning NorRock – Information Concerning NorRock Following Closing".

After completion of the Arrangement, NorRock may no longer qualify as a "mutual fund corporation" within the meaning of the Tax Act or, even if it did, NorRock may, in order to have more flexibility in its ability to organize its business structure into the future, seek to remove the mandatory requirement in its articles of incorporation mandating that it maintain mutual fund corporation status. See "Risks Related to Canadian Federal Income Tax Matters - NorRock Tax Related Risks"

Risks Related to Canadian Federal Income Tax Matters

NorRock tax related risks

Management of NorRock believes that NorRock currently qualifies as a "mutual fund corporation" for purposes of the Tax Act and will continuously so qualify at all material times relevant to matters addressed in this Joint Circular. If NorRock were not to so qualify, the income tax consequences could be materially and adversely different, including that the NorRock Class A Shares may not be qualified investments for purposes of Registered Plans. If NorRock is not a mutual fund corporation on the Effective Date, (i) a NorRock Preferred Shareholder whose NorRock Preferred Shares are, pursuant to the Arrangement, repurchased by NorRock for the NorRock Preferred Share Consideration will be deemed to have realized a taxable dividend to the extent that the aggregate fair market value of such consideration exceeds the "paid-up capital" (as defined in the Tax Act) in respect of such NorRock Preferred Shares, and (ii) a NorRock Class A Shareholder who, pursuant to the Arrangement, receives a distribution of Partners REIT Units and Rights on such NorRock Class A Shares will be deemed to have realized a taxable dividend to the extent that the total fair market value of the Partners REIT Units and Rights received exceeds the "paid-up capital" in respect of such NorRock Class A Shares.

Under current law, a mutual fund corporation may lose its status under the Tax Act as a "mutual fund corporation" if it can reasonably be considered that the corporation was established or maintained primarily for the benefit of non-residents of Canada (including partnerships owned in whole or in part by non-residents), except in limited circumstances such as where all or substantially all of the mutual fund corporation's property at all times during its existence is not "taxable Canadian property" (as defined in the Tax Act as proposed to be amended). NorRock's investment restrictions prohibit NorRock from exceeding these non-resident ownership limits with the result that management of NorRock does not anticipate that such limitations would lead to a loss of "mutual fund corporation" status for NorRock.

On October 31, 2003 the Department of Finance (Canada) announced Proposed Amendments relating to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004 (the "**October 31 Proposals**"). Under the October 31 Proposals, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If the October 31 Proposals were to apply to NorRock, deductions that would otherwise reduce NorRock's taxable income could effectively be denied, with after-tax returns to NorRock Shareholders reduced as a result. On February 23, 2005, the Minister announced that an alternative proposal to replace the October 31 Proposals would be released for comment. This alternative proposal has not been released as of the date hereof. There can be no assurance that such alternative proposal will not adversely affect NorRock.

We cannot assure you that Canadian income tax laws and the treatment of a mutual fund corporation under the Tax Act will not be changed in a manner that affects the taxation of NorRock or NorRock's investments, or that such tax rules will not be administered in a way that is less advantageous to NorRock or NorRock Shareholders.

If at any time after the Effective Date the NorRock Class A Shares are not listed on the TSX or any other "designated stock exchange" for the purposes of the Tax Act and, at that time, NorRock is a "mortgage investment corporation" within the meaning of the Tax Act, the NorRock Class A Shares will not be a qualified investment for a Registered Plan if NorRock holds as part of its property, at any time during the calendar year, any indebtedness of a person who is an annuitant, a beneficiary, an employer or subscriber under, or a holder of, such Registered Plan.

Partners REIT tax related risks

Unless the REIT Exception applies to Partners REIT, the SIFT Rules (as defined, together with "REIT Exception", under the heading "Certain Canadian Federal Income Tax Considerations") may have an adverse impact on the taxation of Partners REIT and on the taxation of distributions to Partners REIT Unitholders. In reliance upon the Proposed Amendments in relation to the REIT Exception, Management of Partners REIT believes that Partners REIT, as currently structured, will be able to meet the requirements of the REIT Exception throughout 2011 and the acquisition of the Transferred Assets will not impair its ability to qualify for the REIT Exception. We cannot assure you that Partners REIT will be able to qualify for the REIT Exception throughout 2011 or in future years. The failure of such Proposed Amendments to become law would have adverse consequences to Partners REIT and its ability to meet the requirements of the REIT Exception. We cannot assure you that the Proposed Amendments will be enacted in the form proposed or at all.

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

Management of Partners REIT believes that Partners REIT currently qualifies as a "mutual fund trust" for purposes of the Tax Act and will continuously so qualify at all material times. If Partners REIT were not to so

qualify, the income tax consequences could be materially and adversely different, including, in this regard, that the Partners REIT Units may not be qualified investments for purposes of Registered Plans.

Interest on the debt of Partners REIT subsidiaries accrues at the Partners REIT level for Canadian federal income tax purposes, whether or not actually paid such that Partners REIT could realize income not supported by cash distributions. The Declaration of Trust generally provides that a sufficient amount of Partners REIT's net income and net realizable capital gains will be distributed each year to Partners REIT Unitholders in cash or otherwise to eliminate Partners REIT's liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be generally distributed to Partners REIT Unitholders in the form of additional Partners REIT Units. Partners REIT Unitholders will generally be required to include an amount equal to the fair market value of those Partners REIT Units (excluding an amount corresponding to the non-taxable portion of any net realized capital gains) in their taxable income. In such circumstances, a unitholder of Partners REIT may realize income without a corresponding cash distribution.

Real estate investment trust structures often involve significant amounts of debt. The structure of Partners REIT and its subsidiaries may involve significant amounts of such debt. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed, it could adversely affect the amount of cash available to Partners REIT for distribution to Partners REIT Unitholders. Management of Partners REIT believes that the October 31 Proposals would not have a material effect on its tax position in this regard. There can be no assurance that any alternative proposal to the October 31 Proposals will not adversely affect Partners REIT.

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

Risks Related to the Consolidation

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

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

A decline in the market price of the Partners REIT Units after the Consolidation may result in a greater percentage decline than would occur in the absence of a Consolidation, and the liquidity of the Partners REIT Units could be adversely affected following the Consolidation.

If the Consolidation is implemented and the market price of the Partners REIT Units declines, the percentage decline may be greater than would occur in the absence of the Consolidation. The market price of the Partners REIT Units will, however, also be based on Partners REIT's performance and other factors, which are unrelated to the number of Partners REIT Units outstanding. Furthermore, the reduced number of Partners REIT Units that would be outstanding after the Consolidation could adversely affect the liquidity of the Partners REIT Units.

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

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

These are only some of the risks associated with the Consolidation. Further risks regarding Partners REIT are set out in Partners REIT's annual information form found at www.sedar.com.

Risks Related to a Toronto Stock Exchange Listing

The Partners REIT Units may never be listed on the Toronto Stock Exchange.

While Partners REIT is in discussions with the TSX regarding a potential listing of the Partners REIT Units on the TSX, there are a number of original listing criteria that Partners REIT will be required to meet. In addition, listing of the Partners REIT Units is subject to the approval of the TSX. We cannot assure you that Partners REIT will meet the original listing criteria or obtain the listing of the Partners REIT Units on the TSX, if ever.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Partners REIT

Management of Partners REIT is not aware of any matters to come before the Partners REIT Meeting other than those set forth in the notice of meeting. If other matters properly come before the Partners REIT Meeting, it is the intention of the person named in the accompanying form of proxy to vote the Partners REIT Units represented thereby in accordance with his or her best judgment on such matters.

NorRock

Management of NorRock is not aware of any matters to come before the NorRock Meeting other than those set forth in the notice of meeting. If other matters properly come before the NorRock Meeting, it is the intention of the person named in the accompanying form of proxy to vote the NorRock Shares represented thereby in accordance with his or her best judgment on such matters.

OTHER MATERIAL FACTS

Partners REIT is not aware of any material facts concerning the Partners REIT Units or any other matter that has not previously been generally disclosed and that is known to Partners REIT which would reasonably be expected to affect the decision of Partners REIT Unitholders to approve or not approve the Arrangement, in each case, that are not disclosed in this Joint Circular or in the documents incorporated by reference herein.

NorRock is not aware of any material facts concerning the NorRock Shares or any other matter that has not previously been generally disclosed and that is known to NorRock which would reasonably be expected to affect the decision of NorRock Shareholders to approve or not approve the Arrangement, in each case, that are not disclosed in this Joint Circular or in the documents incorporated by reference herein.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Joint Circular or in any of the documents incorporated by reference herein, none of the trustees or senior officers of Partners REIT are aware of any material interest of any informed person, or any associate or affiliate of such informed person, in any transaction since the beginning of the most recently completed financial year which has materially affected Partners REIT or any of its subsidiaries in the Arrangement or in any other proposed transaction which would materially affect Partners REIT or any of its subsidiaries.

Other than as disclosed in this Joint Circular or in any of the documents incorporated by reference herein, none of the directors or senior officers of NorRock are aware of any material interest of any informed person, or any associate or affiliate of such informed person, in any transaction since the beginning of the most recently completed financial year which has materially affected NorRock in the Arrangement or in any other proposed transaction which would materially affect NorRock.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Deloitte & Touche LLP are the independent auditors of Partners REIT.

Deloitte & Touche LLP are the independent auditors of NorRock, appointed upon the inception of NorRock in 2008.

The transfer agent for the Partners REIT Units and shares of NorRock is Computershare at its principal offices located in Toronto, Canada. **Whether you are a Partners REIT Unitholder or a NorRock Shareholder, completed proxies should be returned to facsimile number 1-866-249-7775 or 416-263-9524 or as instructed on the relevant form of proxy.**

INTERESTS OF EXPERTS

McCarthy Tétrault LLP, Toronto, Ontario, have acted for Partners REIT in connection with the Arrangement. Bennett Jones LLP, Toronto Ontario, have acted for the NorRock Independent Committee and Harris + Harris LLP, Toronto, Ontario have acted for NorRock in connection with the Arrangement. As of the date of this Joint Circular, the partners and associates, as a group, each of McCarthy Tétrault LLP, Bennett Jones LLP and Harris + Harris LLP beneficially own less than 1% of the outstanding NorRock Class A Shares, NorRock Preferred Shares and Partners REIT Units.

Deloitte & Touche LLP of Calgary, Alberta, is the auditor of Partners REIT and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Brookfield has acted as financial advisor and Capital Canada has acted as valuator for Partners REIT in connection with the Arrangement. As of the date of this Joint Circular, the partners, employees and consultants, as a group, of Brookfield and Capital Canada beneficially own less than 1% of the outstanding NorRock Class A Shares, NorRock Preferred Shares and Partners REIT Units.

ADDITIONAL INFORMATION

Partners REIT

Additional information relating to Partners REIT is available at www.sedar.com. Partners REIT Unitholders and NorRock Shareholders may obtain without charge additional copies of Partners REIT's financial statements and management's discussion and analysis for the financial period ended September 30, 2011 by written request addressed to: Partners REIT Real Estate Investment Trust, Attention: Corporate Secretary, 200 - 710 Redbrick Street, Victoria, British Columbia, V8T 5J3, facsimile (250) 940-5501. Financial information is provided in Partners REIT's comparative financial statements and management's discussion and analysis for Partners REIT's most recently completed financial year, which are filed on SEDAR.

Additional copies of this document and the continuous disclosure documents filed by Partners REIT with the Canadian Securities Regulatory Authorities may be obtained by contacting Partners REIT at the address noted above.

NorRock

Additional information relating to NorRock is available at www.sedar.com. Partners REIT Unitholders and NorRock Shareholders may obtain without charge additional copies of NorRock's financial statements and management report of fund performance for the financial periods ended December 31, 2010 and June 30, 2011 by written request addressed to: NorRock, Attention: Sharon Iadipaolo at 36 Toronto Street, Suite 1150, Toronto, Ontario, M5C 2C5, 416-479-9510 x301.

Additional copies of this document and the continuous disclosure documents filed by NorRock with the Canadian Securities Regulatory Authorities may be obtained by contacting NorRock at the address noted above.

APPROVAL OF PARTNERS REIT

The content of this Joint Circular, including the appendices attached hereto, and the sending thereof has been approved by the Partners REIT Board.

The information concerning NorRock contained in this Joint Circular, including the appendices attached hereto and the information incorporated by reference herein, has been provided by NorRock. The Partners REIT Board has relied upon this information without having made any independent inquiry as to the accuracy thereof. Partners REIT assumes no responsibility for the accuracy or completeness of such information, nor for any omission on the part of NorRock to disclose facts or events which may affect the accuracy of any such information.

Dated at Victoria, British Columbia, this 16th day of November, 2011.

Louis Maroun
Chairman
Board of Trustees

APPROVAL OF NORROCK

The content of this Joint Circular, including the appendices attached hereto, and the sending thereof has been approved by the NorRock Board.

The information concerning Partners REIT contained in this Joint Circular, including the appendices attached hereto and the information incorporated by reference herein, has been provided by Partners REIT. The NorRock Board has relied upon this information without having made any independent inquiry as to the accuracy thereof. NorRock assumes no responsibility for the accuracy or completeness of such information, nor for any omission on the part of Partners REIT to disclose facts or events which may affect the accuracy of any such information.

A copy of this Joint Circular has been sent to each director of NorRock, each shareholder of NorRock entitled to notice of the NorRock Meeting and to the auditor of NorRock.

Dated at Toronto, Ontario, Canada, this 16th day of November, 2011.

Gordon Pridham
Chairman
NorRock Realty Finance Corporation

INDEPENDENT AUDITOR'S CONSENT

We have read the Joint Management Information Circular of Partners Real Estate Investment Trust ("**Partners REIT**", formerly Charter Real Estate Investment Trust) and NorRock Realty Finance Corporation ("**NorRock**") dated November 16, 2011 relating to the arrangement described therein. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Joint Management Information Circular of our independent auditor's report to the Unitholders of Partners REIT on the consolidated balance sheets of Partners REIT as at December 31, 2010 and 2009 and the consolidated statements of operations and comprehensive loss, unitholders' equity and cash flows for the years then ended. Our report is dated March 9, 2011.

Deloitte & Touche LLP
Chartered Accountants
Calgary, Alberta
November 16, 2011

CONSENT OF CORMARK SECURITIES INC.

We refer to the fairness opinion (the "**Cormark Fairness Opinion**") of our firm dated November 9, 2011 which we prepared for the Independent Committee of the Board of Directors and the Board of Directors of NorRock Realty Finance Corporation ("**NorRock**") for the Arrangement (as defined in the Joint Management Information Circular (the "**Information Circular**") of Partners Real Estate Investment Trust and NorRock dated November 16, 2011). We consent to the filing of the Cormark Fairness Opinion with the securities commissions (and other applicable securities regulatory authorities) in each of the Provinces and Territories of Canada and the inclusion of the Cormark Fairness Opinion, and all references thereto, in the Information Circular.

(Signed) Cormark Securities Inc.

Dated: November 16, 2011

CONSENT OF M PARTNERS INC.

We refer to the formal valuation (the "**M Partners Valuation**") of M Partners Inc. dated November 10, 2011 which we prepared for the Special Committee of the Board of Directors of NorRock Realty Finance Corporation ("**NorRock**") for the Arrangement (as defined in the Joint Management Information Circular (the "**Information Circular**") of Partners Real Estate Investment Trust and NorRock dated November 16, 2011). We consent to the filing of the M Partners Valuation with the securities commissions (and other applicable securities regulatory authorities) in each of the Provinces and Territories of Canada and the inclusion of the M Partners Valuation, extracts therefrom and all references thereto, in the Information Circular.

(Signed) M Partners Inc.

Dated: November 16, 2011

CONSENT OF BROOKFIELD FINANCIAL CORP.

We refer to the fairness opinion (the "**Brookfield Fairness Opinion**") of our firm dated October 17, 2011 which we prepared for the Independent Committee of the Board of Trustees and the Board of Trustees of Partners Real Estate Investment Trust ("**Partners REIT**") for the Arrangement (as defined in the Joint Management Information Circular (the "**Information Circular**") of Partners REIT and NorRock Realty Finance Corporation dated November 16, 2011). We consent to the filing of the Brookfield Fairness Opinion with the securities commissions (and other applicable securities regulatory authorities) in each of the Provinces and Territories of Canada and the inclusion of the Brookfield Fairness Opinion, and all references thereto, in the Information Circular.

(Signed) Brookfield Financial Corp.

Dated: November 16, 2011

CONSENT OF CAPITAL CANADA LIMITED

We refer to the valuation (the "**Capital Canada Valuation**") of our firm dated October 17, 2011 which we prepared for the Independent Committee of the Board of Trustees and the Board of Trustees of Partners Real Estate Investment Trust ("**Partners REIT**") for the Arrangement (as defined in the Joint Management Information Circular (the "**Information Circular**") of Partners REIT and NorRock Realty Finance Corporation dated November 16, 2011). We consent to the filing of the Capital Canada Valuation with the securities commissions (and other applicable securities regulatory authorities) in each of the Provinces and Territories of Canada and the inclusion of the Capital Canada Valuation, and all references thereto, in the Information Circular.

(Signed) Capital Canada Limited

Dated: November 16, 2011

APPENDIX "A-1"

PARTNERS REIT ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "Arrangement") under Section 182 of the Business Corporation Act (Ontario) (the "OBCA") involving Partners Real Estate Investment Trust, a trust existing under the laws of Ontario ("Partners REIT"), NorRock Realty Finance Corporation, a corporation existing under the laws of Ontario ("NorRock") and NorRock's securityholders, as more particularly described and set forth in the joint management information circular of NorRock and Partners REIT dated November 16, 2011 (the "Joint Circular") (a the Arrangement may be, or may have been, modified or amended in accordance with its provisions) is hereby authorized, approved and adopted.
2. The plan of arrangement effecting the Arrangement (the "Plan of Arrangement"), the full text of which is set out as Appendix C to the Joint Circular, as the same may be, or may have been, modified or amended, is hereby authorized, approved and adopted.
3. The acquisition agreement (the "Acquisition Agreement") dated October 17, 2011 between NorRock and Partners REIT and all the transactions contemplated therein, the actions of the trustees of Partners REIT in approving the Arrangement and the actions of the trustees and officers of Partners REIT in executing and delivering the Acquisition Agreement and any amendments thereto are hereby ratified and approved.
4. The provisions of the amended and restated declaration of trust of Partners REIT dated as of November 3, 2010 are hereby amended to permit Partners REIT to comply with its obligations under the Acquisition Agreement and any one of the officers or trustees of Partners REIT be and is hereby authorized for and on behalf of Partners REIT to execute and deliver all documents and instruments and to take all such other actions as such officer or trustee may deem necessary or desirable to implement this resolution and the matters authorized hereby.
5. Notwithstanding that this resolution has been approved by unitholders of Partners REIT (and the Plan of Arrangement adopted) or that the Arrangement has been approved by the Superior Court of Justice (Ontario), or both, the trustees of Partners REIT are hereby authorized and empowered, without further notice to or approval of the unitholders of Partners REIT to (a) amend the Acquisition Agreement or the Plan of Arrangement to the extent permitted therein in any manner not inconsistent with an applicable order of the Court and (b) subject to the provisions of the Acquisition Agreement, not to proceed with the Arrangement.
6. Any officer or trustee of Partners REIT is hereby authorized and directed for and on behalf of Partners REIT to execute or cause to be executed, and to deliver or cause to be delivered, all such other documents, instruments and agreements and to perform or cause to be performed all such other acts and things as such officer or trustee may deem necessary or desirable to implement this resolution or otherwise in connection with the matters authorized or contemplated hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, instruments or agreements and the taking of any of such actions.

APPENDIX "A-2"

PARTNERS REIT CONSOLIDATION RESOLUTION

RESOLVED, AS A RESOLUTION, THAT:

1. Partners Real Estate Investment Trust ("Partners REIT") is hereby authorized to take such steps as are necessary to amend its amended and restated declaration of trust (the "Declaration of Trust") dated as of November 3, 2010 to provide that:
 - (a) the number of units that may be issued by Partners REIT is altered by consolidating all of the issued and outstanding units ("Units") of Partners REIT on the basis of a consolidation ratio of one post-consolidation Unit for four pre-consolidation Units and will include the issuance of any required post-consolidation fractional Units, contemplated by Section 3.4 of the Declaration of Trust;
 - (b) the consolidation of Units shall not result in a disposition or cancellation of the Units and the provisions of Section 3.1(5) of the Declaration of Trust are hereby amended by adding the following language to the end of the current provision: "In the event of a subdivision or consolidation of the Units or Special Voting Units, such consolidation shall not result in a disposition, redemption, cancellation, novation, or transfer of the relevant units and each holder shall remain a holder of the relevant units such that there is no change in the holder's interests, rights or privileges in the capital structure of the Trust."; and
 - (c) the effective date of such consolidation shall be such date as determined by the board of trustees of Partners REIT in its sole discretion, provided that, in any event, such date shall be prior to the next meeting of unitholders of Partners REIT held after the date of this resolution;
2. Any trustee or officer of Partners REIT is hereby authorized and directed for and in the name of and on behalf of Partners REIT to execute, or to cause to be executed and to deliver or cause to be delivered all such other documents and instruments, and to do or cause to be done all such other acts and things as, in the opinion of such trustee or officer, may be necessary or desirable in order to carry out the intent of this special resolution, including, without limitation, the determination of the effective date of the consolidation and the making of any necessary amendments to the Declaration of Trust, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
3. Notwithstanding the foregoing, the trustees of Partners REIT are hereby authorized, without further approval of or notice to the unitholders of Partners REIT, to revoke this resolution at any time.

APPENDIX "B-1"

Arrangement under Section 182 of the *Business Corporations Act (Ontario)*

NorRock Class A Shareholders

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act (Ontario)* (the "**OBCA**") involving Partners Real Estate Investment Trust, a trust existing under the laws of Ontario ("**Partners REIT**"), NorRock Realty Finance Corporation, a corporation existing under the laws of Ontario ("**NorRock**") and NorRock's securityholders, as more particularly described and set forth in the joint management information circular of NorRock and Partners REIT dated November 16, 2011 (the "**Joint Circular**") (as the Arrangement may be, or may have been, modified or amended in accordance with its provisions) is hereby authorized, approved and adopted.
2. The plan of arrangement effecting the Arrangement (the "**Plan of Arrangement**"), the full text of which is set out as Appendix C to the Joint Circular, as the same may be, or may have been, modified or amended, is hereby authorized, approved and adopted.
3. The acquisition agreement dated October 17, 2011 (the "**Acquisition Agreement**") between NorRock and Partners REIT, and all the transactions contemplated therein, the actions of the directors of NorRock in approving the Arrangement and the actions of the directors and officers of NorRock in executing and delivering the Acquisition Agreement and any amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Plan of Arrangement adopted) by the shareholders of NorRock or that the Arrangement has been approved by the Superior Court of Justice (Ontario) (the "**Court**"), the directors of NorRock are hereby authorized and empowered, without further notice to or approval of holders of NorRock Class A Shares, (a) to amend the Acquisition Agreement or the Plan of Arrangement to the extent permitted therein in any manner not inconsistent with an applicable order of the Court and (b) subject to the provisions of the Acquisition Agreement, not to proceed with the Arrangement.
5. Any officer or director of NorRock is hereby authorized and directed for and on behalf of NorRock to execute, under the seal of NorRock or otherwise, and to deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the OBCA in accordance with the Acquisition Agreement for filing.
6. Any officer or director of NorRock is hereby authorized and directed for and on behalf of NorRock to execute or cause to be executed, under the seal of NorRock or otherwise, and to deliver or cause to be delivered, all such other documents, instruments and agreements and to perform or cause to be performed all such other acts and things as may be necessary or desirable to implement this resolution or otherwise in connection with the matters authorized or contemplated hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, instruments or agreements and the taking of any such action.

APPENDIX "B-2"

Arrangement under Section 182 of the *Business Corporations Act (Ontario)*

NorRock Preferred Shareholders

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act (Ontario)* (the "**OBCA**") involving Partners Real Estate Investment Trust, a trust existing under the laws of Ontario ("**Partners REIT**"), NorRock Realty Finance Corporation, a corporation existing under the laws of Ontario ("**NorRock**") and NorRock's securityholders, as more particularly described and set forth in the joint management information circular of NorRock and Partners REIT dated November 16, 2011 (the "**Joint Circular**") (as the Arrangement may be, or may have been, modified or amended in accordance with its provisions) is hereby authorized, approved and adopted.
2. The plan of arrangement effecting the Arrangement (the "**Plan of Arrangement**"), the full text of which is set out as Appendix C to the Joint Circular, as the same may be, or may have been, modified or amended, is hereby authorized, approved and adopted.
3. The acquisition agreement dated October 17, 2011 (the "**Acquisition Agreement**") between NorRock and Partners REIT, and all the transactions contemplated therein, the actions of the directors of NorRock in approving the Arrangement and the actions of the directors and officers of NorRock in executing and delivering the Acquisition Agreement and any amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Plan of Arrangement adopted) by the shareholders of NorRock or that the Arrangement has been approved by the Superior Court of Justice (Ontario) (the "**Court**"), the directors of NorRock are hereby authorized and empowered, without further notice to or approval of holders of NorRock Preferred Shares, (a) to amend the Acquisition Agreement or the Plan of Arrangement to the extent permitted therein in any manner not inconsistent with an applicable order of the Court and (b) subject to the provisions of the Acquisition Agreement, not to proceed with the Arrangement.
5. Any officer or director of NorRock is hereby authorized and directed for and on behalf of NorRock to execute, under the seal of NorRock or otherwise, and to deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the OBCA in accordance with the Acquisition Agreement for filing.
6. Any officer or director of NorRock is hereby authorized and directed for and on behalf of NorRock to execute or cause to be executed, under the seal of NorRock or otherwise, and to deliver or cause to be delivered, all such other documents, instruments and agreements and to perform or cause to be performed all such other acts and things as may be necessary or desirable to implement this resolution or otherwise in connection with the matters authorized or contemplated hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, instruments or agreements and the taking of any such action.

APPENDIX "B-3"

**Arrangement under Section 182 of the
*Business Corporations Act (Ontario)***

NorRock Class J Shareholder

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act (Ontario)* (the "**OBCA**") involving Partners Real Estate Investment Trust, a trust existing under the laws of Ontario ("**Partners REIT**"), NorRock Realty Finance Corporation, a corporation existing under the laws of Ontario ("**NorRock**") and NorRock's securityholders, as more particularly described and set forth in the joint management information circular of NorRock and Partners REIT dated November 16, 2011 (the "**Joint Circular**") (as the Arrangement may be, or may have been, modified or amended in accordance with its provisions) is hereby authorized, approved and adopted.
2. The plan of arrangement effecting the Arrangement (the "**Plan of Arrangement**"), the full text of which is set out as Appendix C to the Joint Circular, as the same may be, or may have been, modified or amended, is hereby authorized, approved and adopted.
3. The acquisition agreement dated October 17, 2011 (the "**Acquisition Agreement**") between NorRock and Partners REIT, and all the transactions contemplated therein, the actions of the directors of NorRock in approving the Arrangement and the actions of the directors and officers of NorRock in executing and delivering the Acquisition Agreement and any amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Plan of Arrangement adopted) by the shareholders of NorRock or that the Arrangement has been approved by the Superior Court of Justice (Ontario) (the "**Court**"), the directors of NorRock are hereby authorized and empowered, without further notice to or approval of holder of the NorRock Class J Share, (a) to amend the Acquisition Agreement or the Plan of Arrangement to the extent permitted therein in any manner not inconsistent with an applicable order of the Court and (b) subject to the provisions of the Acquisition Agreement, not to proceed with the Arrangement.
5. Any officer or director of NorRock is hereby authorized and directed for and on behalf of NorRock to execute, under the seal of NorRock or otherwise, and to deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the OBCA in accordance with the Acquisition Agreement for filing.
6. Any officer or director of NorRock is hereby authorized and directed for and on behalf of NorRock to execute or cause to be executed, under the seal of NorRock or otherwise, and to deliver or cause to be delivered, all such other documents, instruments and agreements and to perform or cause to be performed all such other acts and things as may be necessary or desirable to implement this resolution or otherwise in connection with the matters authorized or contemplated hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, instruments or agreements and the taking of any such action.

APPENDIX "C"

PLAN OF ARRANGEMENT

made pursuant to

Section 182 of the *Business Corporations Act* (Ontario)

ARTICLE 1 DEFINITIONS

1.01 Definitions

In this Plan, unless the context otherwise requires:

"**2246329**" means 2246329 Ontario Limited, a corporation incorporated under the laws of the Province of Ontario;

"**2246329 Shares**" means all of the issued and outstanding shares in the capital of 2246329;

"**Acquisition Agreement**" means the acquisition agreement between NorRock and Partners REIT dated as of October 17, 2011 which sets out the terms and conditions pursuant to which the parties thereto will effect the Arrangement;

"**Applicable Laws**" means, in relation to any Person, Property, transaction or event, all applicable provisions in effect at the relevant time (or mandatory applicable provisions) of federal, provincial, territorial, state, local or foreign laws, statutes, rules, regulations, directives and orders of all Governmental Authorities, and all judgments, orders, decrees, decisions, rulings or awards of all Governmental Authorities to which the Person in question is a party or by which it is bound or having application to the Person, Property, transaction or event, including Canadian Securities Legislation;

"**Arrangement**" means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan, subject to any amendments or variations thereto made in accordance with the terms of the Acquisition Agreement and/or of this Plan or made at the direction of the Court in the Final Order with the consent of each of NorRock and Partners REIT, acting reasonably;

"**Articles of Arrangement**" means the articles of arrangement of NorRock in giving effect to the Arrangement which, pursuant to the OBCA and subject to the terms of the Acquisition Agreement, will be filed with the Director after the Final Order has been issued;

"**Assigned Mortgages**" means the mortgages to be transferred and assigned by Reference L.P. (or its Subsidiaries) to NorRock upon the wind-up of Reference L.P. and further transferred and assigned by NorRock to Partners REIT, all in accordance with this Plan, and as more specifically described in Schedule B to the Acquisition Agreement, excluding such mortgages that are sold, mature or are otherwise liquidated by NorRock prior to the Effective Time with the cash realized from such sale being held as part of the Cash Amount;

"**Assigned Shares**" means the 2246329 Shares as more specifically described in Schedule B to the Acquisition Agreement;

"**Business Day**" means a day, other than a Saturday, Sunday or other day, when banks in Toronto, Ontario or Victoria, British Columbia are not generally open for business or the TSXV and the TSX are not open for trading;

"**Canadian Securities Legislation**" has the meaning attributed to such term in NI 14-101 and includes published policies promulgated thereunder from time to time by any of the Canadian Securities Regulatory Authorities, and the TSX Manual, in the case of NorRock, and the TSXV Manual, in the case of Partners REIT;

"**Canadian Securities Regulatory Authorities**" has the meaning ascribed to such term in NI 14-101;

"Cash Amount" means the amount of cash and Cash Equivalents held by NorRock as of the Effective Time plus an amount equal to the Transaction Expenses, which for clarity includes the net cash received in respect of any Assigned Mortgages or other assets that are sold, mature or are otherwise liquidated after the execution of the Acquisition Agreement and realized prior to the Effective Time (the **"Realized Cash"**), less:

- (a) the amounts needed to satisfy all creditors of NorRock and its Subsidiaries and any other obligations (contingent or otherwise including amounts required to pay NorRock Shareholders who exercise Dissent Rights) of NorRock and its Subsidiaries which are due or become payable following the Effective Time;
- (b) the aggregate Stub Period Payment paid out in accordance with Section 3.01(4)(a) of the Plan; and
- (c) any amounts to be paid by NorRock under Section 3.01(4)(c) of the Plan;

"Cash Elected Amount" has the meaning ascribed thereto in Section 3.01(4)(a)(ii);

"Cash Equivalents" means Canadian bankers' acceptances and Canadian government-backed debt, in each case having terms to maturity of less than 90 days;

"Closing Payment" means the amount of \$12,600,000 minus the amount of Realized Cash (if any) payable in respect of the Assigned Mortgages and the Assigned Shares;

"Court" means the Ontario Superior Court of Justice;

"Declaration of Trust" means the amended and restated declaration of trust of Partners REIT dated as of November 3, 2010;

"Depositary" means Computershare Investor Services Inc., the appointed depositary in respect of the Arrangement at its principal transfer office in Toronto, Ontario;

"Director" means the Director appointed under section 278 of the OBCA;

"Dissenting Shareholder" means a registered holder of NorRock Class A Shares or NorRock Preferred Shares (as the case may be) who has validly exercised Dissent Rights in respect of the Arrangement in strict compliance with the procedures for exercising Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

"Dissent Rights" has the meaning ascribed thereto in Section 5.01(1);

"Effective Date" means the effective date set out in the Articles of Arrangement which are filed with the Director as reflected in the Final Order;

"Effective Time" means 12:01 a.m. (Toronto time) on the Effective Date or such other time as Partners REIT and NorRock may agree, each acting reasonably;

"Final Order" means the final order of the Court issued in connection with the approval of the Arrangement, providing, among other matters, for the Arrangement to be sanctioned and to take effect and compliance with the *Bulk Sales Act* (Ontario), as such order may be affirmed, amended or modified by any court of competent jurisdiction with the consent of each of NorRock and Partners REIT, acting reasonably;

"Governmental Authority" means any federal, provincial, territorial, state, local or foreign government or any department, agency, board, tribunal (judicial, quasi-judicial, administrative, quasi-administrative or arbitral) or authority thereof or other political subdivision thereof and any Person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining thereto or the operation thereof, including the Canadian Securities Regulatory Authorities, the TSX and the TSXV and any local, domestic or foreign taxing authority;

"Green Tree" means Green Tree Capital Management Corp.;

"**Information Circular**" means the management information circular relating to the Securityholders' Meetings and forwarded to NorRock Shareholders and Partners REIT Securityholders in connection with, among other things, the transactions contemplated in this Plan;

"**Initial Asset Value**" means the Cash Amount as at the Effective Time plus the Closing Payment;

"**Interim Order**" means an interim order of the Court concerning the Arrangement under subsection 182(5) of the OBCA, containing declarations and directions with respect to the Arrangement and the holding of the NorRock Meeting and compliance with the *Bulk Sales Act* (Ontario), as such order may be affirmed, amended or modified by any court of competent jurisdiction with the consent of each of NorRock and Partners REIT, acting reasonably;

"**Letter of Transmittal**" means the letter of transmittal enclosed with the Information Circular for use by the registered holders of the NorRock Preferred Shares;

"**NI 14-101**" means National Instrument 14-101 – *Definitions*, of the Canadian Securities Regulatory Authorities, as such instrument may be amended or supplemented from time to time, or any similar instrument, rule or regulation hereafter adopted by any of the Canadian Securities Regulatory Authorities having substantially the same effect as such instrument;

"**NorRock**" means NorRock Realty Finance Corporation, a corporation existing under the laws of Ontario;

"**NorRock Arrangement Resolutions**" means, collectively, the NorRock Class A Arrangement Resolution, the NorRock Preferred Shares Arrangement Resolution, and the NorRock Class J Share Arrangement Resolution;

"**NorRock Class A Amount**" means the Initial Asset Value, less the NorRock Preferred Share Amount;

"**NorRock Class A Arrangement Resolution**" means the special resolution of the holders of NorRock Class A Shares approving, among other things, the Arrangement, as required by the Interim Order and Applicable Laws;

"**NorRock Class A Share Consideration**" has the meaning ascribed thereto in Section 3.01(4)(b);

"**NorRock Class A Shares**" means the Class A shares in the capital of NorRock;

"**NorRock Class J Share Arrangement Resolution**" means the special resolution of the holder of the NorRock Class J Share approving, among other things, the Arrangement, as required by the Interim Order and Applicable Laws;

"**NorRock Class J Shareholder**" means the NorRock Class J Trust, the legal and beneficial owner of all of the issued and outstanding NorRock Class J Shares;

"**NorRock Class J Shares**" means the Class J shares in the capital of NorRock;

"**NorRock Class J Trust**" means NorRock Realty Finance Trust, a trust governed by an amended and restated declaration of trust dated February 5, 2008, as amended;

"**NorRock Lock-Up Holders**" means, collectively, Green Tree and the NorRock Class J Shareholder;

"**NorRock Meeting**" means the special meeting of NorRock Shareholders, and any adjournments or postponements thereof, to be called to, *inter alia*, consider and, if thought fit, authorize, approve and adopt the NorRock Arrangement Resolutions in accordance with the Interim Order;

"**NorRock Preferred Share Amount**" means an amount equal to \$23.75 multiplied by the number of NorRock Preferred Shares issued and outstanding immediately prior to the Effective Time;

"**NorRock Preferred Shares Arrangement Resolution**" means the special resolution of holders of NorRock Preferred Shares approving, among other things, the Arrangement, as required by the Interim Order and Applicable Laws;

"**NorRock Preferred Shares**" means the preferred shares, Series 1 in the capital of NorRock;

"**NorRock Shareholders**" means the holders of NorRock Shares;

"**NorRock Shares**" means, collectively, the NorRock Preferred Shares, the NorRock Class A Shares and the NorRock Class J Share;

"**NorRock Transfer Agent**" means Computershare Investor Services Inc., transfer agent for NorRock;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended;

"**Partners REIT Arrangement Resolution**" means the special resolution of Partners REIT Securityholders approving the issuance of the Partners REIT Units contemplated by the Plan, as required by Applicable Laws;

"**Partners REIT**" means Partners Real Estate Investment Trust, a trust formed pursuant to the Declaration of Trust;

"**Partners REIT Securityholders Meeting**" means the special meeting of Partners REIT Securityholders, and any adjournments thereof, to be called to, *inter alia*, consider and, if thought fit, authorize, approve and adopt the Partners REIT Arrangement Resolution;

"**Partners REIT Securityholders**" means holders of Partners REIT Units;

"**Partners REIT Transfer Agent**" means Computershare Investor Services Inc., transfer agent for Partners REIT;

"**Partners REIT Units**" means the units of Partners REIT as described in the Declaration of Trust;

"**Partnership Agreement**" means the second amended and restated NorRock Realty Finance L.P. Limited Partnership Agreement dated July 24, 2009, as amended;

"**Person**" includes any individual, firm, partnership, joint venture, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"**Plan**" means this plan of arrangement as amended or supplemented from time to time, and "hereby", "hereof", "herein", "hereunder", "herewith" and similar terms refer to this Plan and not to any particular provision of this Plan;

"**Portfolio**" means a portfolio of common shares of Canadian public companies.

"**Property**" means the property, real or personal, tangible or intangible, of Partners REIT or NorRock, as the context requires, and includes, in the case of NorRock, the Portfolio;

"**Realized Cash**" has the meaning ascribed thereto in the definition of "Cash Amount";

"**Reference L.P.**" means NorRock Realty Finance L.P., a limited partnership formed under the laws of the Province of Ontario pursuant to the Partnership Agreement;

"**registered holder or registered Shareholder**" means, when used with reference to the NorRock Shares, the registered holders of those securities as shown in the register maintained by or on behalf of NorRock in respect of such securities including, without limitation, any such holder who is holding such securities on behalf of any beneficial non-registered shareholder or shareholders;

"**Retained Value**" has the meaning attributed to such term in the Subscription Agreement;

"**Rights**" means the rights to acquire Partners REIT Units which rights are distributed by NorRock in accordance with Section 3.01(6) and which have the terms and conditions set out in the Rights Indenture;

"Rights Indenture" means a rights indenture to be entered into between Partners REIT and Computershare Trust Company of Canada, as rights agent, in connection with the issuance of the Rights, a form of which is attached as Appendix "I" to the Subscription Agreement;

"SARs" means the stock appreciation rights issued by NorRock on May 25, 2011, which permit the holder to obtain the difference between the price of a NorRock Class A Share and \$5.11;

"Securityholders' Meetings" means the NorRock Meeting and the Partners REIT Securityholders Meeting;

"Stub Period Payment" means an amount equal to \$0.4219 multiplied by a fraction the numerator of which is the number of days elapsed since the last day in the financial quarter of NorRock ended prior to the Closing Date (including the Closing Date) and the denominator of which is the total number of days in the financial quarter in which the Closing Date occurs;

"Subscription Agreement" means the form of subscription agreement substantially in the form of Exhibit I to this Plan pursuant to which NorRock will receive Partners REIT Units, cash and Rights in consideration of the transfer of the Transferred Assets to Partners REIT;

"Subsidiaries" means all of the direct and indirect subsidiaries of NorRock, including, for greater certainty, Reference L.P. (including the direct and indirect subsidiaries of Reference L.P.);

"Transaction Expenses" means \$1.38 million;

"Transferred Assets" means the Cash Amount, the Assigned Mortgages and the Assigned Shares;

"TSX" means the Toronto Stock Exchange;

"TSX Manual" means the TSX Company Manual;

"TSXV" means the TSX Venture Exchange;

"TSXV Manual" means the TSXV Corporate Finance Manual; and

"Unperfected Dissenter" has the meaning ascribed thereto in Section 6.01(1).

Terms other than the foregoing that are used in this Plan and that are defined in the Acquisition Agreement have the respective meanings ascribed to them in the Acquisition Agreement.

1.02 Headings

The headings contained in this Plan are for reference purposes only and will not affect in any way the meaning or interpretation of this Plan.

1.03 Interpretation

Unless the contrary intention appears, references in this Plan to an article, section, paragraph, subparagraph or schedule by number or letter or both refer to the article, section, paragraph, subparagraph or schedule bearing that designation in this Plan.

1.04 Extended Meanings

In this Plan, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender will include all genders; and the term "including" means "including without limiting the generality of the foregoing".

1.05 Date for any Action

In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action will be required to be taken on the next succeeding day which is a Business Day in such place.

1.06 Statutory References

References in this Plan to any statute or sections thereof will include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.07 Deemed Currency

Unless otherwise stated, all references in this Plan to sums of money are expressed and will be payable in lawful money of Canada.

ARTICLE 2 **PURPOSE AND EFFECT OF THE PLAN**

2.01 Purpose and Effect of the Plan

The purpose of this Plan is to carry out a reorganization of the assets, liabilities and share capital of NorRock as described in Section 3.01.

2.02 Binding Effect

This Plan and the Arrangement will be binding on Partners REIT, NorRock, all registered holders and beneficial owners of NorRock Shares and holders of SARs the Partners REIT Transfer Agent and the NorRock Transfer Agent without any further act or formality on the part of any Person except as expressly provided herein.

ARTICLE 3 **ARRANGEMENT**

3.01 Arrangement

Each of the events set out below will occur and be deemed to occur at the times set out without further act or formality required on the part of any Person, starting at the Effective Time:

- (1) At the Effective Time, Partners REIT and NorRock will enter into the Subscription Agreement, pursuant to which NorRock will transfer the Transferred Assets to Partners REIT and Partners REIT will issue the Partners REIT Units and Rights to NorRock pursuant to Section 3.01(2) and pay, or cause to be paid, the aggregate Cash Elected Amount in full satisfaction of the purchase price of the Transferred Assets.
- (2) In consideration of the transfer of the Transferred Assets pursuant to Section 3.01(1) above and subject to adjustment in accordance with Section 3.01(9), NorRock will receive at the Effective Time that number of Partners REIT Units as calculated in Section 3.01(4), that number of Rights as calculated in Section 3.01(6) and a cash payment equal to the aggregate Cash Elected Amount.
- (3) Any Dissenting Shareholders shall cease to be holders of their applicable NorRock Shares and shall cease to have any rights as a NorRock Shareholder other than the right to be paid the amount determined in accordance with Article 5 for such NorRock Shares and such Dissenting Shareholder's name shall be removed as a holder of such NorRock Shares from the register of the applicable class of NorRock Shares maintained by NorRock, except in the case of Dissenting Shareholders who formerly held NorRock Shares and who become Unperfected Dissenters in which case such Unperfected Dissenters will then be deemed to have held their NorRock Shares on the same basis as any non-dissenting NorRock Shareholder;

- (4) At five minutes after the Effective Time, NorRock will, subject to Article 4, distribute the Partners REIT Units acquired in Section 3.01(2) and certain cash to the NorRock registered Shareholders on the following basis:
- (a) For registered holders of NorRock Preferred Shares who have not validly exercised Dissent Rights, either:
 - (i) 13.72824 Partners REIT Units plus a cash payment equal to the Stub Period Payment for each NorRock Preferred Share held by them; or
 - (ii) 12.71676 Partners REIT Units plus a cash payment equal to the Stub Period Payment plus a cash payment of \$1.75 ("**Cash Elected Amount**") for each NorRock Preferred Share held by them;in each case as elected by such registered holder by completing the Letter of Transmittal or such alternative documentation that is acceptable to NorRock, provided that should the registered holder (A) fail to make such election or fail to properly complete the election documentation within the time frames set out in such documentation, or (B) have dissented in accordance with the provisions of Article 5 but become an Unperfected Dissenter for any reason such registered holder will be deemed to have elected to receive the consideration set out in Section 3.01(4)(a)(i) above;
 - (b) For registered holders of NorRock Class A Shares who have not validly exercised Dissent Rights, that number of Partners REIT Units per NorRock Class A Share calculated by (i) dividing (A) the NorRock Class A Amount by (B) the number of outstanding NorRock Class A Shares outstanding at the Effective Time with respect to which Dissent Rights have not been validly exercised, and (ii) dividing the result of the calculation in (i) by \$1.73 (the calculation of the amount per share in (i) being the "**NorRock Class A Share Consideration**"); and
 - (c) For holders of SARs, an amount in cash per SAR equal to the NorRock Class A Share Consideration minus \$5.11.
- (5) The distribution in Section 3.01(4)(a) will represent the purchase price for the NorRock Preferred Shares that will be purchased for cancellation by NorRock.
- (6) At five minutes after the Effective Time, NorRock will distribute the Rights to the registered holders of the NorRock Class A Shares who have not validly exercised Dissent Rights and the SARs on the basis of one Right for each Class A Share and each SAR outstanding at the Effective Time.
- (7) In connection with, and at the time of, the distribution in Section 3.01(4)(b) and Section 3.01(6), NorRock will reduce the stated capital account maintained by it for its NorRock Class A Shares by an amount equal to the fair market value of the property distributed as a return of capital to holders of NorRock Class A Shares in Section 3.01(4)(b) and Section 3.01(6).
- (8) After the distributions set out in Section 3.01(4), the NorRock Preferred Shares will be cancelled without any further payment therefor.
- (9) No fractional Partners REIT Units or Rights will be issued. To the extent that any registered NorRock Shareholder or holder of SARs is entitled to a fractional Partners REIT Unit or Right, such fraction will be rounded up to the nearest whole number for fractions above 0.50 and rounded down to the nearest whole number for fractions at or below 0.50.

ARTICLE 4
OUTSTANDING SECURITIES

4.01 Outstanding Certificates

Subject to Article 5, from and after the Effective Date certificates representing NorRock Preferred Shares will thereafter represent only the right to receive the certificates representing the Partners REIT Units and cash pursuant to Section 3.01 and Section 4.02(2), upon the holder thereof depositing with the Depository such documents as such Depository may reasonably require, including the Letter of Transmittal or such other documentation, subject to compliance with the requirements set forth in this Article 4.

4.02 NorRock Preferred Shares

On or before the Effective Time: (a) Partners REIT shall deposit, or cause to be deposited, with the Depository for the benefit of the registered holders of NorRock Class A Shares and NorRock Preferred Shares certificates representing that number of Partners REIT Units and Rights to be delivered pursuant to Section 3.01 and the aggregate Cash Elected Amount; and (b) NorRock shall deposit, or cause to be deposited, with the Depository for the benefit of the registered holders of NorRock Preferred Shares the aggregate Stub Period Payment:

- (1) NorRock will, as soon as practicable following the later of the Effective Date and the date of deposit (by a registered holder of NorRock Preferred Shares under the Arrangement) of a duly completed Letter of Transmittal:
 - (a) forward or cause to be forwarded by first class mail (postage prepaid) (or, in the case of postal disruption, by such other means as the Depository may deem prudent) to such former registered holder at the address specified in the Letter of Transmittal; or
 - (b) if requested by such holder in the Letter of Transmittal, make available or cause to be made available at the Depository for pickup by such registered holder;

certificates representing the number of Partners REIT Units to which such holder is entitled under the Arrangement and, a cheque (provided that the Depository may use other form and methods of payment that are reasonable) representing the cash to which such holder is entitled.

- (2) All distributions made with respect to any Partners REIT Units issued pursuant to this Arrangement but for which a certificate has not been issued will be paid or delivered to the Depository to be held by the Depository in trust for the beneficial holder thereof. All monies received by the Depository will be invested by it in trust accounts upon such terms as the Depository may reasonably deem appropriate. The Depository will pay and deliver to any such beneficial holder, as soon as reasonably practicable after application therefor is made by the beneficial holder to the Depository in such form as the Depository may reasonably require, such distributions to which such holder is entitled, net of applicable withholding and other taxes.
- (3) Where a registered holder of NorRock Preferred Shares has not deposited a Letter of Transmittal with the Depository as provided for in Section 4.02(1) on or prior to the sixth anniversary date of the Effective Time, it will cease to represent a right or claim of any kind or nature. Thereafter, the Partners REIT Units to which such registered holder would otherwise have been entitled under the Arrangement will be deemed to be cancelled together with all distributions and sale proceeds thereon held for such holder.

4.03 NorRock Class A Shares

Registered NorRock Class A Shareholders at the Effective Time shall be entitled to receive certificates representing the Partners REIT Units and Rights to which each such registered holder is entitled under the Arrangement as soon as practicable after the Effective Date. The Partners Transfer Agent shall register, and the Depository shall mail, certificates representing the Partners REIT Units and Rights to which each registered NorRock Class A Shareholder

is entitled at the address for such registered shareholder shown in the securities register of NorRock held by the NorRock Transfer Agent.

4.04 Withholdings

Partners REIT and NorRock will be entitled to deduct and withhold from any amounts or property to be issued, paid, assigned or conveyed hereunder, such amounts as Partners REIT or NorRock, as the case may be, is required to deduct and withhold with respect to such payment or transfer under the *Income Tax Act* (Canada), the United States Internal Revenue Code of 1986 or any provision of federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts will be treated for all purposes hereof as having been paid to the holder of the NorRock Shares or SARs in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 5 **RIGHTS OF DISSENT**

5.01 Rights of Dissent

- (1) Registered holders of NorRock Class A Shares and NorRock Preferred Shares (other than the NorRock Lock-Up Holders) may exercise rights of dissent in connection with the Arrangement pursuant to and in the manner set forth in the Interim Order, section 185 of the OBCA and this Section 5.01 (the "**Dissent Rights**") as the same may be modified by the Interim Order or the Final Order, provided that the written objection referred to in subsection 185(6) of the OBCA (with respect to the applicable NorRock Arrangement Resolution) must be received by NorRock by 5:00 (p.m.) Toronto time on the Business Day immediately preceding the date of the NorRock Meeting (as it may be adjourned or postponed)). Dissenting Shareholder who duly exercise such Dissent Rights and who:
 - (a) are ultimately entitled to be paid fair value for their NorRock Shares will be deemed to have surrendered for cancellation the NorRock Shares held by them to NorRock at the Effective Time immediately prior to any of the steps described in Section 3.01, without any further act or formality, free and clear of any liens, charges and encumbrances of any nature whatsoever and NorRock will thereupon be obligated to pay the amount therefor determined to be the fair value of such NorRock Shares and such Dissenting Shareholders shall not be entitled to any other payment or consideration, including payment or consideration that would have been payable under the Arrangement had such Dissenting Shareholders not exercised Dissent Rights in respect of the applicable class of NorRock Shares; and
 - (b) become Unperfected Dissenters will be deemed to have participated in the Arrangement, as of the relevant time set forth in Section 3.01, on the same basis as any non-dissenting NorRock Shareholder of the applicable class.
- (2) Notwithstanding anything to the contrary in the OBCA, the fair value of the NorRock Shares will be determined as of the close of business on the day before the NorRock Arrangement Resolutions approving this Plan are adopted.
- (3) In no circumstances will NorRock, Partners REIT or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of NorRock Shares in respect of which such rights are sought to be exercised. For greater certainty, a NorRock Shareholder who has voted, or who has instructed a proxyholder to vote, in favour of the applicable NorRock Arrangement Resolution, will not be entitled to exercise Dissent Rights with respect to the applicable class of NorRock Shares.
- (4) In no circumstances will NorRock, Partners REIT or any other person be required to recognize registered holders of NorRock Shares that have validly exercised Dissent Rights as holders of

NorRock Shares at or after the Effective Time, and the names of such registered holders shall be removed from NorRock's register of holders of NorRock Class A Shares or NorRock Preferred Shares (as the case may be) as at the Effective Time, except in the case of Dissenting Shareholders who formerly held NorRock Shares and who become Unperfected Dissenters in which case such Unperfected Dissenters will then be deemed to have held their NorRock Shares on the same basis as any non-dissenting NorRock Shareholder.

ARTICLE 6
UNPERFECTED DISSENTERS

6.01 Circumstances when a Dissenting Shareholder becomes an Unperfected Dissenter

- (1) If a Dissenting Shareholder decides to not pursue his or her Dissent Rights, or fails to do so in accordance with the provisions of the Interim Order, section 185 of the OBCA and Article 5 or for any reason are ultimately not entitled to be paid fair value for their NorRock Shares (an "**Unperfected Dissenter**") such Dissenting Shareholder will be deemed to have participated in the Arrangement on the same basis as a non-dissenting Shareholder of the applicable class of NorRock Shares.

ARTICLE 7
AMENDMENTS

7.01 Amendments

- (1) NorRock reserves the right to amend, modify and/or supplement this Plan from time to time at any time prior to the Effective Time provided that any such amendment, modification or supplement must be contained in a written document that is:
 - (a) agreed to by Partners REIT;
 - (b) filed with the Court and, if made following the NorRock Meeting, approved by the Court; and
 - (c) communicated to NorRock Shareholders in the manner required by the Court (if so required).
- (2) Any amendment, modification or supplement to the Plan may be proposed by NorRock at any time prior to the NorRock Meeting (provided that Partners REIT shall have consented thereto in writing) with or without any other prior notice or communication, and, if so proposed and approved at the NorRock Meeting in the manner required by the Interim Order, shall become part of this Plan for all purposes.
- (3) Any amendment, modification or supplement to this Plan which is approved by the Court following the Meeting will be effective only if
 - (a) it is consented to by each of NorRock and Partners REIT; and
 - (b) required by the Court or Applicable Law at such time as it is consented to by the NorRock Shareholders.
- (4) Any amendment, modification or supplement to this Plan of may be made following the Effective Time unilaterally by NorRock (provided that Partners REIT shall have consented thereto in writing), provided that it concerns a matter that in the opinion of NorRock, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and is not adverse to the economic interests of any person that, immediately prior to the Effective Time, was a holder of NorRock Class A Shares, NorRock Preferred Shares or SARs.

ARTICLE 8
GENERAL AND FURTHER ASSURANCES

8.01 General

- (1) Any director or officer of NorRock is hereby authorized to execute and file the Articles of Arrangement and to execute and deliver all other documents and do all such other acts and things necessary or desirable to give effect to this Arrangement.
- (2) The directors of NorRock are hereby authorized, if they deem appropriate in their sole discretion and are acting in accordance with the Acquisition Agreement, to revoke this Plan and to not proceed with the Arrangement without further approval of the NorRock Shareholders.
- (3) Under no circumstances shall interest accrue or be paid by NorRock or the Depositary to Persons depositing certificates pursuant to Section 4.02 or entitled to a payment under Section 4.03, regardless of any delay making any payment contemplated by this Plan.
- (4) Notwithstanding that the transactions and events set out herein will occur and be deemed to occur as set out in this Plan without any further act or formality, each of the parties to the Acquisition Agreement will make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

EXHIBIT "I"
SUBSCRIPTION AGREEMENT

THIS AGREEMENT is made as of ●, 2011

BETWEEN

NORROCK REALTY FINANCE CORPORATION, a corporation incorporated under the laws of Ontario (the "**Vendor**"),

- and -

PARTNERS REAL ESTATE INVESTMENT TRUST, a trust formed under the laws of Ontario by the Declaration of Trust (as defined below) (the "**Issuer**").

WHEREAS the Vendor is a party to a Plan of Arrangement (the "**Arrangement**") approved by an order dated ●, 2011 of the Ontario Superior Court of Justice;

AND WHEREAS the Vendor desires to sell and transfer, on a taxable basis for purposes of the *Income Tax Act* (Canada), as amended (the "**Tax Act**"), certain of the assets of the Vendor, upon and subject to the terms and conditions set out in this Agreement and the Arrangement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.01 Definitions

In this Agreement, capitalized terms not otherwise defined have the meaning set forth in the Acquisition Agreement. In addition, the following terms have the following meanings:

"**Acquisition Agreement**" means the acquisition agreement between the Vendor and the Issuer dated as of October 17, 2011 which sets out the terms and conditions pursuant to which the parties thereto will effect the Arrangement.

"**Adjusted Issue Price**" means 1.73 (subject to such adjustments as NorRock and Partners REIT may agree, acting reasonably, are necessary to reflect any consolidations, splits or other customary "anti-dilution" events with respect to Partners REIT that occur following the Effective Date).

"**Aggregate Class A/SARs**" means the aggregate number of NorRock Class A Shares (excluding NorRock Class A Shares with respect to which Dissent Rights have been, and remain, validly exercised), and SARs of the Vendor that are outstanding immediately prior to the Effective Time.

"**Agreement**" means this subscription agreement, including its recitals and schedules, as amended from time to time.

"**Charges**" means all liens, charges, encumbrances and/or rights of others.

"**Declaration of Trust**" means the amended and restated declaration of trust of the Issuer dated as of November 3, 2010.

"**Dissent Rights**" has the meaning ascribed thereto in Section 5.01(1) of the Arrangement.

"**Dissenting Shareholder**" has the meaning ascribed thereto in the Arrangement.

"**Follow-On Consideration**" has the meaning ascribed thereto in Section 2.06.

"**Follow-On Units**" has the meaning ascribed thereto in Section 2.07.

"**Initial Units**" means the Units to be issued by the Issuer pursuant to Section 3.01(2) of the Arrangement.

"**Rights**" means the rights to acquire Partners REIT Units which rights are distributed by NorRock in accordance with Section 3.01(6) of the Arrangement and which have the terms and conditions set out in the Subscription Agreement and the Rights Indenture.

"**Rights Indenture**" means a rights indenture to be entered into between Partners REIT and Computershare Trust Company of Canada, as rights agent, in connection with the issuance of the Rights, a form of which is attached as Appendix "I" to this Subscription Agreement.

"**Rights Value Amount**" has the meaning ascribed thereto in Section 2.07.

"**Units**" means the units of the Issuer as described in the Declaration of Trust.

"**Unperfected Dissenter**" has the meaning ascribed thereto in Section 6.01(1) of the Arrangement.

"**Withheld Cash Amount**" means in respect of: (a) a NorRock Preferred Share, \$23.75; and (b) a NorRock Class A Share, \$7.41.

1.02 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.03 Extended Meanings

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and governmental authorities. The term "including" means "including without limiting the generality of the foregoing".

1.04 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

ARTICLE 2 **SUBSCRIPTION AND FOLLOW-ON SUBSCRIPTIONS**

2.01 Transferred Assets

The Vendor will sell, assign, transfer and convey to the Issuer and the Issuer will acquire from the Vendor, at the Effective Time, all of the right, title, benefit and interest of the Vendor in and to the Transferred Assets, which assets will be transferred free and clear of any Charges. In connection with the foregoing, and at the Effective Time, Vendor will cause its relevant Subsidiary holding legal title (as nominee for the Vendor) to a Transferred Asset to assign, transfer and convey such legal title to the Issuer.

2.02 Purchase Price

The purchase price ("**Purchase Price**") payable by the Issuer in consideration for the Transferred Assets will equal the aggregate amounts payable pursuant to Sections 2.03 and 2.04.

2.03 Purchase Price: Initial Units

In partial satisfaction of the Purchase Price for the Transferred Assets, the Issuer will, at the Effective Time, issue to the Vendor the Initial Units, as fully paid and non-assessable units in the capital of the Issuer and pay, or cause to be paid, the aggregate Cash Elected Amount.

2.04 Purchase Price: Rights

- (1) In satisfaction of any portion of the Purchase Price that exceeds the portion set out in Section 2.03, the Issuer will, at the Effective Time, issue a number of Rights to Vendor equal to the Aggregate Class A/SARs. The parties have determined that the fair market value of the Rights on the Effective Date is \$1.47 per Right.
- (2) Immediately upon receipt of the Rights, the Vendor will distribute them to the holders of the NorRock Class A Shares (excluding NorRock Class A Shares with respect to Dissent Rights which have been, and remain, validly exercised) and the SARs in accordance with the Arrangement.

2.05 Withheld Cash Amounts

The Vendor will pay to the Issuer within ten days of any Dissenting Shareholder becoming an Unperfected Dissenter, an amount (the "**Transferred Withheld Cash Amount**") in cash equal to the Withheld Cash Amount attributable to such Unperfected Dissenter.

2.06 Follow-On Consideration

The consideration ("**Follow-On Consideration**") payable by the Issuer in consideration for any Transferred Withheld Cash Amount will equal the aggregate amounts paid pursuant to Sections 2.07 and 2.08.

2.07 Follow-On Consideration: Follow-On Units

- (1) In partial satisfaction of the Follow-On Consideration for any Transferred Withheld Cash Amount, the Issuer will, within ten days of any Dissenting Shareholder becoming an Unperfected Dissenter, issue to the Vendor that number of Units ("**Follow-On Units**") equal to: (a) in the case of former holders of NorRock Preferred Shares: (x) the Transferred Withheld Cash Amount (then being transferred) divided by (y) the Adjusted Issue Price; and (b) in the case of an Unperfected Dissenter who formerly held NorRock Class A Shares: (x) (A) the Transferred Withheld Cash Amount (then being transferred); minus (B) \$1.47 multiplied by the number of NorRock Class A Shares formerly held by such Unperfected Dissenter with respect to which Dissent Rights have become unperfected (the "**Rights Value Amount**"), divided by (y) the Adjusted Issue Price, in each case as fully paid and non-assessable units in the capital of the Issuer.
- (2) Immediately upon receipt of the Follow-On Units, the Vendor will distribute them to the Unperfected Dissenter who formerly held NorRock Shares entitled to them in accordance with the Arrangement.

2.08 Follow-On Consideration: Rights

- (1) In satisfaction of the Rights Value Amount, the Issuer will, within ten days of any Dissenting Shareholder becoming an Unperfected Dissenter, issue a number of Rights to Vendor determined by dividing the Rights Value Amount by \$1.47. The parties have determined that the fair market value of the Rights on the Effective Date is \$1.47 per Right. For the avoidance of doubt, the Rights Value Amount shall only be payable in the case of NorRock Class A Shares.
- (2) Immediately upon receipt of the Rights, the Vendor will distribute them to the Unperfected Dissenter who formerly held NorRock Shares entitled to them in accordance with the Arrangement.

ARTICLE 3
REPRESENTATIONS AND COVENANTS

3.01 Vendor's Representations and Warranties

The Vendor hereby makes to the Issuer the following representations and warranties and acknowledges that the Issuer is relying upon such representations and warranties in connection with entering into this Agreement.

- (a) The Vendor is a corporation duly incorporated, organized and subsisting under the laws of Ontario with the corporate power to own its assets.
- (b) The Vendor has the power, authority and right to enter into and deliver this Agreement and to complete the transactions contemplated hereunder.
- (c) This Agreement constitutes a valid and legally binding obligation of the Vendor, and neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Vendor will result in the violation of any of the provisions of the constating documents or by-laws of the Vendor; any agreement or other instrument binding the Vendor; or any applicable law.
- (d) The Vendor is not a non-resident person within the meaning of the Tax Act.

3.02 Issuer's Representations and Warranties

The Issuer hereby makes to the Vendor the following representations and warranties and acknowledges that the Vendor is relying upon such representations and warranties in connection with entering into this Agreement:

- (a) The Issuer is a trust, organized and subsisting under the laws of Ontario.
- (b) The Issuer has the power, authority and right to enter into and deliver this Agreement and to complete the transactions contemplated hereunder.
- (c) This Agreement constitutes a valid and legally binding obligation of the Issuer, and neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Issuer will result in the violation of any of the provisions of the Declaration of Trust; any agreement or other instrument binding the Issuer; or any applicable law.

3.03 Transfer Taxes

The Vendor will be liable for and will pay, or will cause to be paid, all transfer, value added, ad-valorem, excise, sales, use, consumption, goods or services, land transfer, harmonized sales, retail sales, social services, or other similar taxes or duties (collectively, "**Transfer Taxes**") payable under any applicable law on or with respect to the transfer of the Transferred Assets pursuant to this Agreement. To the extent that any Transfer Taxes are required to be paid by or are imposed upon the Issuer, the Vendor will reimburse, or will cause to be reimbursed, to the Issuer such taxes within five Business Days of payment of such taxes by the Issuer.

3.04 Tax Elections

Neither the Vendor nor the Issuer will file any elections, designations or other filings in respect of taxes under the Tax Act in relation to the transfer of the Transferred Assets.

3.05 Liability

- (1) The Transferred Assets will be transferred to the Issuer by the Vendor free and clear of any encumbrances or adverse claims other than Permitted Liens.

- (2) The Issuer will become the sole registered and beneficial holder of the Transferred Assets at the Effective Time, free and clear of any adverse claim other than Permitted Liens.
- (3) The Vendor will be responsible for all obligations relating to the Transferred Assets arising on or prior to the Effective Time.
- (4) The Issuer will assume all obligations in respect of the Transferred Assets arising after the Effective Time.
- (5) Except as expressly set out in this Section 3.05, the Issuer otherwise assumes no liabilities whatsoever in connection with this Agreement.

ARTICLE 4 **GENERAL**

4.01 Further Assurances

Each of the Vendor and the Issuer will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may, either before or after the Effective Time, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

4.02 Time of the Essence

Time is of the essence of this Agreement.

4.03 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the parties hereto.

4.04 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

4.05 Currency

All references to currency herein are to lawful money of Canada.

4.06 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

4.07 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Counterparts may be executed either in original, electronic or faxed form and the parties adopt any signatures so received as original signatures of the parties.

4.08 Acknowledgement

Each of the parties hereto acknowledges that the trustees of the Issuer are entering into this Agreement solely in their capacity as trustees of the Issuer, and that the obligations or liabilities (including those arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including without limitation,

claims based on negligence or otherwise tortious behaviour) of the trustees, managers, officers, consultants, agents or employees of the Issuer hereunder will not be binding upon, nor will resort be had to the property of, any of the holders of units of the Issuer or any annuitant under a plan of which a holder of units is a trustee or carrier (an "**annuitant**"). The obligations or liabilities, if any, of the trustees, managers, officers or employees of the Issuer hereunder will be satisfied only out of the property of the Issuer. The provisions of this Section 4.08 will enure to the benefit of the heirs, successors, assigns and personal representatives of the trustees, managers, officers or employees of the Issuer and of the holders of units and annuitants and, to the extent necessary to provide effective enforcement of such provisions, the trustees of the Issuer are hereby acknowledged to be acting, and will be entitled to act as, trustees for the holders of units and annuitants. This Section 4.08 will survive the completion of the transactions contemplated by this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.

NORROCK REALTY FINANCE CORPORATION

Per: _____

Per: _____

PARTNERS REAL ESTATE INVESTMENT TRUST

Per: _____

APPENDIX "I"
RIGHTS INDENTURE

(See attached)

PARTNERS REAL ESTATE INVESTMENT TRUST

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

RIGHTS INDENTURE

Providing for the Issue of Rights

December ●, 2011

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THIS RIGHTS INDENTURE dated as of December ●, 2011

B E T W E E N:

PARTNERS REAL ESTATE INVESTMENT TRUST,
a trust existing pursuant to an amended and restated declaration of trust dated as
of November 3, 2010
(“**Partners REIT**”)

A N D

COMPUTERSHARE TRUST COMPANY OF CANADA,
a trust company existing under the federal laws of Canada
(the “**Rights Agent**”)

WHEREAS:

- A. All capitalized terms used in these recitals have the meanings ascribed to them in section 1.1 below;
- B. Partners REIT and NorRock have entered into the Acquisition Agreement;
- C. In connection with the transactions contemplated by the Acquisition Agreement and the Plan of Arrangement, Partners REIT and NorRock have entered into the Subscription Agreement;
- D. Pursuant to the terms of the Acquisition Agreement and the Plan of Arrangement, Partners REIT proposes to issue up to ● Rights;
- E. Each Right shall entitle the Holder to receive, without payment of any further consideration and without further action on the part of the holder thereof, the Deferred Consideration upon the terms and conditions herein set forth;
- F. Partners REIT is duly authorized to create and issue the Rights to be issued as herein provided;
- G. All things necessary have been done and performed to make the Rights, when issued as provided in this Indenture, legal, valid and binding upon Partners REIT with the benefits of and subject to the terms of this Indenture;
- H. The foregoing recitals are made as representations and statements of fact by Partners REIT and not by the Rights Agent; and
- I. The Rights Agent has agreed to act as the rights agent in respect of the Rights on behalf of the Holders on the terms and conditions herein set forth;

NOW THEREFORE THIS INDENTURE WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 DEFINITIONS

In this Indenture, including the recitals and schedules hereto, the following words and phrases shall have the following meanings:

“**2246329**” means 2246329 Ontario Limited, a corporation incorporated under the laws of the Province of Ontario;

“**2246329 Shares**” means all of the issued and outstanding shares of 2246329;

“**Acquisition Agreement**” means the acquisition agreement between NorRock and Partners REIT dated as of October 17, 2011 in respect of the Arrangement, as such agreement may be amended from time to time;

“**Aggregate Class A/SARs**” means the aggregate number of Class A Shares (excluding Class A Shares with respect to which Dissent Rights have been, and remain, validly exercised) and SARs of NorRock that are outstanding on the date hereof;

“**Arrangement**” means an arrangement under Section 182 of the *Business Corporations Act* (Ontario) on the terms and subject to the conditions set out in the Plan of Arrangement;

“**Assigned Mortgages**” means the mortgages transferred and assigned by NorRock to Partners REIT in accordance with the Plan of Arrangement;

“**Assigned Shares**” means the 2246329 Shares transferred and assigned by NorRock to Partners REIT in accordance with the Plan of Arrangement;

“**Business Day**” means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario, or Victoria, British Columbia or any other day on which the principal chartered banks located in Toronto, Ontario or Victoria, British Columbia, are not open for business;

“**Class A Shares**” means the Class A shares in the capital of NorRock;

“**Closing Date**” means the date hereof;

“**Closing Payment**” means the amount of \$12,600,000 minus the amount of Realized Cash (if any) payable in respect of the Assigned Mortgages and the Assigned Shares;

“**Counsel**” means a barrister or solicitor or firm of barristers or solicitors retained by the Rights Agent or retained or employed by Partners REIT and acceptable to the Rights Agent, acting reasonably;

“**Declaration of Trust**” means the amended and restated declaration of trust of Partners REIT dated as of November 3, 2010, as such declaration of trust may be amended, restated or superseded from time to time;

“**Deferred Consideration**” means the Deferred Units and/or the cash payable by Partners REIT, if any, to a Holder in accordance with section 2.2;

“**Deferred Payment**” has the meaning ascribed thereto in section 2.2(3);

“**Deferred Units**” has the meaning ascribed thereto in section 2.2(1);

“**distributions**” means distributions (payable in cash or in securities, property or assets of equivalent value) declared payable on the Partners REIT Units;

“**Extraordinary Resolution**” has the meaning ascribed thereto in sections 8.12 and 8.15;

“**Fair Market Value Report**” has the meaning ascribed thereto in section 2.3(1)(a)(ii);

“**Five Day VWAP**” means the volume weighted average trading price per unit of the Partners REIT Units on the principal exchange on which the Partners REIT Units then trade for the five Trading Days immediately preceding the date of calculation;

“**Holder**” means a Person for the time being who is the registered holder of a Right;

“**Holders’ Request**” means an instrument signed in one or more counterparts by Holders holding not less than 20% of the Rights issued and outstanding, requesting the Rights Agent to take a certain action or proceeding specified therein;

“**Indenture**” or “**this Indenture**” and “**hereto**”, “**herein**”, “**hereby**”, “**hereunder**”, “**hereof**” and similar expressions refer to this instrument and not to any particular Article, section, clause, subdivision or other portion hereof, and include each instrument supplemental or ancillary hereto or required to implement this instrument;

“**Indenture Legislation**” has the meaning ascribed thereto in subsection 10.1(1);

“**Interim Report**” has the meaning ascribed thereto in section 4.5(1);

“**Liquidated Value**” has the meaning ascribed thereto in section 2.2(4)(a);

“**NorRock**” means NorRock Realty Finance Corporation, a corporation incorporated under the laws of the Province of Ontario;

“**Partners REIT**” means Partners Real Estate Investment Trust and includes any Successor Entity to or of Partners REIT which has complied with the provisions of Article 7;

“**Partners REIT Units**” means the units of Partners REIT as described in the Declaration of Trust;

“**Payment Date**” means up to ninety days (as determined by Partners REIT) after the earlier of: (a) the Realization Date; and (b) the date that Partners REIT calculates the Retained Value in accordance with Section 2.2(4)(b);

“**Person**” includes any individual, corporation, company, partnership, association, joint venture, trust, unincorporated association, government or governmental authority;

“**Plan of Arrangement**” means the plan of arrangement attached as Schedule “A” to the Acquisition Agreement;

“**Privacy Laws**” has the meaning ascribed thereto in section 10.16;

“**Realization Date**” means the date on which Partners REIT has sold, disposed of or otherwise liquidated, all of the Assigned Mortgages and Assigned Shares in accordance with the terms and conditions of this Agreement;

“**Realized Cash**” has the meaning ascribed thereto in the Acquisition Agreement;

“**Retained Value**” has the meaning ascribed thereto in section 2.2(4)(b);

“**Rights**” mean the rights issued and certified hereunder and for the time being outstanding entitling Holders thereof to acquire Partners REIT Units or cash, in accordance with the terms hereof, and “**Right**” means any one of them;

“**Rights Agency**” means the principal transfer office of the Rights Agent in Toronto, Ontario and such other locations as Partners REIT may designate with the approval of the Rights Agent;

“**Rights Agent**” means Computershare Trust Company of Canada or its successor or successors for the time being as rights agent hereunder, at its principal offices in Toronto, Ontario;

“**Rights Certificate**” means a certificate in substantially the form set out in Schedule “A” hereto, issued and certified hereunder to evidence one or more Rights;

“**SARs**” means the stock appreciation rights issued by NorRock on May 25, 2011, which permit the holder to obtain the difference between the price of a Class A Share and \$5.11;

“**Securities Laws**” mean, as applicable, the securities laws, regulations, rules, rulings and orders in each of the provinces of Canada and the rules of the TSX;

“**Subscription Agreement**” means the subscription agreement dated the date hereof between Partners REIT and NorRock;

“**Successor Entity**” has the meaning ascribed thereto in section 7.1;

“**Termination Date**” means the date that Partners REIT fully pays to the Holders all Deferred Consideration to which such holders are entitled and which shall be no later than the Payment Date *provided that* the Termination Date shall occur no later than October 31, 2012;

“**Trading Day**” means a day on which more than 10,000 Partners REIT Units are traded through the facilities of the principal exchange on which the Partners REIT Units then trade;

“**Transferred Assets**” means the Cash Amount, the Assigned Mortgages and the Assigned Shares;

“**Trustee**” means a trustee of Partners REIT and “**Trustees**” or “**Board of Trustees**” means the board of trustees of Partners REIT or, whenever duly empowered, a committee of the board of trustees of Partners REIT, and reference to “**action by the trustees**” means action by the trustees of Partners REIT as a board or action by a committee as a committee;

“**TSX**” means the Toronto Stock Exchange or the TSX Venture Exchange;

“**United States**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

“**U.S. Person**” means a “U.S. person” as that term is defined in Rule 902(k) of Regulation S;

“**US Securities Exchange Act**” means the United States Securities Exchange Act of 1934;

“**Valuator**” means a “valuator” as described in Section 6.1 of Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions*, of certain of the Canadian Securities Regulatory Authorities, as such instrument may be amended or supplemented from time to time, or any similar instrument, rule or regulation hereafter adopted by any of the Canadian Securities Regulatory Authorities having substantially the same effect as such instrument, and who is independent of both NorRock and Partners REIT and all other interested parties; and

“**written request of Partners REIT**” and “**certificate of Partners REIT**” mean, respectively, a written order, request, consent and certificate signed in the name of Partners REIT by any one or more of the officers of Trustees of Partners REIT and may consist of one or more instruments so executed and any other documents referred to herein which is required or contemplated to be provided or given by Partners REIT is a document signed on behalf of Partners REIT by any one or more of such officers or Trustees;

and a derivative of any defined word or phrase has the meaning appropriate to the derivation of the word or phrase.

1.2 MEANING OF “OUTSTANDING” FOR CERTAIN PURPOSES

Except as provided in section 3.5, every Rights Certificate countersigned and delivered by the Rights Agent under this Indenture shall be deemed to be outstanding until the Termination Date, provided however that where a Rights Certificate has been issued in substitution for a Rights Certificate that has been lost, stolen or destroyed, only one of them shall be counted for the purpose of determining the Rights outstanding.

1.3 CERTAIN RULES OF INTERPRETATION

Unless otherwise specified in this Indenture:

- (a) words importing the singular number include the plural and *vice versa*;
- (b) words importing gender include both genders and *vice versa* and words importing individuals include firms and corporations and *vice versa*;
- (c) “**in writing**” or “**written**” includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including facsimile;
- (d) “**including**” is used for illustration only and not to limit the generality of any preceding words, whether or not non-limiting language (such as, “without limitation”, “but not limited to” and similar expressions) is used with reference thereto; and
- (e) reference to any statute, regulation or by-law includes amendments, consolidations, re-enactments and replacements thereof and instruments and legislation thereunder.

1.4 INTERPRETATION NOT AFFECTED BY HEADINGS, ETC.

The division of this Indenture into Articles, sections and other subdivisions, the inclusion of a table of contents and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Indenture.

1.5 APPLICABLE LAW

This Indenture, the Rights and the Rights Certificates shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Indenture, the Rights and the Rights Certificates, whether as to interpretation, performance or otherwise, shall be subject to the non-exclusive jurisdiction of the courts of the Province of Ontario and each of the parties hereto irrevocably attorns to the jurisdiction of the courts of such province.

1.6 LANGUAGE CLAUSE

The parties hereto have required that this Indenture and all documents and notices related thereto or resulting therefrom be drawn up in English.

1.7 DAY NOT A BUSINESS DAY

Whenever any payment is due or required to be made or any other action is required to be taken under this Indenture or the Rights Certificates on or as of a day that is not a Business Day, that payment must be made and the other action must be taken on or as of the next day that is a Business Day.

1.8 CONFLICT

In the event of a conflict or inconsistency between a provision of this Indenture and in the Rights Certificates issued hereunder, the relevant provision in this Indenture shall prevail to the extent of the inconsistency.

1.9 TIME OF THE ESSENCE

Time shall be of the essence of this Indenture, the Rights and the Rights Certificates.

1.10 CURRENCY

Except as otherwise stated, all dollar amounts herein are expressed in Canadian dollars.

1.11 SCHEDULES

Schedules "A" and "B" to this Indenture are incorporated into this Indenture by reference.

ARTICLE 2 ISSUE OF RIGHTS

2.1 CREATION AND ISSUE OF RIGHTS

- (1) Partners REIT hereby creates and authorizes the issue of Rights, with the aggregate number of Rights to be issued not to exceed • Rights¹.
- (2) The maximum number of Deferred Units issuable in connection with the delivery of the Deferred Consideration is 3,000,000 Partners REIT Units; *provided that* in the event that more than 3,000,000 Partners REIT Units are issuable in connection with the delivery of the Deferred Consideration and Partners REIT has not previously obtained approval from the applicable stock exchange on which such units are listed and posted for trading, any Deferred Consideration in excess of 3,000,000 Deferred Units shall be payable in cash.
- (3) The Rights Agent is hereby appointed rights agent in respect of the Rights.
- (4) Dissenting NorRock Shareholders. Pursuant to the Plan of Arrangement, to the extent that a registered holder of shares of NorRock who has validly exercised dissent rights in connection with the Arrangement is ultimately deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of shares of NorRock, Partners REIT shall cause the Rights Agent to forward the Rights to NorRock for distribution by NorRock as set out in the Plan of Arrangement.

2.2 TERMS OF RIGHTS

- (1) Each Right shall entitle the holder thereof to receive a number of Partners REIT Units (“**Deferred Units**”) calculated by dividing:
 - (a) the Deferred Payment (defined below), less the amount, if any, Partners REIT pays to the holder of the Right in cash (pursuant to Section 2.2(2)); by
 - (b) the Five Day VWAP calculated immediately prior to the Payment Date.
- (2) Subject to Section 2.2(1), in the sole discretion of Partners REIT, a cash amount may be delivered to a holder of a Right in lieu of all or a portion of the Deferred Units described in Section 2.2(1) in an amount selected by Partners REIT not to exceed the Deferred Payment (defined below) per Right.
- (3) The “**Deferred Payment**” shall be an amount per Right equal to the greater of:
 - (a) \$0.01; and
 - (b) the quotient of:
 - (i) the Liquidated Value plus the Retained Value (both as defined below) less the Closing Payment less 20% of the amount (if any) that the Liquidated Value exceeds the Closing Payment; divided by,

¹ To be completed on the closing date.

- (ii) the Aggregate Class A/SARS.
- (4) The Liquidated Value and the Retained Value shall be determined as follows:
 - (a) “**Liquidated Value**” shall be equal to the result of the following calculation:
 - (i) Assigned Mortgages and Assigned Shares that are repaid, sold, mature or are otherwise liquidated after the Closing Date and prior to July 1, 2012 to a person(s) dealing at arm’s length with Partners REIT shall be valued at an amount equal to the proceeds received by Partners REIT therefor, less
 - (A) Subject to section 2.3(1)(a) all documented and reasonable third party expenses attributable to such repayment, sale, maturity or liquidation; and
 - (B) all accrued interest from the Closing Date to the date of repayment, sale, maturity or liquidation; and
 - (ii) Assigned Mortgages and Assigned Shares that are sold after the Closing Date and prior to July 1, 2012 to person(s) not dealing at arm’s length with Partners REIT shall be valued at an amount equal to or above the fair market value as determined in accordance with the provisions of section 2.3, less
 - (A) all documented and reasonable third party expenses attributable to such repayment, sale, maturity or liquidation; and
 - (B) all accrued interest from the Closing Date to the date of repayment, sale, maturity or liquidation.
 - (b) Partners REIT shall, at its cost and expense, appoint two Valuators to value any Transferred Assets retained by Partners REIT at July 1, 2012 and ensure that the valuations prepared by the Valuators are completed by August 1, 2012. The Valuators shall value such retained Assigned Mortgages and Assigned Shares using whatever methodology they deem appropriate to determine the fair market value of those Assigned Mortgages and Assigned Shares as of July 1, 2012. The Valuators shall deliver a written report setting forth their valuation (or, in their discretion, a range of values) of such Assigned Mortgages and Assigned Shares by no later than August 1, 2012. After the delivery of the reports of the Valuators, Partners REIT shall determine the “**Retained Value**” by taking the simple average of the valuations (and, if the valuators have provided a range of values, by using the mid-point of such range to determine the simple average) of the retained Assigned Mortgages and Assigned Shares.
- (5) Partners REIT shall issue or pay (as the case may be) any Deferred Consideration to the holder of a Right on or before the Payment Date in accordance with Section 3.2.
- (6) Any Deferred Units issuable shall be fully paid and non assessable Partners REIT Units and shall subject to section 4.7 be listed and posted for trading on the principal stock exchange on which the Partners REIT Units are then listed and posted for trading.
- (7) All Rights shall rank *pari passu*, whatever may be the actual date of issue thereof.

- (8) The Rights and any rights thereunder shall terminate in accordance with the provisions of section 3.5.

2.3 LIMITATIONS ON NON-ARM'S LENGTH TRANSACTIONS

- (1) Prior to effecting a sale or other realization of the Assigned Shares and Assigned Mortgages to a non-arm's length party:
 - (a) Partners REIT shall at its cost and expense appoint a Valuator to:
 - (i) determine the fair market value of the applicable Assigned Mortgages and Assigned Shares as of a date not more than thirty Business Days prior to such proposed sale or realization using whatever methodology it deems appropriate; and
 - (ii) deliver a written report setting forth its determination (the "**Fair Market Value Report**"); and
 - (b) No less than seven Business Days prior to the sale or realization, Partners REIT shall deliver a copy of the Fair Market Value Report and notice setting out the terms on which the proposed sale or realization shall take place to the Rights Agent and cause the Rights Agent to forward such report to the Holders.

2.4 RIGHTS CERTIFICATES

- (1) The Rights Certificates to be issued to evidence the Rights authorized for issuance pursuant to section 2.1 shall be issuable in registered form only, shall be in the English language and shall be substantially in the form set out in Schedule "A".
- (2) All Rights Certificates shall be dated as of the date of their issuance, and shall bear such distinguishing letters and numbers as Partners REIT may, with the approval of the Rights Agent, prescribe, and shall be issuable in any denomination excluding fractions.
- (3) Rights Certificates shall continue to be in the form set out in Schedule "A" and shall continue to express the Deferred Consideration deliverable thereunder.

2.5 SIGNING OF RIGHTS CERTIFICATES

The Rights Certificates shall be signed by any Trustee or officer of Partners REIT. The signature of such signing officer may be mechanically reproduced in facsimile or electronically and Rights Certificates bearing such facsimile or electronic signature shall be binding upon Partners REIT as if they had been manually signed by such signing officer. Notwithstanding that any individual whose manual, facsimile or electronic signature appears on any Rights Certificate as a signing officer may no longer hold office or a trusteeship, as applicable, at the date of issue of such Rights Certificate or at the date of certification or delivery thereof, any Rights Certificate signed as aforesaid shall, subject to section 2.6, be valid and binding upon Partners REIT and the Holder thereof shall be entitled to the benefits of this Indenture.

2.6 CERTIFICATION BY THE RIGHTS AGENT

- (1) Rights Certificates evidencing the Rights shall be certified by or on behalf of the Rights Agent on

written direction of Partners REIT.

- (2) No Rights Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the Holder to the benefit hereof until it has been certified by manual signature by or on behalf of the Rights Agent substantially in the form of the certificate set out in Schedule "A", and such certification by the Rights Agent upon any Rights Certificate shall be conclusive evidence as against Partners REIT that the Rights Certificate so certified has been duly issued hereunder and that the Holder is entitled to the benefits hereof.
- (3) The certification of the Rights Agent on Rights Certificates issued hereunder shall not be construed as a representation or warranty by the Rights Agent as to the validity of this Indenture or the Rights Certificates (except the due certification thereof) and the Rights Agent shall in no respect be liable or answerable for the use made of the Rights Certificates or any of them or of the consideration therefor except as otherwise specified herein.

2.7 HOLDER NOT A UNITHOLDER

Nothing in this Indenture or in the holding of a Right itself evidenced by a Rights Certificate, or otherwise, shall be construed as conferring upon a Holder any right or interest whatsoever as a unitholder of Partners REIT, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of unitholders or any other proceedings of Partners REIT, or the right to receive distributions and other distributions, except as may be provided herein or in the Rights Certificates.

2.8 ISSUE IN SUBSTITUTION FOR LOST RIGHTS CERTIFICATE

- (1) If any of the Rights Certificates shall become mutilated or lost, destroyed or stolen, Partners REIT, subject to applicable law and to subsection 2.8(2), shall issue and thereupon the Rights Agent shall certify and deliver a new Rights Certificate of like date and tenor as the one mutilated, lost, destroyed or stolen upon surrender and in place of and upon cancellation of such mutilated Rights Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Rights Certificate, and the substituted Rights Certificate shall be in a form approved by the Rights Agent and shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Rights Certificates issued or to be issued hereunder.
- (2) The applicant for the issue of a new Rights Certificate pursuant to this section 2.8 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to Partners REIT and to the Rights Agent evidence of ownership and of the loss, destruction or theft of the Rights Certificate so lost, destroyed or stolen satisfactory to Partners REIT and to the Rights Agent in their sole discretion, in each case acting reasonably, and such applicant may also be required to furnish an indemnity or surety bond in amount and form satisfactory to Partners REIT and the Rights Agent in their sole discretion, in each case acting reasonably, and shall pay the reasonable charges of Partners REIT and the Rights Agent in connection therewith.

2.9 REGISTER FOR RIGHTS

Partners REIT shall cause to be kept by and at the Rights Agency which is the principal transfer office of the Rights Agent in Toronto, Ontario and in such other place or places as Partners REIT with the approval of the Rights Agent may designate, a securities register in which shall be entered the names and addresses of Holders and the other particulars, prescribed by law, of the Rights held by them. Partners REIT shall also cause to be kept by and at such office the register of transfers, and may also cause to be kept by the

Rights Agent or such other registrar or registrars and at such other place or places as Partners REIT may designate with the approval of the Rights Agent, branch registers of transfers (including, without limitation, branch registers of transfers at each of the other Rights Agencies) in which shall be recorded the particulars of the transfers of Rights registered in that branch register of transfers.

2.10 TRANSFER OF RIGHTS

- (1) Other than in connection with a distribution of Rights by NorRock pursuant to the Plan of Arrangement, the Rights may not be transferred other than:
 - (a) by operation of law; and
 - (b) to the heirs, executors and successors of an initial Holder.
- (2) Subject to subsections 2.9(1) and 2.10(3) and such reasonable requirements as the Rights Agent may prescribe and all applicable securities legislation and requirements of regulatory authorities, the Rights may be transferred on the register kept at the Rights Agency by the Holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and manner of execution satisfactory to the Rights Agent only upon the surrendering of the relevant Rights Certificate with the transfer form forming part thereof duly completed and signed. After receiving the surrendered Rights Certificate and upon the Holder surrendering the same meeting the requirements set forth above, the Rights Agent shall issue to the transferee a Rights Certificate representing the Rights transferred.
- (3) No transfer of a Right shall be effective or shall be entered on the register kept by the Rights Agent unless the transferee thereof certifies in writing that:
 - (a) it is not a U.S. Person;
 - (b) at the time of transfer it is not within the United States; and
 - (c) it is not acquiring such Right by or on behalf of a U.S. Person or a Person within the United States.

The transferee shall also be required to acknowledge that it shall notify Partners REIT prior to the Termination Date if the representations, warranties and certifications contained in the transfer form attached to the Rights Certificate, as applicable, are no longer true and correct.

- (4) No transfer of a Right shall be valid:
 - (a) unless made in accordance with the provisions hereof;
 - (b) until, upon compliance with such reasonable requirements as the Rights Agent may prescribe, such transfer is recorded on the register maintained by the Rights Agent pursuant to subsection (1) of this section 2.10; and
 - (c) until all governmental or other charges arising by reason of such transfer have been paid.

2.11 TRANSFEREE ENTITLED TO REGISTRATION

The transferee of a Right in accordance with subsection 2.9(1) shall, after the transfer form attached to the Rights Certificate is duly completed and the Rights Certificate and transfer form are lodged with the Rights Agent, and upon compliance with all other conditions in that regard required by this Indenture and by all applicable securities legislation and requirements of regulatory authorities, be entitled to have his name entered on the register as the owner of such Right free from all equities or rights of set-off or counterclaim between Partners REIT and his transferor or any previous Holder of such Right, save in respect of equities of which Partners REIT or the transferee is required to take notice by statute or by order of a court of competent jurisdiction.

No duty shall rest with the Rights Agent to determine compliance of the transferee or transferor of any Rights with applicable securities legislation. The Rights Agent may assume for the purposes of this Indenture that the address on the register of Holders of any Holder is the actual address of such Holder and is also determinative of the residence of such Holder and that the address of any transferee to whom any Rights or other securities deliverable in connection with any Rights are to be registered, as shown on the transfer document, is the actual address of the transferee and is also determinative of the residency of the transferee.

2.12 REGISTERS OPEN FOR INSPECTION

The registers hereinbefore referred to shall be open at all reasonable times and upon reasonable notice for inspection by Partners REIT, the Rights Agent or any Holder. The Rights Agent shall, from time to time when requested to do so by Partners REIT, furnish Partners REIT with a list of the names and addresses of Holders of Rights entered in the register kept by the Rights Agent and showing the number of Rights held by each such Holder.

2.13 OWNERSHIP OF RIGHTS

- (1) Partners REIT and the Rights Agent may deem and treat the registered Holder of any Rights Certificate as the absolute owner of the Right represented thereby for all purposes and Partners REIT and the Rights Agent shall not be affected by any notice or knowledge to the contrary, except where Partners REIT or the Rights Agent is required to take notice by statute or by order of a court of competent jurisdiction. For greater certainty, subject to applicable law, neither Partners REIT nor the Rights Agent shall be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any Right, and may transfer any Right in accordance with section 2.9 on the direction of the Person registered as Holder thereof, whether named as rights agent or otherwise, as though that Person were the beneficial owner thereof.
- (2) Subject to the provisions of this Indenture and applicable law, each Holder shall be entitled to the rights and privileges attaching to the Rights held thereby. The receipt by any such Holder of Partners REIT Units delivered pursuant to the Rights shall be a good discharge to Partners REIT and the Rights Agent with respect to such Rights and neither Partners REIT nor the Rights Agent shall be bound to inquire into the title of any such Holder except where Partners REIT or the Rights Agent is required to take notice by statute or by order of a court of competent jurisdiction.

2.14 EXCHANGE OF RIGHTS CERTIFICATES

- (1) Rights Certificates, representing Rights entitling the Holders to receive Deferred Consideration may, prior to the Termination Date and upon compliance with the reasonable requirements of the

Rights Agent, be exchanged for another Rights Certificate or Rights Certificates entitling the Holder thereof to receive in the aggregate the same number of Partners REIT Units as are issuable under the Rights Certificate or Rights Certificates so exchanged.

- (2) Rights Certificates may be exchanged only at the Rights Agency or at any other place that is designated by Partners REIT with the approval of the Rights Agent. Any Rights Certificates tendered for exchange shall be surrendered to the Rights Agent and shall be cancelled.
- (3) Except as otherwise herein provided, the Rights Agent shall charge to the Holder requesting an exchange a reasonable sum for each new Rights Certificate issued in exchange for a surrendered Rights Certificate(s); and payment of such charges and reimbursement to the Rights Agent or Partners REIT for any and all taxes or governmental or other charges required to be paid shall be made by such Holder as a condition precedent to such exchange.

2.15 PRINCIPAL OFFICE

- (1) If the principal transfer office of the Rights Agent in the city where the Rights Agency is situate is for any reason not available to act in connection with the exchange of Rights Certificates as contemplated by this Indenture, Partners REIT and the Rights Agent shall arrange for another office in such city to act in connection with the exchange of Rights Certificates and shall give notice of the change of such office to the Holders.

ARTICLE 3 TERMINATION DATE

3.1 METHOD OF DELIVERY OF DEFERRED CONSIDERATION

At least three Business Days prior to the Termination Date, Partners REIT shall provide the Rights Agent with a written direction setting out the Payment Date and method of payment in accordance with section 3.2. Notwithstanding any other provision of this Indenture, the Rights Agent, upon the direction of Partners REIT, may use the book-based system of CDS Clearing and Depository Services Inc. in order to evidence the Deferred Units that may be issued in accordance herewith, in which case the appropriate modifications shall be deemed to have been made to the terms of this Indenture in order to permit compliance with the operating procedures of such book-based system.

3.2 PAYMENT MECHANISM

Partners REIT shall cause to be mailed to the address of the Holder of the Rights last appearing on the register of Holders maintained by the Rights Agent pursuant to section 2.9, certificates representing the Deferred Units to be issued registered in the name of such Holder and/or a cheque in the name of such Holder representing the cash payable to the Holder in accordance with Section 2.2.

3.3 NO FRACTIONAL UNITS

Notwithstanding anything herein contained Partners REIT shall not be required, upon the delivery of the Deferred Consideration, to issue fractions of Deferred Units or to distribute certificates which evidence the same. No fractional Deferred Units shall be issued. To the extent that any Holder is entitled to a fractional Deferred Unit, Partners REIT shall cause to be paid to such Holder in lieu of a fractional Deferred Unit an amount in cash equal to the Deferred Payment representing such fractional Deferred Unit.

3.4 CANCELLATION OF RIGHTS

At the Termination Date, all Rights Certificates shall be cancelled and, after the expiry of any period of retention prescribed by law, destroyed by the Rights Agent, and the Rights Agent shall furnish Partners REIT on request with a destruction certificate identifying the Rights Certificates so destroyed, the number of Rights evidenced thereby and the number of Partners REIT Units which were acquired pursuant to each destroyed Rights Certificate.

3.5 RIGHTS VOID

The Rights shall, as at the Termination Date, be null, void and of no effect.

3.6 ACCOUNTING AND RECORDING

- (1) Any instruments, from time to time received by the Rights Agent, shall be received in trust for, and shall be segregated and kept apart by the Rights Agent in trust for, Partners REIT.
- (2) The Rights Agent shall record the particulars of the names and addresses of the Persons who become holders of Partners REIT Units in connection with the delivery of the Deferred Consideration.

ARTICLE 4 COVENANTS OF PARTNERS REIT

4.1 MAINTENANCE

So long as any Rights are outstanding, Partners REIT shall, use its commercially reasonable efforts to at all times maintain its existence, carry on and conduct its business, and that of its material subsidiaries in accordance with good business practice.

4.2 ISSUANCE OF PARTNERS REIT UNITS

The Rights, when issued and countersigned as herein provided, shall be valid and enforceable against Partners REIT and, subject to the provisions of this Indenture, Partners REIT shall cause the Deferred Consideration that is issuable or payable pursuant to this Indenture and the certificates representing any Partners REIT Units to be duly issued and delivered and any cash to be delivered in accordance with the Rights Certificates and the terms hereof. Partners REIT shall allot and reserve and keep available a sufficient number of Partners REIT Units for the purpose of enabling it to satisfy its obligations to issue Partners REIT Units in accordance with this Indenture. All Partners REIT Units issued pursuant to this Indenture shall be issued as fully paid and non-assessable. Partners REIT shall make all requisite filings, and pay all applicable fees, under applicable Securities Laws to report the issuance of the Deferred Consideration.

4.3 TO PAY RIGHTS AGENT REMUNERATION AND EXPENSES

Partners REIT covenants that it shall pay to the Rights Agent from time to time reasonable remuneration for its services hereunder and shall pay or reimburse the Rights Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Rights Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its Counsel and all other advisors and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Rights Agent hereunder shall be finally and fully performed

and even after the termination of this Indenture, except any such expenses, disbursement or advance as may arise out of or result from the Rights Agent's gross negligence, wilful misconduct or fraud. Such remuneration which shall remain unpaid for a period of 30 Business Days after invoicing shall incur interest at the rate then charged by the Rights Agent to its corporate clients. The Rights Agent shall not have any recourse against the securities or any other property held by it pursuant to this Indenture for payment of its fees.

4.4 TO PRESERVE VALUE; DISPOSE OF ASSIGNED MORTGAGES

Partners REIT covenants in favour of the Holders that it shall:

- (1) use commercially reasonable efforts to preserve the value of the Assigned Shares and Assigned Mortgages; and/or
- (2) dispose of the Assigned Shares and Assigned Mortgages in a commercially reasonable manner.

4.5 TO PROVIDE NOTICES

Partners REIT covenants in favour of the Holders that it shall provide written notices to the Rights Agent ten Business Days after each of the dates set out below and cause the Rights Agent to forward such written notice to each Holder:

- (1) A notice (an "**Interim Report**") dated as of the following dates:
 - (a) January 31, 2012;
 - (b) March 31, 2012; and
 - (c) May 31, 2012,setting out,
 - (d) the amount realized from the Assigned Mortgages and Assigned Shares that are repaid, sold, mature or are otherwise liquidated after the Closing Date (if any) since the Closing Date in the case of the first Interim Report and since the date of the most recent prior Interim Report in the case of all other Interim Reports and prior to the date of the applicable Interim Report including details of all third party expenses attributable to such repayment, sale, maturity or liquidation and all accrued interest from the Closing Date to the date of such repayment, sale, maturity or liquidation; and
 - (e) the amount of Assigned Mortgages and Assigned Shares retained by Partners REIT as at the date of the Interim Report;
- (2) Within ten Business Days after July 1, 2012, a notice setting out the information required in an Interim Report and including the names of the Valuers if applicable;
- (3) No later than August 31, 2012, a notice containing the complete reports of the Valuers and the calculation of the Retained Value (if applicable) along with a detailed description of the calculation by which the amount of the Deferred Consideration is derived;

- (4) No later than the date the Deferred Consideration is paid, a notice setting out in detail how the Retained Value was calculated and the number of Partners REIT Units or cash that were paid as the Deferred Consideration; and
- (5) If any of the Assigned Mortgages and Assigned Shares are intended to be sold by Partners REIT to a non-arm's length party and a valuation obtained in accordance with section 2.3, a copy of the valuation shall be sent by Partners REIT to the Rights Agent for distribution to the Holders, along with a notice setting out the terms on which the sale is intended to take place.

4.6 TO PERFORM COVENANTS

Partners REIT shall perform and carry out all of the acts or things to be done by it as provided in this Indenture and shall promptly advise the Rights Agent in writing of any material default by Partners REIT in the performance of its covenants hereunder.

4.7 TO PRESERVE LISTING

Partners REIT shall use its reasonable commercial efforts to ensure that all Partners REIT Units outstanding or issuable from time to time (including without limitation the Partners REIT Units issuable pursuant to this Indenture) continue to be or are listed and posted for trading on the TSX, provided that if the Partners REIT Units are not listed on the TSX at the time of the issuance of the Deferred Consideration, the Deferred Consideration shall be paid solely in cash. Partners REIT shall use reasonable commercial efforts to maintain its status as a reporting issuer in good standing in all the provinces and territories of Canada and it shall make the requisite filings to be made by it under applicable Canadian securities legislation and stock exchange rules.

4.8 RIGHTS AGENT MAY PERFORM COVENANTS

If Partners REIT shall fail to perform any of its covenants contained in this Indenture, other than the covenants set out in section 4.4, the Rights Agent, upon receipt of written notice from Partners REIT of such failure to perform, shall notify the Holders of such failure on the part of Partners REIT or may itself perform any of the covenants capable of being performed by it but, subject to Article 10, shall be under no obligation to perform said covenants or to notify the Holders that it is doing so. All sums expended or advanced by the Rights Agent in so doing shall be repayable as provided in section 4.3, but the Rights Agent shall not be required to expend or risk its own funds. No such performance, expenditure or advance by the Rights Agent shall relieve Partners REIT of any default hereunder or of its continuing obligations under the covenants herein contained.

ARTICLE 5 ROLE OF RIGHTS AGENT

5.1 ROLE AS RIGHTS AGENT

The Rights Agent accepts its duties and responsibilities under this Indenture solely as a custodian, bailee and agent, and no trust is intended to be, or is or shall be, created hereby and the Rights Agent shall owe no duty hereunder as a trustee.

ARTICLE 6 ENFORCEMENT

6.1 SUITS BY HOLDERS OF RIGHTS

Subject to section 8.11, all or any of the rights conferred upon any Holder by any of the terms of the Rights Certificates or this Indenture may be enforced by the Holder by appropriate legal proceedings but without prejudice to the right which is hereby conferred upon the Rights Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Holders.

6.2 WAIVER OF DEFAULT

Upon the happening of any default hereunder the Holders of not less than 51% of the Rights then outstanding shall have the power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Rights Agent to waive any default hereunder and the Rights Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition, provided that no delay or omission of the Rights Agent or of the Holders, as applicable, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Rights Agent or the Holders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder or the rights resulting therefrom.

ARTICLE 7 SUCCESSOR ENTITIES

7.1 CERTAIN REQUIREMENTS

Prior to the Termination Date, Partners REIT shall not, directly or indirectly, sell, transfer or otherwise dispose of all or substantially all of its property and assets as an entirety to any other corporation and shall not amalgamate or merge with or into any other entity (any such other entity being herein referred to as a “**Successor Entity**”) unless:

- (1) the Successor Entity executes, before or contemporaneously with the consummation of any such transaction, an indenture supplemental hereto together with such other instruments as are satisfactory to the Rights Agent and in the opinion of Counsel are necessary or advisable to evidence the assumption by the Successor Entity of the due and punctual observance and performance of all the covenants and obligations of Partners REIT under this Indenture;
- (2) such transaction shall be to the satisfaction of the Rights Agent, acting reasonably, and in the opinion of Counsel, be upon such terms so as to substantially preserve and not impair in any material respect the rights and powers of the Rights Agent or of the Holders hereunder; and
- (3) the securities of the Successor Entity are listed on the TSX, provided that, if the securities of the Successor Entity are not listed on the TSX, the Deferred Consideration shall be paid in cash.

7.2 VESTING OF POWERS IN SUCCESSOR ENTITY

Whenever the conditions of section 7.1 have been duly observed and performed, the Successor Entity shall possess and from time to time may exercise each and every right and power of Partners REIT under this Indenture in the name of Partners REIT or otherwise and any act or proceeding by any provision of this Indenture required to be done or performed by any Trustees or officers of Partners REIT may be done

and performed with like force and effect by the Trustees or officers of such Successor Entity.

ARTICLE 8 MEETINGS OF HOLDERS OF RIGHTS

8.1 RIGHT TO CONVENE MEETING

The Rights Agent may at any time and from time to time and shall on receipt of a written request of Partners REIT or a Holders' Request and upon being indemnified and funded to its reasonable satisfaction by Partners REIT or by the Holders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Holders. In the event of the Rights Agent failing, within seven days after receipt of any such request and such indemnity and funding, to give notice convening a meeting, Partners REIT or such Holders, as the case may be, may convene such meeting. Every such meeting shall be held in Toronto, Ontario, or Victoria, British Columbia, or at such other place as may be approved or determined by the Rights Agent and Partners REIT, each acting reasonably.

8.2 NOTICE OF MEETINGS

At least 21 days' notice of any meeting of the Holders shall be given to the Holders in the manner provided in Article 9 and a copy thereof must be sent to the Rights Agent unless the meeting has been called by it and to Partners REIT unless the meeting has been called by it. Such notice must state the time when and the place where the meeting is to be held and state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article.

8.3 CHAIRMAN

An individual (who need not be a Holder) designated in writing by the Rights Agent, shall be the chairman of the meeting and if no individual is so designated, or if the individual so designated is not present within 15 minutes from the time fixed for the holding of the meeting, the Holders present in Person or by proxy shall choose an individual present to be chairman.

8.4 QUORUM

Subject to section 8.12, at any meeting of the Holders a quorum shall consist of Holders present in Person or by proxy and holding at least 10% of the aggregate number of then outstanding Rights, provided that at least two Persons entitled to vote thereat are personally present or represented by proxy. If a quorum is not present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Holders or pursuant to a Holders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting the Holders present in Person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may hold at least 10% of the then outstanding Rights.

8.5 POWER TO ADJOURN

The chairman of any meeting at which a quorum is present may with the consent of the meeting adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

8.6 SHOW OF HANDS

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, 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 the fact.

8.7 POLL

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Holders and/or proxies for Holders, a poll must be taken in such manner and either at once or after an adjournment, as the chairman directs. Questions other than Extraordinary Resolutions shall, if a poll is taken, be decided by a majority of the votes cast on the poll.

8.8 VOTING

On a show of hands, every Person who is present and entitled to vote, whether as a Holder or as proxy for one or more Holders or both, shall have one vote. On a poll, each Holder present in Person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each Right or Rights held or represented by that Person. A proxy need not be a Holder. In the case of joint Holders of a Right, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others; but in case more than one of them is present in person or by proxy, they must vote together in respect of the Rights of which they are joint Holders. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of any Rights held or represented by him, but shall not have a second or deciding vote.

8.9 REGULATIONS

- (1) The Rights Agent or Partners REIT with the approval of the Rights Agent, may from time to time make or vary or restate such regulations as it shall from time to time think fit regarding the following:
 - (a) providing for and governing the voting by proxy by Holders and the form of instrument appointing proxies and the manner in which the same shall be executed, and for the production of the authority of any Person signing on behalf of the giver of such proxy;
 - (b) for the deposit of instruments appointing proxies at such place as the Rights Agent, Partners REIT or the Holders convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited;
 - (c) for the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, telecopied or sent by facsimile before the meeting to Partners REIT or to the Rights Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting; and
 - (d) generally, the calling of meetings of Holders and the conduct of business thereat.

- (2) Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Except as such regulations may provide, the only Persons who shall be recognized at any meeting as Holders, or as entitled to vote or be present at the meeting in respect thereof (subject to section 8.10), shall be Holders and Persons whom Holders have by instrument in writing duly appointed as their proxies.

8.10 COMPANY AND RIGHTS AGENT MAY BE REPRESENTED

Partners REIT and the Rights Agent, by their respective officers or directors, and the legal advisers of Partners REIT and the Rights Agent, may attend any meeting of the Holders, and shall be recognized and given reasonable opportunity to speak to any resolutions proposed for consideration by the meeting, but shall not be entitled to vote thereat, whether in respect of any Rights held by them or otherwise.

8.11 POWERS EXERCISABLE BY EXTRAORDINARY RESOLUTION

Subject to applicable law and the rules and regulations of any stock exchange having jurisdiction, in addition to the powers conferred upon them by any other provisions of this Indenture or by law, the Holders at a meeting shall have the power, exercisable from time to time by Extraordinary Resolution:

- (1) to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Holders and/or the Rights Agent against Partners REIT, or against its property, whether such rights arise under this Indenture or the Rights Certificates or otherwise;
- (2) to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or in the Rights Certificates which must be agreed to by Partners REIT and to authorize the Rights Agent to concur in and execute any indenture supplemental hereto embodying any such modification, change, addition or omission;
- (3) to sanction any scheme for the reconstruction or reorganization of Partners REIT or for the consolidation, amalgamation or merger of Partners REIT with any other entity or for the sale, leasing, transfer or other disposition of the undertaking, property and assets of Partners REIT or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if section 7.1 has been complied with;
- (4) to direct or authorize the Rights Agent to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (5) to waive and direct the Rights Agent to waive any default of Partners REIT hereunder either unconditionally or upon any condition specified in such Extraordinary Resolution; and
- (6) to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Holders.

8.12 MEANING OF “EXTRAORDINARY RESOLUTION”

- (1) The expression “**Extraordinary Resolution**” when used in this Indenture means, subject as provided in this Article, a resolution proposed to be passed at a meeting of Holders duly convened and held in accordance with the provisions of this Article at which there are Holders present in person or by proxy who hold at least 10% of the aggregate number then outstanding

Rights and passed by the affirmative votes of the Holders holding at least 66 2/3% of the then outstanding Rights represented at the meeting and voted on a poll upon such resolution.

- (2) If, at any such meeting, the Holders holding at least 10% of the then outstanding Rights are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of the Holders, shall be dissolved; but in any other case it shall stand adjourned to such date, being not less than 7 nor more than 45 days later, and to such place and time as may be appointed by the chairman. Not less than two days' prior notice shall be given of the time and place of such adjourned meeting in the manner provided in Article 9. Such notice must state that at the adjourned meeting the Holders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the Holders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in subsection 10.12(1) shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that Holders holding at least 10% of the then outstanding Rights are not present in person or by proxy at such adjourned meeting.
- (3) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

8.13 POWERS CUMULATIVE

It is hereby declared and agreed that any one or more of the powers and/or any combination of the powers in this Indenture stated to be exercisable by the Holders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the rights of the Holders to exercise the same or any other such power or combination of powers thereafter from time to time.

8.14 MINUTES

Minutes of all resolutions and proceedings at every meeting of Holders shall be made and duly entered in books to be from time to time provided for that purpose by the Rights Agent at the expense of Partners REIT, and any such minutes as aforesaid, if signed by the chairman or secretary of the meeting at which such resolutions were passed or proceedings had, or by the chairman or secretary of the next succeeding meeting (if any) of the Holders, shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat, to have been duly passed and taken.

8.15 INSTRUMENTS IN WRITING

All actions which may be taken and all powers which may be exercised by the Holders at a meeting held as hereinbefore provided in this Article provided may also be taken and exercised by Holders holding at least 66 2/3% of the then outstanding Rights by an instrument in writing signed in one or more counterparts and the expression "**Extraordinary Resolution**" when used in this Indenture shall include an instrument so signed.

8.16 BINDING EFFECT OF RESOLUTIONS

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this

Article at a meeting of Holders shall be binding upon all Holders, whether present at or absent from such meeting, and every instrument in writing signed by Holders in accordance with section 8.15 shall be binding upon all the Holders of Rights, whether signatories thereto or not, and each and every Holder and the Rights Agent (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

ARTICLE 9 NOTICES

9.1 NOTICE TO PARTNERS REIT AND THE RIGHTS AGENT

- (1) Unless herein otherwise expressly provided, any notice to be given hereunder to Partners REIT, the Agent or the Rights Agent shall be deemed to be validly given if delivered or if sent by registered letter, postage prepaid, by facsimile transmission or by electronic transmission:

if to Partners REIT: 200 - 710 Redbrick Street
Victoria BC V8T 5J3

Attention:
Adam Gant, Chief Executive Officer
Patrick Miniutti, President and Chief Operating
Officer

Fax: (250) 592-9393

with a copy to: McCarthy Tétrault LLP
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto ON M5K 1E6

Attention:
David Tennant
Vanessa Grant

Fax: (416) 868-0673

if to the Rights Agent: Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777

and any such notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery or if sent by facsimile transmission, on the first Business Day following such transmission or, if mailed, on the fifth Business Day following the date of the postmark on such notice.

- (2) Partners REIT or the Rights Agent, as the case may be, may from time to time notify the others in the manner provided in subsection 9.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of Partners REIT or the Rights Agent, as the case may be, for all purposes of this Indenture.

9.2 NOTICE TO HOLDERS OF RIGHTS

Except as herein otherwise expressly provided and subject to section 9.3, any notice required or permitted to be given to Holders under the provisions of this Indenture shall be deemed to be validly given if personally delivered or if sent by ordinary post to the Holders at their addresses appearing in one of the registers hereinbefore mentioned. Any notice so sent shall be deemed to have been received on the next Business Day after the date of delivery to such address or, if mailed, on the fifth Business Day following the date on which it was mailed. Accidental error or omission in giving notice or accidental failure to give notice to Holders shall not invalidate any action or proceeding founded thereon. In determining under any provision hereof the date when notice of any meeting or other event must be given, the date of giving notice shall be included and the date of the meeting or other event shall be excluded.

9.3 MAIL SERVICE INFORMATION

- (1) If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Holders, the Rights Agent or Partners REIT would be unlikely to reach its destination in the ordinary course of mail, such notice shall be valid and effective only if the notice is:
 - (a) in the case of the Rights Agent or Partners REIT, delivered to an officer of the party to which it is addressed or if sent to such party, at the appropriate address in accordance with section 9.1 by facsimile or other means of prepaid transmitted or recorded communication; and
 - (b) in the case of Holders, published once (i) in the national edition of *The Globe & Mail*; and (ii) in such other place or places and manner, if any, as the Rights Agent may require.
- (2) Any notice given to the Holders by publication shall be deemed to have been given on the last day on which publication shall have been effected as required pursuant to subsection 9.3(1).

ARTICLE 10 CONCERNING THE RIGHTS AGENT

10.1 TRUST INDENTURE LEGISLATION

- (1) The expression “**Indenture Legislation**” means the provisions, if any, of the *Business Corporations Act* (Ontario) and any other statute of Canada or any province or territory thereof, and of any regulations under any such statute, relating to trust indentures and to the rights, duties and obligations of rights agents under trust indentures and of corporations under trust indentures, to the extent that such provisions may at the time be in force and applicable to this Indenture or Partners REIT.
- (2) Partners REIT and the Rights Agent agree that each shall at all times in relation to this Indenture and in relation to any action to be taken hereunder observe and comply with and be entitled to the benefits of Indenture Legislation.
- (3) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with any

mandatory requirement of Indenture Legislation, such mandatory requirement shall prevail.

10.2 NO CONFLICT OF INTEREST

The Rights Agent represents to Partners REIT that to the best of its knowledge, at the date of the execution and delivery of this Indenture there exists no material conflict of interest in its role as a fiduciary hereunder. In the event of a material conflict of interest arising in the Rights Agent's role as fiduciary hereunder the Rights Agent shall, as soon as practicable but in any case within 20 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its trust hereunder to a successor rights agent approved by Partners REIT. Notwithstanding the foregoing provisions of this section, if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Rights Certificate(s) shall not be affected in any manner whatsoever by reason hereof.

10.3 REPLACEMENT OF RIGHTS AGENT

- (1) The Rights Agent may resign its trust and be discharged from all further duties and liabilities hereunder by giving to Partners REIT at least 45 days' notice in writing or such shorter notice as Partners REIT may accept as sufficient. The Holders by Extraordinary Resolution shall have the power at any time to remove the existing Rights Agent and to appoint a new rights agent. If the Rights Agent resigns or is removed by Extraordinary Resolution or is dissolved, becomes bankrupt, goes into liquidation or otherwise becomes incapable of acting hereunder, Partners REIT shall forthwith appoint a new rights agent unless a new rights agent has already been appointed by the Holders; failing such appointment by Partners REIT, the retiring Rights Agent or any Holder may apply to a judge of a court having jurisdiction, on such notice as such Judge may direct, for the appointment of a new rights agent; but any new rights agent so appointed by Partners REIT or by the Court shall be subject to removal as aforesaid by the Holders. Any new rights agent appointed under any provision of this section must be a corporation authorized to carry on the business of a trust company in the Province of Ontario and, if required by the applicable trust indenture legislation of any other province or territory, in that other province or territory, and must be a corporation which is independent of Partners REIT and has no material conflict of interest. On any new appointment the new rights agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Rights Agent.
- (2) Any corporation into which the Rights Agent may be merged or with which it may be consolidated or amalgamated or any corporation resulting from any merger, consolidation or amalgamation to which the Rights Agent shall be a party or any corporation succeeding to the trust business of the Rights Agent, shall be the successor rights agent under this Indenture without the execution of any instrument or any further act.

10.4 EVIDENCE, EXPERTS AND ADVISERS

- (1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, Partners REIT shall furnish to the Rights Agent such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by Indenture Legislation or as the Rights Agent may reasonably require by written notice to Partners REIT.
- (2) In the exercise of its rights and duties hereunder, the Rights Agent may, if it is acting in good faith, rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of Partners REIT, certificates

of Partners REIT or other evidence furnished to the Rights Agent pursuant to any provision hereof or any Indenture Legislation or pursuant to a request of the Rights Agent, not only as to its due execution and the validity and effectiveness of its provisions, but also to the truth and acceptability of any information therein contained which the Rights Agent in good faith believes to be genuine.

- (3) Proof of the execution of an instrument in writing, including a Holders' Request, by any Holder may be made by the certificate of a notary public, or other officer with similar powers, that the person signing such instrument acknowledged to it the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Rights Agent may consider adequate.
- (4) The Rights Agent may, at the expense of Partners REIT employ or retain such counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any counsel, and shall not be responsible for any misconduct or negligence on the part of any such experts or advisers who have been appointed with due care by the Rights Agent.

10.5 RIGHTS AGENT MAY DEAL IN SECURITIES

Subject to section 10.2, the Rights Agent may buy, sell, lend upon and deal in securities of Partners REIT and generally contract and enter into financial transactions with Partners REIT or otherwise, without being liable to account for any profits made thereby.

10.6 RIGHTS AGENT NOT ORDINARILY BOUND

Except as otherwise specifically provided herein, the Rights Agent shall not, subject to the provisions of Indenture Legislation, be bound to give notice to any Person of the execution hereof, nor to do, observe or perform or see to the observance or performance by Partners REIT of any of the obligations herein imposed upon Partners REIT or of the covenants on the part of Partners REIT herein contained.

10.7 RIGHTS AGENT NOT REQUIRED TO GIVE SECURITY

The Rights Agent shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

10.8 RIGHTS AGENT NOT REQUIRED TO GIVE NOTICE OF DEFAULT

The Rights Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required to do so under the terms hereof; nor shall the Rights Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Rights Agent and in the absence of any such notice the Rights Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Rights Agent to determine whether or not the Rights Agent shall take action with respect to any default.

10.9 ACCEPTANCE OF TRUST

The Rights Agent hereby accepts the trust, duties and obligations in this Indenture declared and provided for and agrees to perform them upon the terms and conditions herein set forth and to hold and exercise the rights, privileges and benefits conferred upon it hereby in trust for the various Persons who shall from time to time be Holders, subject to all the terms and conditions herein set forth.

10.10 DUTIES OF RIGHTS AGENT

The Rights Agent, in exercising its powers and discharging its duties hereunder, shall:

- (1) act honestly and in good faith with a view to the best interests of the Holders; and
- (2) exercise the care, diligence and skill that a reasonably prudent rights agent would exercise in comparable circumstances.

10.11 ACTIONS BY RIGHTS AGENT

- (1) Subject only to section 10.10, the obligation of the Rights Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Rights Agent or the Holders hereunder shall be conditional upon the Holders delivering to the Rights Agent:
 - (a) a Holder's Request or Extraordinary Resolution directing the Rights Agent to take such act, action, or proceeding;
 - (b) sufficient funds to commence or continue such act, action or proceeding; and
 - (c) an indemnity reasonably satisfactory to the Rights Agent to protect and hold harmless the Rights Agent against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damages it may suffer by reason thereof.
- (2) None of the provisions contained in this Indenture shall require the Rights Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.
- (3) The Rights Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Holders, at whose instance it is acting, to deposit with the Rights Agent the Rights held by them, for which Rights the Rights Agent shall issue receipts.

10.12 PROTECTION OF RIGHTS AGENT

By way of supplement to the provisions of any law for the time being relating to trustees it is expressly declared and agreed as follows:

- (1) the Rights Agent shall not be liable for or by reason of any statements of fact or recitals in this Indenture or in the Rights Certificates (except the representation contained in section 10.2 or in the certificate of the Rights Agent on the Rights Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by Partners REIT;
- (2) nothing herein contained shall impose any obligation on the Rights Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument

ancillary or supplemental hereto; and

- (3) the Rights Agent shall not be bound to give notice to any Person or Persons of the execution hereof.

10.13 INDEMNIFICATION OF THE RIGHTS AGENT

The Rights Agent its Officers, Trustees, agents and employees shall at all times be indemnified and saved harmless by Partners REIT from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising in connection with this Indenture, including, without limitation, those arising out of or related to actions taken or omitted to be taken by the Rights Agent contemplated hereby, reasonable legal fees and disbursements on a solicitor and client basis and reasonable costs and expenses incurred in connection with the enforcement of this indemnity, which the Rights Agent may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Rights Agent. The foregoing provisions of this section do not apply to the extent that in any circumstance there have been acts of gross negligence, wilful misconduct, or bad faith by the Rights Agent. This indemnity shall survive the termination or discharge of this Indenture and the resignation or removal of the Rights Agent.

10.14 THIRD PARTY INTERESTS

Each party to this Indenture hereby represents to the Rights Agent that any account to be opened by, or interest to held by the Rights Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Rights Agent's prescribed form as to the particulars of such third party.

10.15 NOT BOUND TO ACT

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to Partners REIT, provided (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

10.16 PRIVACY LAWS

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Indenture. Despite any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. Partners REIT shall, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent shall use

commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Rights Agent agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from Partners REIT or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

10.17 FORCE MAJEURE

Neither party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provisions contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this section.

10.18 SEC CLAUSE

Partners REIT confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to section 12 of the US Securities Exchange Act or have a reporting obligation pursuant to section 15(d) of the US Securities Exchange Act. Partners REIT covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the US Securities Exchange Act or Partners REIT shall incur a reporting obligation pursuant to section 15(d) of the US Securities Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by Partners REIT in accordance with the US Securities Exchange Act, Partners REIT shall promptly deliver to the Rights Agent an officer's certificate (in a form provided by the Rights Agent) notifying the Rights Agent of such registration or termination and such other information as the Rights Agent may require at the time. Partners REIT acknowledges that the Rights Agent is relying upon the foregoing representation and covenants in order to meet certain US Securities and Exchange Commission obligations with respect to those clients who are filing with the US Securities and Exchange Commission.

ARTICLE 11 SUPPLEMENTAL INDENTURES

11.1 SUPPLEMENTAL INDENTURES

- (1) From time to time the Rights Agent and, when authorized by a resolution of its Trustees, Partners REIT may, subject to the provisions hereof, and they shall, when required by this Indenture, execute, acknowledge and deliver, by their proper officers, deeds or indentures supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:
 - (a) adding to the covenants of Partners REIT herein contained for the protection of the Holders in addition to those herein specified;
 - (b) making such provision not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder provided that the Rights Agent, relying on the opinion of Counsel, that such provisions shall not be prejudicial to the interests of the Holders;

- (c) adding to or altering the provisions hereof in respect of the transfer of Rights, making provision for the exchange of Rights Certificates and making any modification in the form of the Rights Certificate which does not affect the substance thereof;
 - (d) evidencing the succession, or successive successions, of other corporations to Partners REIT and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
 - (e) giving effect to any Extraordinary Resolution passed as provided in Article 8; and
 - (f) for any other purpose not inconsistent with the terms of this Indenture, provided that such purpose is not prejudicial to the rights of the Rights Agent or Holders, based on the opinion of Counsel.
- (2) The Rights Agent may also, without the consent or concurrence of the Holders, by supplemental Indenture or otherwise, concur with Partners REIT in making any changes or corrections in this Indenture which it has been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or clerical omission or mistake or manifest error contained herein or in any deed or indenture supplemental or ancillary hereto, provided that the Rights Agent, relying on the opinion of Counsel, the rights of the Rights Agent and of the Holders are in no way prejudiced thereby.

ARTICLE 12 ANTI-MONEY LAUNDERING

12.1 USE OF ACCOUNTS

Each party to this Indenture (other than the Rights Agent) hereby represents to the Rights Agent that any account to be opened by, or interest to be held by, the Rights Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Rights Agent's prescribed form as to the particulars of such third party.

ARTICLE 13 GENERAL PROVISIONS

13.1 EXECUTION

This Indenture may be simultaneously executed in several counterparts, and may be executed by facsimile or other means of electronic communication producing a printed copy, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

13.2 FORMAL DATE

This Indenture may be referred to as bearing the formal date December ●, 2011 irrespective of the actual date of execution hereof.

13.3 SATISFACTION AND DISCHARGE OF INDENTURE

Upon the Termination Date, this Indenture shall cease to be of any force and effect and the Rights Agent, on demand of and at the cost and expense of Partners REIT and upon delivery to the Rights Agent of a certificate of Partners REIT stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute instruments as requested by Partners REIT acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Rights Agent by Partners REIT hereunder shall remain in full force and effect and survive the termination of this Indenture.

13.4 PROVISIONS OF INDENTURE AND RIGHTS FOR THE SOLE BENEFIT OF PARTIES AND HOLDERS

Nothing in this Indenture or in the Rights Certificates, expressed or implied, shall give or be construed to give to any Person other than the parties thereto and the Holders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Holders.

13.5 ACKNOWLEDGEMENT

Each of the parties hereto acknowledges that the trustees of Partners REIT are entering into this Indenture solely in their capacity as trustees of Partners REIT, and that the obligations or liabilities (including those arising hereunder or arising in connection herewith or from the matters to which this Indenture relates, if any, including without limitation, claims based on negligence or otherwise tortious behaviour) of the trustees, managers, officers, consultants, agents or employees of Partners REIT hereunder shall not be binding upon, nor shall resort be had to the property of, any of the holders of units of Partners REIT or any annuitant under a plan of which a holder of units is a trustee or carrier (an “**annuitant**”). The obligations or liabilities, if any, of the trustees, managers, officers or employees of Partners REIT hereunder shall be satisfied only out of the property of Partners REIT. The provisions of this Section 13.5 shall enure to the benefit of the heirs, successors, assigns and personal representatives of the trustees, managers, officers or employees of Partners REIT and of the holders of units and annuitants and, to the extent necessary to provide effective enforcement of such provisions, the trustees of Partners REIT are hereby acknowledged to be acting, and shall be entitled to act as, trustees for the holders of units and annuitants. This Section 13.5 shall survive the completion of the transactions contemplated by this Indenture.

13.6 WITHHOLDING

Each of Partners REIT and the Rights Agent shall be entitled to deduct and withhold from any amounts or property to be issued, paid, assigned or conveyed hereunder, such amounts as Partners REIT or the Rights Agent, as the case may be, is required to deduct and withhold with respect to such payment or transfer under the *Income Tax Act* (Canada) or any provision of federal, provincial, state, local or foreign tax law. In lieu of withholding such amounts Partners REIT and the Rights Agent shall be entitled to otherwise recover or to require a Holder to provide for such applicable taxes. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the relevant Holder, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

[the rest of this page is left blank intentionally]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

PARTNERS REAL ESTATE INVESTMENT TRUST

Per: _____
Authorized Signing Officer

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

SCHEDULE "A"

FORM OF RIGHTS CERTIFICATE

(please see attached)

**THIS IS SCHEDULE "A" to the Rights Indenture made as of December ●, 2011
between PARTNERS REAL ESTATE INVESTMENT TRUST and
COMPUTERSHARE TRUST COMPANY OF CANADA as Rights Agent.**

RIGHTS CERTIFICATE

PARTNERS REAL ESTATE INVESTMENT TRUST

(a trust formed pursuant to an amended and restated declaration of trust dated as of November 3,
2010)

("Partners REIT")

RIGHTS
CERTIFICATE NO. _____

_____ **RIGHTS**, each entitling the
holder to acquire the Deferred
Consideration.

THIS IS TO CERTIFY THAT [●]

(the "**holder**") is the registered holder of the number specified above of rights ("**Rights**"), each Right entitling the holder, to receive cash and/or a number of Partners REIT Units ("**Deferred Units**") calculated by dividing (A) the Deferred Payment (as defined in the Rights Indenture), less the amount, if any, Partners REIT pays to the holder of the Right in cash, by (B) the Five Day VWAP calculated immediately prior to the Payment Date, all on the terms and conditions set out in a rights indenture (the "**Rights Indenture**") between Partners REIT and Computershare Trust Company of Canada dated December ●, 2011.

The Rights represented by this certificate are issued under and pursuant to the Rights Indenture. Reference is made to the Rights Indenture and any instruments supplemental thereto for a full description of the rights of the holders of the Rights and the terms and conditions upon which the Rights are, or are to be, issued and held, with the same effect as if the provisions of the Rights Indenture and all instruments supplemental thereto were herein set forth. By acceptance hereof, the holder assents to all provisions of the Rights Indenture. In the event of a conflict between the provisions of this Rights Certificate and the Rights Indenture, the provisions of the Rights Indenture shall govern. Capitalized terms used in the Rights Indenture have the meaning herein as therein, unless otherwise defined.

No Deferred Units will be issued pursuant to any Right if the issuance of such Units would constitute a violation of the securities laws of any applicable jurisdiction.

Upon the issuance of the Deferred Consideration in accordance with the terms of the Rights Indenture, the person or persons in whose name or names the Deferred Units, if any, are to be issued shall be deemed for all purposes (except as provided in the Rights Indenture) to be the holder or holders of record of such Deferred Units and Partners REIT will (subject to the provisions of the Rights Indenture) cause a certificate or certificates representing such Deferred Units to be delivered or mailed to the person or persons at the address or addresses specified on on the register of the Rights Agent.

In the event of any alteration of the Partners REIT Units, including any subdivision, consolidation or reclassification, and in the event of any form of reorganization of Partners REIT, including any amalgamation, merger or arrangement, an adjustment shall be made to the terms of the Rights such that the holders of Rights shall, upon the payment of the Deferred Consideration following the occurrence of any of those events, be entitled to receive the same number and kind of securities that they would have been entitled to receive had the Deferred Consideration been paid immediately prior to the occurrence of those events, provided that no fractional Partners REIT Units will be issued.

The registered holder of this Rights Certificate may, at any time prior to the Termination Date, upon surrender hereof to the Rights Agent at its principal offices in the cities of Vancouver or Toronto, exchange this Rights Certificate for other Rights Certificates entitling the holder to acquire, in the aggregate, the same Deferred Consideration as may be acquired under this Rights Certificate.

The holding of the Rights evidenced by this Rights Certificate shall not constitute the holder hereof a unitholder of Partners REIT or entitle the holder to any right or interest in respect thereof except as expressly provided in the Rights Indenture and in this Rights Certificate.

The Rights Indenture provides that all holders of Rights shall be bound by any resolution passed at a meeting of the holders held in accordance with the provisions of the Rights Indenture and resolutions signed by the holders of Rights.

The Rights evidenced by this Rights Certificate may be not be transferred except in accordance with the terms of the Rights Indenture and upon compliance with such reasonable requirements as the Rights Agent may prescribe.

This Rights Certificate shall not be valid for any purpose whatever unless and until it has been certified by or on behalf of the Rights Agent.

Each of the parties hereto acknowledges that the trustees of Partners Real Estate Investment Trust are entering into this Rights Certificate solely in their capacity as trustees of Partners Real Estate Investment Trust, and that the obligations or liabilities (including those arising hereunder or arising in connection herewith or from the matters to which this agreement relates, if any, including without limitation, claims based on negligence or otherwise tortious behaviour) of the trustees, managers, officers, consultants, agents or employees of Partners Real Estate Investment Trust hereunder will not be binding upon, nor will resort be had to the property of, any of the holders of units of Partners Real Estate Investment Trust or any annuitant under a plan of which a holder of units is a trustee or carrier (an “**annuitant**”). The obligations or liabilities, if any, of the trustees, managers, officers or employees of Partners Real Estate Investment Trust hereunder will be satisfied only out of the property of Partners Real Estate Investment Trust. The provisions of this paragraph will enure to the benefit of the heirs, successors, assigns and personal representatives of the trustees, managers, officers or employees of Partners Real Estate Investment Trust and of the holders of units and annuitants and, to the extent necessary to provide effective enforcement of such provisions, the trustees of Partners Real Estate Investment Trust are hereby acknowledged to be acting, and will be entitled to act as, trustees for the holders of units and annuitants. This paragraph will survive the completion of the transactions contemplated by this Rights Certificate.

Time shall be of the essence hereof.

IN WITNESS WHEREOF Partners REIT has caused this Rights Certificate to be signed by its duly authorized officer as of December ●, 2011.

**PARTNERS REAL ESTATE
INVESTMENT TRUST**

Per: _____

Certified by:

COMPUTERSHARE TRUST COMPANY OF CANADA
Rights Agent

By: _____

APPENDIX "D"
ACQUISITION AGREEMENT

ACQUISITION AGREEMENT

between

PARTNERS REAL ESTATE INVESTMENT TRUST

and

NORROCK REALTY FINANCE CORPORATION

Dated as of October 17, 2011

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ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT is made as of October 17, 2011,

BETWEEN:

PARTNERS REAL ESTATE INVESTMENT TRUST, a trust formed under the laws of Ontario by the Declaration of Trust (as defined below) ("**Partners REIT**"),

AND

NORROCK REALTY FINANCE CORPORATION, a corporation existing under the laws of Ontario ("**NorRock**"),

WHEREAS upon the terms and subject to the conditions set out in this Agreement, the Parties hereto intend to effect a business reorganization pursuant to which, or in connection with, Partners REIT will acquire the Transferred Assets (as defined below), as contemplated in the Plan of Arrangement;

AND WHEREAS all members of the board of directors of NorRock entitled to vote thereon have, after having received a preliminary fairness opinion from Cormark and an oral valuation from M Partners, unanimously: (i) determined that the transactions contemplated by this Agreement are fair to the holders of NorRock Class A Shares and NorRock Preferred Shares and in the best interests of NorRock; (ii) approved this Agreement and the transactions contemplated hereby; and (iii) determined to recommend that the NorRock Securityholders vote in favour of the transactions contemplated by this Agreement;

AND WHEREAS in furtherance of the transactions contemplated by this Agreement, the board of directors of NorRock has resolved to submit the Plan of Arrangement to the NorRock Securityholders at the NorRock Securityholders' Meeting and to the Court;

AND WHEREAS all members of the board of trustees of Partners REIT entitled to vote thereon have unanimously: (i) determined that the transactions contemplated by this Agreement are fair to the Partners REIT Securityholders and in the best interests of Partners REIT; and (ii) approved this Agreement and the transactions contemplated hereby; and (iii) determined to recommend that the Partners REIT Securityholders vote in favour of the issuance of the Partners REIT Units contemplated by the Plan of Arrangement;

AND WHEREAS in furtherance of the transactions contemplated by this Agreement, the trustees of Partners REIT have resolved to seek the approval of the Partners REIT Securityholders to the issuance of the Partners REIT Units contemplated by the Plan of Arrangement at the Partners REIT Securityholders Meeting;

AND WHEREAS it is intended that the Arrangement be effected under Section 182 of the OBCA pursuant to the Plan of Arrangement and upon the terms and subject to the conditions set forth herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the respective covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the following meanings, respectively:

"**2246329**" means 2246329 Ontario Limited, a corporation incorporated under the laws of the Province of Ontario and a direct, wholly-owned subsidiary of NorRock Realty Finance L.P.;

"**2246329 Shares**" means all of the issued and outstanding shares in the capital of 2246329;

"**633003**" means 633003 N.B. Inc., a corporation incorporated and existing under the laws of New Brunswick;

"**633003 Option to Purchase**" means the option in favour of Three Under Par Inc. to purchase a further 49 common shares of the issued and outstanding shares of 633003 from 2246329 pursuant to the 633003 Share Purchase Agreement;

"**633003 Share Purchase Agreement**" means the share purchase agreement dated August 5, 2010 between 2246329 and Three Under Par Inc., as amended by an amending agreement dated July 25, 2011;

"**633003 Shares**" means 150 common shares in the capital of 633003 legally and beneficially owned by, and registered in the name of, 2246329;

"**Accrued Dividend**" means an amount equal to \$0.4219 multiplied by a fraction the numerator of which is the numbers of days elapsed in the quarter when the Closing Date occurs including the Closing Date and the denominator of which is the total number of days in the applicable quarter;

"**Affiliate**" has the meaning ascribed thereto for the purposes of Part XX of the *Securities Act* (Ontario);

"**Agreement**", "**this Agreement**", "**herein**", "**hereto**", and "**hereof**" and similar expressions refer to this Acquisition Agreement, as the same may be amended or supplemented from time to time, and where applicable, to the appropriate Schedule hereto;

"**Applicable Laws**" means, in relation to any Person, Property, transaction or event, all applicable provisions in effect at the relevant time (or mandatory applicable provisions) of federal, provincial, territorial, state, local or foreign laws, statutes, rules, regulations, directives and orders of all Governmental Authorities, and all judgments, orders, decrees, decisions, rulings or awards of all Governmental Authorities to which the Person in question is a party or by which it is bound or having application to the Person, Property, transaction or event, including Canadian Securities Legislation;

"**Arrangement**" means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms hereof and/or of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of each of NorRock and Partners REIT, acting reasonably;

"**Arrangement Resolutions**" means the NorRock Arrangement Resolutions and the Partners REIT Arrangement Resolution;

"**Articles of Arrangement**" means the articles of arrangement of NorRock giving effect to the Arrangement which, pursuant to the OBCA and subject to the provisions of this Agreement, will be filed with the Director after the Final Order has been issued;

"**Assessment**" has the meaning ascribed thereto in Section 6.1(j);

"**Assigned Mortgages**" means the mortgages to be transferred and assigned by Reference L.P. (or its Subsidiaries) to NorRock upon the wind-up of Reference L.P. and further transferred and assigned by NorRock to Partners REIT, all in accordance with the Plan of Arrangement, and as more specifically described in Schedule B, excluding such mortgages that are sold, mature or are otherwise liquidated by NorRock prior to the Effective Time with the cash realized from such sale being held as part of the Cash Amount;

"**Assigned Shares**" means the 2246329 Shares, as more specifically described in Schedule B;

"**Brookfield**" means Brookfield Financial Corp., the financial advisor to Partners REIT;

"**Business Day**" means a day, other than a Saturday, Sunday or other day when banks in Toronto, Ontario or Victoria, British Columbia are not generally open for business or the TSXV and the TSX are not open for trading;

"**Canadian Securities Legislation**" has the meaning attributed to such term in NI 14-101 and includes published policies promulgated thereunder from time to time by any of the Canadian Securities Regulatory Authorities, and the TSX Manual, in the case of NorRock, and the TSXV Manual, in the case of Partners REIT;

"**Canadian Securities Regulatory Authorities**" has the meaning ascribed to such term in NI 14-101;

"**Cash Amount**" means the amount of cash and Cash Equivalents held by NorRock as of the Effective Time plus an amount equal to the Transaction Expenses, which for clarity includes the net cash received in respect of any Assigned Mortgages or other assets that are sold, mature or are otherwise liquidated after the execution of this Agreement and realized prior to the Effective Time (the "**Realized Cash**"), less:

- (a) the amounts needed to satisfy all creditors of NorRock and its Subsidiaries and any other obligations (contingent or otherwise including amounts required to pay NorRock Securityholders who exercise Dissent Rights) of NorRock and its Subsidiaries which are due or become payable following the Effective Time;
- (b) the aggregate Accrued Dividend paid out in accordance with Section 3.01(3)(a) of the Plan of Arrangement; and
- (c) any amounts to be paid by NorRock under Section 3.01(3)(c) of the Plan of Arrangement.

"**Cash Equivalents**" means Canadian bankers' acceptances and Canadian government-backed debt, in each case having terms to maturity of less than 90 days;

"**Change in Recommendation**" has the meaning ascribed thereto in Section 9.1(a);

"**Claim**" has the meaning ascribed thereto in Section 10.3(c);

"**Closing**" means the closing of the Arrangement;

"**Closing Date**" has the meaning ascribed thereto in Section 11.1;

"**Closing Payment**" means the amount of \$12,600,000 minus the amount of Realized Cash (if any) payable in respect of the Assigned Mortgages and the Assigned Shares;

"**Closing Time**" means 9:00 a.m. (Toronto time) on the Closing Date unless otherwise agreed in writing by the Parties;

"**Commitment Agreement**" means the amended and restated commitment agreement between Green Tree and NorRock dated May 20, 2011;

"**Confidentiality Agreement**" means the confidentiality agreement dated June 1, 2011 between NorRock and Partners REIT;

"**Cormark**" means Cormark Securities Inc., the financial advisor to NorRock;

"**Counterparty**" means TD Global Finance, the counterparty to the Forward Agreement;

"**Court**" means the Ontario Superior Court of Justice;

"**Declaration of Trust**" means the amended and restated declaration of trust of Partners REIT dated as of November 3, 2010;

"**Depository**" means Computershare Investor Services Inc., the appointed depository in respect of the Arrangement at its principal transfer office in Toronto, Ontario;

"**Director**" means the Director appointed under section 278 of the OBCA;

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

"**DRIP**" means the amended and restated dividend reinvestment plan of Partners REIT dated January 1, 2008, and amended effective June 16, 2011;

"**Effective Time**" has the meaning set out in the Plan of Arrangement;

"**Employee Plans**" means any benefit plan, program, agreement or arrangement (whether written or unwritten) maintained, contributed to, or provided by Partners REIT or any Subsidiary for the benefit of any of its employees or former employees or independent contractors of Partners REIT or any Subsidiary employed or retained in connection with the conduct of its business or their respective dependants or beneficiaries;

"**Environment**" means the natural environment, including the soil, ambient air, surface water, ground water, land surface or subsurface strata and those living organisms that interact therewith;

"**Environmental Laws**" means any Applicable Laws relating to the Environment, transportation of dangerous goods or occupations health and safety, including Applicable Laws with respect to the protection or enhancement of the Environment;

"**Environmental Reports**" means those Phase 1 and Phase 2 environmental site assessment reports, technical consultant reports relating to the environmental condition of the Properties owned or leased by Partners REIT or other reports or information in writing relating to the environmental condition of such Properties made available to NorRock;

"**Evaluation Date**" has the meaning ascribed thereto in Section 4.1(o) with respect to NorRock, and the meaning ascribed thereto in Section 5.1(t) with respect to Partners REIT;

"**Final Order**" means the final order of the Court issued in connection with the approval of the Arrangement, providing, among other matters, for the Arrangement to be sanctioned and to take effect and compliance with the *Bulk Sales Act* (Ontario), as such order may be affirmed, amended or modified by any court of competent jurisdiction, with the consent of each of NorRock and Partners REIT, acting reasonably;

"**Forward Agreement**" means the forward purchase and sale agreement between NorRock and the Counterparty dated February 22, 2008;

"**GAAP**" has the meaning ascribed thereto in Section 4.1(h)(iv);

"**Governmental Authority**" means any federal, provincial, territorial, state, local or foreign government or any department, agency, board, tribunal (judicial, quasi-judicial, administrative, quasi-administrative or arbitral) or authority thereof or other political subdivision thereof and any Person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining thereto or the operation thereof, including the Canadian Securities Regulatory Authorities, the TSX and the TSXV and any local, domestic or foreign taxing authority;

"**Green Tree**" means Green Tree Capital Management Corp.;

"Hazardous Substance" means any chemical, pollutant, contaminant, waste, toxic substance, hazardous substance or other substance or material defined in or regulated pursuant to Environmental Laws;

"IFRS" has the meaning ascribed thereto in Section 5.1(h)(iv);

"IGW" means IGW Public Limited Partnership;

"Indebtedness" has the meaning ascribed thereto in Section 4.1(r) with respect to NorRock and the meaning ascribed thereto in Section 5.1(w) with respect to Partners REIT;

"Indemnified Party" has the meaning ascribed thereto in Section 10.3(c);

"Information Circular" has the meaning ascribed thereto in Section 2.5(a);

"Initial Asset Value" means the Cash Amount as at the Effective Time plus the Closing Payment;

"Interim Order" means the interim order of the Court concerning the Arrangement under subsection 182(5) of the OBCA, containing declarations and directions with respect to the Arrangement and the holding of the NorRock Securityholders' Meeting and compliance with the *Bulk Sales Act* (Ontario), as such order may be affirmed, amended or modified by any court of competent jurisdiction, with the consent of each of NorRock and Partners REIT, acting reasonably;

"knowledge" and similar expressions when used in relation to:

- (i) NorRock, means the knowledge of Jacqueline Boddaert, Director and Chief Executive Officer and Al Quong, Chief Financial Officer, respectively; and
- (ii) Partners REIT, means the knowledge of Adam Gant, Chief Executive Officer, Patrick Miniutti, President and Chief Operating Officer of Partners REIT, or Dionne Barnes, Chief Financial Officer of Partners REIT,

after reasonable enquiry of and review with the relevant directors, trustees, officers and employees of NorRock or Partners REIT, as applicable;

"labour representatives" has the meaning ascribed thereto in Section 5.1(l)(i);

"Liens" means a lien, prior claim, security interest, hypothec, right of first refusal, pre-emptive right or any other encumbrance, charge or restriction;

"Material Adverse Change" or **"Material Adverse Effect"** (and other formulations) means:

- (a) when used in connection with Partners REIT, any change, effect, event, occurrence or change in a state of facts that is, or would reasonably be expected to be, material and adverse to the business, operations, assets, capitalization, liabilities or condition (financial or otherwise) of Partners REIT and its Subsidiaries, on a consolidated basis other than:
 - (i) any change affecting economic or financial conditions generally (global, national or regional, as applicable) that does not have a disproportionate effect on Partners REIT and its Subsidiaries on a consolidated basis;
 - (ii) any change in the trading price of the Partners REIT Unit; it being understood that the cause or causes of such change may constitute, in and of itself, a Material Adverse Change or Material Adverse Effect and may be taken into account when determining if a Material Adverse Change or Material Adverse Effect has occurred;

- (iii) any failure by Partners REIT to meet analysts or internal earnings estimates, milestones or business plans; it being understood that the cause or causes of such failure may constitute, in and of itself, a Material Adverse Change or Material Adverse Effect and may be taken into account when determining if a Material Adverse Change or Material Adverse Effect has occurred;
 - (iv) any change, effect, event, occurrence or change in a state of facts resulting from or relating to the public announcement of the execution of this Agreement or the transactions contemplated by this Agreement or the performance of any obligation under this Agreement; or
 - (v) any action taken by Partners REIT at NorRock's written request; and
- (b) when used in connection with NorRock, any change, effect, event, occurrence or change in a state of facts that is, or would reasonably be expected to be, material and adverse to the value or marketability of the Assigned Mortgages, the Assigned Shares, the Royal Oaks Golf Course and the Royal Oaks Condo, taken as a whole, other than:
- (i) any change affecting economic or financial conditions generally (global, national or regional, as applicable) that does not have a disproportionate effect on the value or marketability of the Transferred Assets;
 - (ii) any change, effect, event, occurrence or change in a state of facts resulting from or relating to the public announcement of the execution of this Agreement or the transactions contemplated by this Agreement or the performance of any obligation under this Agreement; or
 - (iii) any action taken by NorRock, at Partners REIT's written request;

"**Material Contracts**" means, with respect to NorRock, the NorRock Material Contracts and, with respect to Partners REIT, the Partners REIT Material Contracts;

"**McCarthy**" means McCarthy Tétrault LLP;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, of the Canadian Securities Administrators, as such instrument may be amended or supplemented from time to time, or any similar instrument, rule or regulation hereafter adopted by any of the Canadian Securities Regulatory Authorities having substantially the same effect as such instrument;

"**misrepresentation**" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"**M Partners**" means M Partners Inc.;

"**NI 14-101**" means National Instrument 14-101 – *Definitions*, of the Canadian Securities Administrators, as such instrument may be amended or supplemented from time to time, or any similar instrument, rule or regulation hereafter adopted by any of the Canadian Securities Regulatory Authorities having substantially the same effect as such instrument;

"**NI 52-109**" means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, of the Canadian Securities Administrators, as such Instrument may be amended from time to time, or any similar instrument, rule or regulation hereafter adopted by any of the Canadian Securities Regulatory Authorities having substantially the same effect as such instrument;

"**NorRock Acquisition Proposal**" means any *bona fide* written proposal by a third party or third parties that constitutes or may reasonably be expected to lead to the purchase of a material amount of assets of NorRock or Reference L.P. or a merger, amalgamation, arrangement, share exchange, take-over bid, tender

offer, recapitalization, consolidation or business combination involving NorRock or any of its Subsidiaries, including Reference L.P., excluding the transactions contemplated by this Agreement and the Plan of Arrangement;

"NorRock Arrangement Resolutions" means the NorRock Class A Shares Arrangement Resolution and the NorRock Preferred Shares Arrangement Resolution;

"NorRock Class A Shares Arrangement Resolution" means the special resolution of the holders of NorRock Class A Shares approving the Plan of Arrangement, as required by the Interim Order and Applicable Laws;

"NorRock Class A Shares" means the Class A shares in the capital of NorRock;

"NorRock Class J Shareholder" means the NorRock Class J Trust, the legal and beneficial owner of all of the issued and outstanding NorRock Class J Shares;

"NorRock Class J Shares" means the Class J shares in the capital of NorRock;

"NorRock Class J Trust" means NorRock Realty Finance Trust, a trust governed by an amended and restated declaration of trust dated February 5, 2008, as amended;

"NorRock Continuous Disclosure Reports" has the meaning ascribed thereto in Section 4.1(h)(ii);

"NorRock Governing Documents" means the articles and by-laws of NorRock in effect as of the date hereof;

"NorRock Indemnified Parties" has the meaning ascribed thereto in Section 10.3(b);

"NorRock Information" means the information contained in the Information Circular provided to Partners REIT by NorRock;

"NorRock Listed Shares" means, collectively, the NorRock Class A Shares and the NorRock Preferred Shares;

"NorRock Management Agreement" means the amended and restated management agreement between the NorRock Manager and NorRock dated May 20, 2011;

"NorRock Manager" means NorRock Realty Management Services Ltd., a wholly-owned subsidiary of Green Tree;

"NorRock Material Contracts" means, collectively, the NorRock Governing Documents, the Assigned Mortgages, the Related Mortgage Documents, the NorRock Management Agreement, the Forward Agreement, the Commitment Agreement, the Royal Oaks Shareholders Agreement, the 633003 Option to Purchase, the 633003 Share Purchase Agreement and the Partnership Agreement;

"NorRock Material Permits" has the meaning ascribed thereto in Section 4.1(n);

"NorRock Non-Completion Fee" has the meaning ascribed thereto in Section 9.1;

"NorRock Payment Event" has the meaning ascribed thereto in Section 9.1;

"NorRock Preferred Shares" means the preferred shares, issuable in series, in the capital of NorRock;

"NorRock Preferred Shares Arrangement Resolution" means the special resolution of holders of NorRock Preferred Shares approving the Plan of Arrangement, as required by the Interim Order and Applicable Laws;

"**NorRock Required Approvals**" has the meaning ascribed thereto in Section 4.1(e);

"**NorRock Securityholders**" means the holders of NorRock Shares;

"**NorRock Securityholders' Meeting**" means the special meeting of NorRock Securityholders, and any adjournments thereof, to be called to, *inter alia*, consider and, if thought fit, authorize, approve and adopt the NorRock Arrangement Resolutions in accordance with the Interim Order;

"**NorRock Share Equivalents**" means any securities of NorRock or any of the Subsidiaries which would entitle the holder thereof to acquire at any time NorRock Shares, including any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, NorRock Shares;

"**NorRock Shares**" means the NorRock Preferred Shares, the NorRock Class A Shares and the NorRock Class J Shares;

"**Notice Period**" has the meaning ascribed thereto in Section 6.6(a)(iii);

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended;

"**Outside Date**" means December 31, 2011;

"**Parties**" means NorRock and Partners REIT, and "**Party**" means either of them;

"**Partners REIT Arrangement Resolution**" means the special resolution of Partners REIT Securityholders approving the issuance of the Partners REIT Units contemplated by the Plan of Arrangement, as required by Applicable Laws;

"**Partners REIT Continuous Disclosure Reports**" has the meaning ascribed thereto in Section 5.1(h)(ii);

"**Partners REIT Debentures**" means the 8.0% extendible convertible unsecured subordinated debentures issuable pursuant to the Partners REIT Debenture Indenture;

"**Partners REIT Debenture Indenture**" means the trust indenture between Partners REIT and Computershare Trust Company of Canada dated March 8, 2011 providing for the issue of 8.0% extendible convertible unsecured subordinated debentures;

"**Partners REIT Indemnified Parties**" has the meaning ascribed thereto in Section 10.3(a);

"**Partners REIT Information**" means the information contained in the Information Circular provided by Partners REIT;

"**Partners REIT Material Contracts**" means the agreements described in the Partners REIT Continuous Disclosure Reports;

"**Partners REIT Material Permits**" has the meaning ascribed thereto in Section 5.1(o);

"**Partners REIT Required Approvals**" has the meaning ascribed thereto in Section 5.1(f);

"**Partners REIT Securityholders**" means the holders of Partners REIT Units;

"**Partners REIT Securityholders Meeting**" means the special meeting of Partners REIT Securityholders, and any adjournments thereof, to be called to, *inter alia*, consider and, if thought fit, authorize, approve and adopt the Partners REIT Arrangement Resolution;

"Partners REIT Unit Equivalents" means any securities of Partners REIT or any of its Subsidiaries which would entitle the holder thereof to acquire at any time Partners REIT Units, including any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Partners REIT Units;

"Partners REIT Unit Incentive Plan" means the amended and restated unit option plan of Partners REIT;

"Partners REIT Units" means the units of Partners REIT as described in the Declaration of Trust;

"Partnership Agreement" means the second amended and restated NorRock Realty Finance L.P. Limited Partnership Agreement dated July 24, 2009, as amended;

"Payment Party" has the meaning ascribed thereto in Section 10.2(b);

"Permitted Liens" has the meaning ascribed thereto in Section 4.1(m)(viii);

"Person" includes any individual, firm, partnership, joint venture, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"Plan of Arrangement" means the plan of arrangement relating to the Arrangement substantially in the form and content of Schedule A attached hereto, as such plan of arrangement may be amended pursuant to this Agreement;

"Portfolio" means a portfolio of common shares of Canadian public companies;

"Pre-Acquisition Reorganization" has the meaning ascribed thereto in Section 6.3(a)(i);

"Properties" or **"Property"** means the property, real or personal, tangible or intangible, of Partners REIT or NorRock, as the context requires, and includes, in the case of NorRock, the Portfolio;

"Realized Cash" has the meaning ascribed thereto in the definition of "Cash Amount";

"Recipient Party" has the meaning attributed to such term in Section 10.2(b);

"Reference L.P." means NorRock Realty Finance L.P., a limited partnership formed under the laws of the Province of Ontario pursuant to the Partnership Agreement;

"Reimbursement Amount" has the meaning ascribed thereto in Section 10.2(b);

"Related Mortgage Documents" has the meaning ascribed thereto in Section 4.1(m)(iii);

"Related Mortgaged Property" has the meaning ascribed thereto in Section 4.1(m)(vi);

"Related Mortgagor" has the meaning ascribed thereto in Section 4.1(m)(iii);

"Rights" has the meaning ascribed thereto in the Plan of Arrangement;

"Rights Agreement" means such definitive agreement, instrument or other document, acceptable to Partners REIT and NorRock, each acting reasonably, which is necessary or desirable to give effect to the Rights on terms and conditions consistent with those described in Schedule F;

"Royal Oaks Condo" means that portion of the property municipally known as 401 Royal Oaks Blvd., Moncton, New Brunswick with PID 70465224 upon which a residential condominium project is contemplated to be constructed;

"Royal Oaks Golf Course" means that portion of the property municipally known as 401 Royal Oaks Blvd., Moncton, New Brunswick with PID 70344148, PID 70327937 and PID 70488663 upon which a golf course is constructed;

"Royal Oaks Shareholders Agreement" means the shareholders agreement dated August 5, 2010 among 2246329, Three Under Par Inc., James David van Wart, Robert Curtis Foote, and James Lee van Wart relating to the holding of securities of 633003, the corporation that holds the title to the Royal Oaks Golf Course;

"SARs" means the stock appreciation rights issued by NorRock on May 25, 2011, which permit the holder to obtain the difference between the price of a NorRock Class A Share and \$5.11;

"Securityholders' Meetings" means the NorRock Securityholders' Meeting and the Partners REIT Securityholders' Meeting;

"SEDAR" means the System for Electronic Document Analysis and Retrieval developed by the Canadian Securities Administrators;

"Subscription Agreement" means the form of subscription agreement substantially in the form of Exhibit I to the Plan of Arrangement pursuant to which NorRock will receive Partners REIT Units in consideration of the transfer of the Transferred Assets to Partners REIT;

"Subsidiary" has the meaning ascribed thereto in Section 4.1(a)(i) with respect to NorRock, and has the meaning ascribed thereto in Section 5.1(b) with respect to Partners REIT;

"Superior Proposal" has the meaning ascribed thereto in Section 6.5(b);

"Tax" or **"Taxes"** means, with respect to any Person, all foreign, domestic, local, state, provincial or other taxes including income taxes and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding or payroll taxes, stamp taxes, Property taxes, windfall profits taxes, alternative or add-on minimum tax, goods and services tax, customs duties and other taxes, together with any interest and any penalties or additions to tax imposed by any taxing authority (domestic or foreign) on such Person;

"Tax Act" means the *Income Tax Act* (Canada), as amended;

"Tax Returns" means any and all returns, declarations, reports, information returns and statements filed or required to be filed with any taxing authority relating to Taxes;

"Ten Day VWAP" means the volume weighted average trading price per unit of the Partners REIT Units on the TSXV for the ten Trading Days immediately preceding the date of calculation;

"Trading Day" means a day on which more than 10,000 Partners REIT Units are traded through the facilities of the TSXV;

"Trading Market" means the TSX or the TSXV;

"Transaction Expenses" means \$1.38 million;

"Transfer Agent and Registrar" means Computershare Investor Services Inc.;

"Transferred Assets" means the Cash Amount, the Assigned Mortgages and the Assigned Shares;

"TSX" means The Toronto Stock Exchange;

"**TSX Manual**" means the TSX Company Manual;

"**TSXV**" means the TSX Venture Exchange;

"**TSXV Manual**" means the TSXV Corporate Finance Manual; and

"**Valuator**" means a valuator as described in Section 6.1 of MI 61-101 and who is independent of both NorRock and Partners REIT and all other interested parties.

1.2 Extended Meanings

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender will include all genders; words importing persons will include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any Governmental Authority); and the term "**including**" means "including without limiting the generality of the foregoing".

1.3 Deemed Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

1.4 Interpretation

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement. The Parties acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.

1.5 Article References

Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the specified Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.6 Date for Any Action

In the event that any date by or on which any action is required or permitted to be taken hereunder by any of the Parties is not a Business Day, such action will be required to be taken by or on the next succeeding day which is a Business Day.

1.7 Governing Law

This Agreement will be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each Party hereto hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of all matters arising under or in relation to this Agreement.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement will have the meanings attributable thereto under GAAP or IFRS, as the case may be, and all determinations of an accounting nature required to be made will be made in a manner consistent with GAAP, in the case of NorRock and Reference L.P., and GAAP or IFRS (as the case may be), in the case of Partners REIT.

1.9 Incorporation of Schedules

The following Schedules are annexed to this Agreement and are hereby incorporated by reference into the Agreement and form part hereof:

Schedule A	Plan of Arrangement;
Schedule B	Assigned Mortgages and Assigned Shares;
Schedule C	Subsidiaries;
Schedule D	Required Approvals;
Schedule E	Method of Determining Partners REIT Ratio of Mortgage Debt to Asset Value; and
Schedule F	Draft Terms of Rights Agreement

ARTICLE 2 THE ARRANGEMENT

2.1 General

Subject to the terms and conditions of this Agreement, each of the Parties hereto agrees to use its reasonable commercial efforts prior to the Closing Time to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or advisable to complete the transactions contemplated by this Agreement and the Plan of Arrangement.

2.2 Steps to Be Taken by NorRock

Subject to the terms and conditions of this Agreement, NorRock covenants in favour of Partners REIT that NorRock will:

- (a) as soon as reasonably practicable, apply to the Court in a manner acceptable to Partners REIT, acting reasonably, under Section 182 of the OBCA, for the Interim Order, providing for, among other things, the calling of the NorRock Securityholders' Meeting, and thereafter proceed with and diligently seek the Interim Order;
- (b) carry out the terms of the Interim Order;
- (c) lawfully convene and hold the NorRock Securityholders' Meeting for the purpose of, among other things, considering the NorRock Arrangement Resolutions and the other matters set forth in the Information Circular as soon as reasonably practicable and in any event, no later than the seventh Business Day immediately preceding the Outside Date;
- (d) subject to obtaining any approvals as are required by the Interim Order and approval by Partners REIT Securityholders of the issuance of Partners REIT Units contemplated by the Plan of Arrangement, proceed with and diligently pursue the application to the Court for the Final Order; and
- (e) subject to obtaining the Final Order, exert reasonable commercial efforts to make such arrangements with the Director as may be necessary or desirable to permit the filing with the Director of the Articles of Arrangement.

2.3 Steps to Be Taken by Partners REIT

Subject to the terms and conditions of this Agreement, Partners REIT covenants in favour of NorRock that Partners REIT will:

- (a) lawfully convene and hold the Partners REIT Securityholders' Meeting to occur immediately after the NorRock Securityholders' Meeting for the purpose of, among other things, considering the Partners REIT Arrangement Resolution and the other matters set forth in the Information Circular,

provided that if the NorRock Arrangement Resolutions are not passed at the NorRock Securityholders' Meeting, the trustees of Partners REIT may postpone or cancel the Partners REIT Securityholders' Meeting; and

- (b) following receipt by NorRock of the Final Order and prior to the Closing Time, ensure that the Depositary has been provided with sufficient Partners REIT Units and cash in escrow to issue the aggregate Partners REIT Unit consideration and cash consideration, if applicable, payable pursuant to the Arrangement.

2.4 Interim Order

The application referred to in Section 2.2(a) will request that the Interim Order provide:

- (a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the NorRock Securityholders' Meeting and for the manner in which such notice is to be provided;
- (b) that the requisite approval for the NorRock Arrangement Resolutions will be:
 - (i) not fewer than two-thirds of the votes cast by the holders of NorRock Preferred Shares;
 - (ii) not fewer than two-thirds of the votes cast by the holders of NorRock Class A Shares;
 - (iii) not fewer than two-thirds of the votes cast by the holders of NorRock Class J Shares;
 - (iv) not fewer than a majority of the votes cast by holders of NorRock Preferred Shares, excluding votes attaching to any NorRock Preferred Shares held by Green Tree or any direct or indirect shareholders of Green Tree;
 - (v) not fewer than a majority of the votes cast by holders of NorRock Class A Shares, excluding votes attaching to any NorRock Class A Shares held by Green Tree or any direct or indirect shareholders of Green Tree; and
 - (vi) such other approvals, if any, as may be required by applicable Canadian Securities Legislation,

with each holder of NorRock Shares being entitled to one vote for each NorRock Share held regardless of whether or not such NorRock Shares carry the right to vote;

- (c) for the grant of the Dissent Rights to holders of NorRock Shares;
- (d) that, in all other respects, the terms and conditions of the NorRock Governing Documents, including quorum requirements and all other matters, will apply in respect of the NorRock Securityholders' Meeting; and
- (e) for such other matters as the Parties may agree, acting reasonably.

2.5 Information Circular

- (a) The term "**Information Circular**" will mean a joint management information circular to be prepared by NorRock and Partners REIT in connection with the Securityholders' Meetings, and all related materials at the time required to be mailed to the NorRock Securityholders and the Partners REIT Securityholders in connection with the Securityholders' Meetings and all amendments or supplements thereto, if any. Both parties will use all reasonable commercial efforts to obtain and furnish the information required to be included in the Information Circular.

- (b) As promptly as practicable after execution of this Agreement, NorRock will prepare, and Partners REIT will co-operate in the preparation of, the Information Circular (setting forth *inter alia* the recommendation of NorRock's board of directors set forth in Section 2.6(a)(ii) and the opinion and valuation referred to in Section 2.6(b) and the recommendation of Partner's board of trustees set forth in Section 2.7(a)(ii) and the valuation referred to in Section 2.7(b)) and NorRock and Partners REIT will, on a timely basis, use their reasonable commercial efforts to co-operate in the preparation of all other documents and filings and the seeking and obtaining of all consents, orders and approvals, including regulatory and judicial orders and approvals and other matters reasonably determined by NorRock and Partners REIT to be necessary in connection with this Agreement and the Arrangement.
- (c) The parties will ensure that the Information Circular and other documents, filings, consents, orders and approvals contemplated by this Section 2.5 and mailed to the NorRock Securityholders, the Partners REIT Securityholders and other persons required by law are in accordance with Canadian Securities Legislation, the OBCA, the NorRock Governing Documents, the Declaration of Trust, the requirements of the TSX and the TSXV, and all other Applicable Laws.
- (d) The information to be provided by NorRock and Partners REIT for use in the Information Circular, on both the date the Information Circular is first mailed to NorRock Securityholders and Partners REIT Securityholders and on the date the Securityholders' Meetings are held, will not contain any misrepresentation, and each of NorRock and Partners REIT agree to correct promptly any such information provided by it for use in the Information Circular which has ceased to meet such standard. In any such event, NorRock or Partners REIT, as the case may be, will prepare a supplement or amendment to the Information Circular or such application or other document, as required, and, if required, will cause the same to be distributed to the NorRock Securityholders, Partners REIT Securityholders and/or filed with the Canadian Securities Regulatory Authorities, stock exchanges and/or other Governmental Authority after each Party and its advisors have had a reasonable opportunity to review and comment on all such documentation and all such documentation is in form and content reasonably satisfactory to the Parties.
- (e) The Information Circular will state that the requisite approval for the Partners REIT Arrangement Resolution will be:
 - (i) not fewer than two-thirds of the votes cast by Partners REIT Securityholders;
 - (ii) not fewer than a majority of the votes cast by the Partners REIT Securityholders, excluding votes attaching to any Partners REIT Units held by IGW, League Assets Corp., Adam Gant, or entities controlled by them; and
 - (iii) such other approvals as may be required by applicable Canadian Securities Legislation,
 with each holder of Partners REIT Units entitled to one vote for each Partners REIT Unit held.
- (f) In all other respects, the terms and conditions of the Declaration of Trust, including quorum requirements and all other matters, will apply in respect of the Partners REIT Securityholders Meeting.

2.6 NorRock Board Recommendation, Fairness Opinion and Valuation

- (a) NorRock represents and warrants to Partners REIT that all members of its board of directors entitled to vote thereon have, upon consultation with NorRock's advisors, unanimously agreed that:
 - (i) the Arrangement is fair, from a financial point of view, to the holders of NorRock Class A Shares and the holders of NorRock Preferred Shares and is otherwise in the best interests of NorRock; and

- (ii) they will unanimously recommend that NorRock Securityholders vote in favour of the Arrangement, which recommendation may not be withdrawn, modified or changed in any manner except as set forth herein.
- (b) NorRock represents and warrants to Partners REIT that its board of directors has received:
- (i) a preliminary opinion, subject to the qualifications set out therein, from Cormark, that the Arrangement is fair, from a financial point of view, to the holders of NorRock Class A Shares and the holders of NorRock Preferred Shares and that Cormark has advised it that it will provide a written opinion to such effect before the application for the Interim Order; and
 - (ii) a preliminary valuation report from M Partners, prepared in accordance with the requirements of MI 61-101, and that M Partners has advised that it will provide a written valuation before the application for the Interim Order.

2.7 Partners REIT Trustee Recommendation and Valuation

- (a) Partners REIT represents and warrants to NorRock that all members of its board of trustees entitled to vote thereon have, upon consultation with Partners REIT's advisors, unanimously agreed that:
- (i) the Arrangement is fair, from a financial point of view, to Partners REIT Securityholders and is otherwise in the best interests of Partners REIT; and
 - (ii) they will unanimously recommend that Partners REIT Securityholders vote in favour of the issuance of Partners REIT Units contemplated by the Plan of Arrangement, which recommendation may not be withdrawn, modified or changed in any manner except as set forth herein.
- (b) Partners REIT represents and warrants to NorRock that its board of trustees has received:
- (i) a preliminary opinion, subject to the qualifications set out therein, from Brookfield, that the Arrangement is fair, from a financial point of view, to Partners REIT Securityholders and that Brookfield has advised it that it will provide a written opinion to such effect before the application for the Interim Order; and
 - (ii) a preliminary valuation report from Capital Canada Limited, prepared in accordance with the requirements of MI 61-101, and that Capital Canada Limited has advised that it will provide a written valuation before the application for the Interim Order.

ARTICLE 3 PUBLICITY

3.1 Publicity

Each Party will advise, consult and cooperate with all other Parties prior to issuing, or permitting any of its directors, officers, employees or agents to issue, any news release or other written public statement with respect to this Agreement, the transactions contemplated hereby or any other matters, from the date hereof until the Closing Time. No Party will issue any such news release or make any such written public statement prior to such consultation, except as may be required by Applicable Laws including, for greater certainty, in order to fulfil NorRock's and Partners REIT's continuous disclosure obligations under Canadian Securities Legislation or pursuant to the TSX Manual or the TSXV Manual and only after using its reasonable commercial efforts to consult the other Parties taking into account the time constraints to which it is subject as a result of such law or obligation.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF NORROCK

4.1 Representations and Warranties of NorRock

NorRock hereby represents and warrants to Partners REIT as of the date of this Agreement as follows in this Section 4.1 and acknowledges that Partners REIT is relying upon those representations and warranties in connection with entering into this Agreement.

(a) Subsidiaries.

- (i) Each of the direct and indirect subsidiaries of NorRock, including, for greater certainty, Reference L.P. (including the direct and indirect subsidiaries of Reference L.P.) and the number of securities and percentage ownership of each such direct and indirect Subsidiary (in this Section 4.1, each a "**Subsidiary**") is set out at Schedule C under the heading "NorRock Subsidiaries".
- (ii) Other than as set out at Schedule C, NorRock owns directly all of the issued and outstanding shares of each Subsidiary, in each case free and clear of any Liens.
- (iii) All the issued and outstanding shares in the capital of each Subsidiary are validly issued and are fully paid, non-assessable and free of pre-emptive and similar rights to subscribe for or purchase securities subject, in the case of 633003, to the 633003 Option to Purchase.
- (iv) 2246329 was formed solely to hold the 633003 Shares and has not, since its date of incorporation, carried on any business, employed any Persons, entered into any agreements, nor had any assets or liabilities, other than the 633003 Shares and the Royal Oaks Shareholders Agreement, and 2246329 has not guaranteed or provided any other form of financial assistance to any third party in respect of any of the obligations or liabilities of 633003.

(b) Organization; Authority.

- (i) NorRock and each Subsidiary is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite corporate power and authority to own and use its Property and to carry on its business as currently conducted.
- (ii) Neither NorRock nor any Subsidiary (in the case of 633003, to the knowledge of NorRock) is in violation or default of any of the provisions of its respective certificate or articles of incorporation, by-laws or other organizational or constating documents.
- (iii) Each of NorRock and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or Property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in a Material Adverse Effect and, to the knowledge of NorRock, no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

- (c) Authorization; Enforcement.
- (i) NorRock has full right, corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise carry out its obligations hereunder.
 - (ii) The execution and delivery of this Agreement by NorRock and the consummation by it of the transactions contemplated hereby have been duly authorized by its board of directors, and, subject to the approval of the NorRock Arrangement Resolutions by the NorRock Securityholders and the NorRock Required Approvals, no further action is required by NorRock or any Subsidiary, including Reference L.P., their boards of directors or their shareholders, as the case may be, in connection therewith.
 - (iii) This Agreement has been (or upon delivery will have been) duly executed by NorRock and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of NorRock, enforceable against it in accordance with its terms except:
 - (A) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally;
 - (B) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and
 - (C) insofar as indemnification and contribution provisions may be limited by Applicable Law.
- (d) No Conflicts. The execution, delivery and performance of this Agreement by NorRock, the completion of the transactions contemplated hereby and the fulfillment and compliance by NorRock with any of the terms and provisions hereof will not:
- (i) conflict with or violate any provision of the NorRock Governing Documents; or
 - (ii) subject to the NorRock Required Approvals, conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of their respective Property, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any NorRock Material Contract; or
 - (iii) subject to the NorRock Required Approvals, conflict with or result in a violation of any Applicable Laws to which NorRock or a Subsidiary is subject, or by which any Property of NorRock or a Subsidiary is bound or affected,
 - (iv) except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.
- (e) Filings, Consents and Approvals. NorRock is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any Governmental Authority or other Person in connection with the execution, delivery and performance by NorRock of this Agreement, other than:
- (i) those filings or consents disclosed in Schedule D;
 - (ii) the obtaining of NorRock Securityholder approval at the NorRock Securityholders' Meeting in accordance with Applicable Laws;

- (iii) the obtaining of the Interim Order and the Final Order;
- (iv) applications to the TSX for approval of the transactions contemplated by this Agreement;
- (v) any other required filings with one or more of the Canadian Securities Regulatory Authorities; and
- (vi) any other required approvals of any Trading Market.

(collectively, the "**NorRock Required Approvals**").

(f) Capitalization.

- (i) The capitalization of NorRock is as described in the financial statements for the year ended December 31, 2010 filed on SEDAR, except that, since December 31, 2010, NorRock has (A) purchased for cancellation 138,300 NorRock Class A Shares and (B) redeemed 3,400 NorRock Preferred Shares.
- (ii) Since December 31, 2010, NorRock has not issued any securities other than 150,000 SARs issued to directors of NorRock.
- (iii) As at the date of this Agreement, there were issued and outstanding:
 - (A) 1,467,100 NorRock Preferred Shares;
 - (B) 2,924,160 NorRock Class A Shares;
 - (C) one NorRock Class J Share; and
 - (D) 150,000 SARs.
- (iv) No Person has any right of first refusal, pre-emptive right, right of participation, or any similar right to participate in the transactions contemplated by this Agreement, subject, in the case of 633003, to the 633003 Option to Purchase.
- (v) Except for the Commitment Agreement and the 633003 Option to Purchase, there are no outstanding options, warrants, script rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any NorRock Shares or securities of any NorRock Subsidiary, or contracts, commitments, understandings or arrangements by which NorRock or any Subsidiary is or may become bound to issue additional NorRock Shares or NorRock Share Equivalents.
- (vi) All of the outstanding NorRock Shares are validly issued, fully paid and nonassessable and to the knowledge of NorRock, have been issued in compliance with all Applicable Laws and, to the knowledge of NorRock, none of such outstanding NorRock Shares was issued in violation of any pre-emptive rights or similar rights to subscribe for or purchase securities.
- (vii) Other than agreements entered into in connection with the Arrangement, there are no shareholders agreements, voting agreements or other similar agreements with respect to NorRock's authorized capital to which NorRock is a party.

- (viii) To the knowledge of NorRock, at the date hereof, fewer than 5% of the NorRock Shares are held by Persons who are not residents of Canada for purposes of the Tax Act and by partnerships that are not "Canadian partnerships" for purposes of the Tax Act.
- (g) Ownership of Shares.
- (i) The NorRock Class J Shareholder is the registered owner of all of the NorRock Class J Shares for the benefit of the beneficiaries.
- (h) Continuous Disclosure Reports; Financial Statements.
- (i) NorRock is a "reporting issuer" (or equivalent thereof) in each province and territory of Canada and Reference L.P. is a "reporting issuer" (or equivalent thereof) in the province of Québec, and neither NorRock nor Reference L.P. is in default of any requirement under applicable Canadian Securities Legislation.
- (ii) Each of NorRock and Reference L.P. has filed or submitted all reports, financial statements, schedules, forms, statements and other documents required to be filed or submitted by it under Canadian Securities Legislation, for the three years preceding the date of this Agreement (or such shorter period as NorRock and Reference L.P. may have been required by Canadian Securities Legislation to file or submit such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "**NorRock Continuous Disclosure Reports**") on a timely basis or has received a valid extension of such time of filing or submission and has filed or submitted any such NorRock Continuous Disclosure Reports prior to the expiration of any such extension, except where a failure to do so could not have or could not reasonably be expected to have a Material Adverse Effect.
- (iii) As of their respective dates, the NorRock Continuous Disclosure Reports complied with the material requirements of Canadian Securities Legislation, and none of the NorRock Continuous Disclosure Reports, when filed or submitted, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (iv) The financial statements of NorRock and Reference L.P. included in the NorRock Continuous Disclosure Reports have been prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis during the periods involved ("**GAAP**"), except as may be otherwise specified in such financial statements or the notes thereto or in the NorRock Continuous Disclosure Reports, and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of NorRock and Reference L.P. and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.
- (i) Material Changes. Since the date of the latest audited financial statements included within the NorRock Continuous Disclosure Reports and except as specifically disclosed in the NorRock Continuous Disclosure Reports:
- (i) neither NorRock nor Reference L.P. has altered its method of accounting except as required by GAAP;
- (ii) other than dividends or redemptions made in the ordinary course of business, neither NorRock nor Reference L.P. has declared or made any dividend or distribution of cash or other Property to the NorRock Securityholders or any limited partner of Reference L.P.

or purchased, redeemed or made any agreements to purchase or redeem any of the NorRock Shares or any units of Reference L.P.; and

(iii) NorRock has not issued any equity securities.

Neither NorRock nor Reference L.P. has any confidential material change report pending before any of the Canadian Securities Regulatory Authorities.

(j) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of NorRock, threatened or contemplated (including by any of the Canadian Securities Regulatory Authorities) against or affecting NorRock, any Subsidiary, including Reference L.P. or any of their respective Property, or, to the knowledge of NorRock, any current officer or director or former officer or director of NorRock before or by any Governmental Authority which:

(i) adversely affects or challenges the legality, validity or enforceability of this Agreement; or

(ii) would reasonably be expected to delay or restrict the transactions contemplated hereby or reasonably be expected to result in a Material Adverse Change other than as set out in Schedule B and other than notice received regarding replacement of the sprinkler system at the Royal Oaks Golf Course.

(iii) None of NorRock, any Subsidiary, or Reference L.P., nor, to the knowledge of NorRock, any director or officer thereof, is the subject of any action involving a claim of violation of or liability under the Applicable Laws with respect to NorRock, any Subsidiary or Reference L.P. or a claim of breach of fiduciary duty with respect to NorRock, any Subsidiary or Reference L.P. No stop order or other order suspending the trading in securities of NorRock or Reference L.P. is outstanding.

(k) Compliance. To the knowledge of NorRock, none of NorRock, any Subsidiary or Reference L.P.:

(i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by NorRock or any Subsidiary (including Reference L.P.) under), nor has NorRock, any Subsidiary or Reference L.P. received written notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other material agreement or instrument, to which it is a party or by which it or any of its Property is bound (whether or not such default or violation has been waived);

(ii) is in violation of any order of any Governmental Authority; or

(iii) is or has been in violation of any Applicable Law

except in each case as could not have a Material Adverse Effect.

(l) Assigned Mortgages, Assigned Shares and NorRock Material Contracts.

(i) All of the material details of the Assigned Mortgages, including outstanding principal amount, accrued interest, interest rate, term, amortization period, secured property and principal terms and the ownership of the Assigned Shares (subject to the 633003 Option to Purchase), are accurately described in Schedule B and Schedule C.

(ii) Complete and accurate copies of the NorRock Material Contracts have been provided to Partners REIT and its advisors.

- (iii) NorRock Realty Finance L.P. is the legal and beneficial owner of the 2246329 Shares, representing all of the issued and outstanding shares of 2246329 and 2246329 is the legal and beneficial owner of the 633003 Shares, in each case free and clear of any Liens, and the 633003 Shares represent 75% of the issued and outstanding shares of 633003 and, to the knowledge of NorRock, Three Under Par Inc. is the legal and beneficial owner of the remaining 25% of the issued and outstanding shares of 633003.
 - (iv) Either C.A. Bancorp G.P. Inc. (now known as NorRock Realty Finance G.P. Inc.) or C.A.B. Realty Finance L.P. (now known as NorRock Realty Finance L.P.) is the legal owner of the Assigned Mortgages, and C.A.B. Realty Finance L.P. (now known as NorRock Realty Finance L.P.) is the beneficial owner of the Assigned Mortgages.
 - (v) Each of NorRock and its Subsidiaries will be solvent at all relevant times prior to, and will not be rendered insolvent by, the transfer and assignment of the Assigned Mortgages and the Assigned Shares from Reference L.P. to NorRock and from NorRock to Partners REIT as contemplated by the Plan of Arrangement.
 - (vi) Neither Reference L.P. nor NorRock is transferring and assigning the Assigned Mortgages and the Assigned Shares to Partners REIT with any intent to hinder, delay or defraud any of its creditors.
- (m) Mortgage Representations and Warranties. In this Section, the representations and warranties are given by NorRock on its own behalf and on behalf of Reference L.P., in respect of each Assigned Mortgage and other property described herein:
- (i) Reference L.P. has and, in connection with the closing of the transactions contemplated by this Agreement, C.A.B. Realty Finance L.P. (now known as NorRock Realty Finance L.P.) will have good and marketable beneficial title to the Assigned Mortgages and either C.A. Bancorp G.P. Inc. (now known as NorRock Realty Finance G.P. Inc.) or C.A.B. Realty Finance L.P. (now known as NorRock Realty Finance L.P.) is the legal owner of the Assigned Mortgages.
 - (ii) Each of Reference L.P. and NorRock is transferring its interest in the Assigned Mortgages free and clear of all Liens (other than Permitted Liens) and the relevant Assigned Mortgage document does not prohibit such transfer.
 - (iii) The Assigned Mortgages, any related assignment of rents and all other related documents (the "**Related Mortgage Documents**") executed by the related mortgagor (the "**Related Mortgagor**") are valid and binding obligations of the Related Mortgagor enforceable in accordance with its terms except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, liquidation, receivership, moratorium or other laws of general application relating to creditors' rights generally or by general principles of equity (regardless of whether such enforcement is considered a proceeding in equity or in law).
 - (iv) The related assignment of rents creates a valid assignment of the right to receive all payments due under the related leases, subject to Permitted Liens applicable to the Assigned Mortgages; no other Person owns any interest therein superior to or of equal priority with the interest created under such assignment (except for the Permitted Liens).
 - (v) The assignment by Reference L.P. to NorRock of the Assigned Mortgages and the Related Mortgage Documents will constitute a valid and binding assignment from Reference L.P. to NorRock and from NorRock to Partners REIT, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, liquidation, receivership, moratorium or other laws of general application relating to

creditors' rights generally or by general principles of equity (regardless of whether such enforcement is considered a proceeding in equity or in law).

- (vi) No Assigned Mortgage has been modified, altered, satisfied, cancelled, subordinated or rescinded in any manner that materially and adversely affects the value of the Assigned Mortgage or materially and adversely affects the security intended to be provided by the Assigned Mortgage and no portion of the property that is the subject of the Assigned Mortgage (the "**Related Mortgaged Property**") has been released from the Lien of the Assigned Mortgage, in any manner that materially and adversely affects the value of the Assigned Mortgage or materially and adversely affects the security intended to be provided by the Assigned Mortgage, except, in each of the foregoing instances, by written instruments that have been delivered to Reference L.P. or NorRock, and, if required, recorded in the applicable public recording office if necessary to maintain the priority of the Lien of the Assigned Mortgage and the Related Mortgage Documents, and the terms of the Assigned Mortgage do not provide for release of any portion of the Related Mortgaged Property from the Lien of the Assigned Mortgage in any manner that materially and adversely affects the security provided by the Related Mortgaged Property. All written amendment and modification agreements (including any assumption agreements) or waivers pursuant to which the terms of the Assigned Mortgage have been modified, amended or waived in any material respect have been delivered or will be delivered to Reference L.P. or NorRock, as the case may be.
- (vii) The relevant Assigned Mortgage is a valid Lien on the Related Mortgaged Property (subject to the Permitted Liens) in the outstanding principal amount of the Assigned Mortgage as set out in Schedule B. Other than as set out in Schedule B, Reference L.P. or a prior holder of the Assigned Mortgage obtained either a lender's title insurance policy issued by a nationally recognized title insurance company insuring, or a solicitor's title opinion confirming, the Lien of the relevant Assigned Mortgage in the original principal amount of the Assigned Mortgage, subject only to Permitted Liens. To the knowledge of NorRock and Reference L.P., such title insurance policy is in full force and effect and will remain so upon completion of the transactions contemplated by this Agreement. To the knowledge of NorRock and Reference L.P., no claims have been made under any such title insurance policy and neither NorRock nor Reference L.P. has done anything, by act or omission, and NorRock has no knowledge of any matter that would impair or diminish the coverage of such policy.
- (viii) The Lien of each Assigned Mortgage is a Lien on the Related Mortgaged Property in at least the outstanding principal amount of the Assigned Mortgage and is subject only to the following Liens ("**Permitted Liens**"): (A) Liens for real property taxes (which term includes charges, rates and assessments), utility charges or ground rents, in each case only if same are not yet due or payable; (B) registered easements, rights of way, restrictive covenants and servitudes and other similar rights in land granted to, reserved or taken by any Governmental Authority, utility or other Person, or any registered subdivision, development, servicing, site plan or other similar agreement with any Governmental Authority or utility, which in NorRock's good faith and reasonable judgement, do not, in the aggregate, materially impair (I) either the servicing, development, construction, operation, management or marketability of the Related Mortgaged Property, or (II) the Assigned Mortgage security or the intended priority thereof; (C) minor title defects or irregularities which, in NorRock's good faith and reasonable judgement, do not, in the aggregate, materially impair either (I) the servicing, development, construction, operation, management or marketability of the Related Mortgaged Property, or (II) the Assigned Mortgage security or the intended priority thereof; (D) any subsisting reservations, limitations, provisos, conditions or exceptions, including royalties, contained in the original grant of the lands from the Crown; (E) leases of the Related Mortgaged Property existing as of the advance of the Assigned Mortgage and any leases of the Related Mortgaged Property arising subsequent thereto if

and to the extent that such subsequent leases have priority over the Lien of the Assigned Mortgage pursuant to Applicable Laws; (F) prior claims under Applicable Laws of Persons having supplied work or materials to the Related Mortgaged Property; (G) such other Liens (general and specific) permitted by the related Assigned Mortgage documents or identified in the related parcel register or identified as exceptions in the related title insurance policy or as prior encumbrances in the related solicitor's title opinion, as the case may be; and (H) other matters to which similar properties are commonly subject, which, in NorRock's good faith and reasonable judgement, do not, in the aggregate, materially and adversely impair either (I) the servicing, development, construction, operation, management or marketability of the Related Mortgaged Property, or (II) the Assigned Mortgage security or the intended priority thereof. None of the Permitted Liens, individually or in the aggregate, materially interferes with the security intended to be provided by the Assigned Mortgage. To the knowledge of NorRock, there are no prior claims under Applicable Laws of Persons having supplied work or materials to the Related Mortgaged Property, which would have priority over the Lien of the Assigned Mortgage.

- (ix) The proceeds of the Assigned Mortgage have been fully disbursed in accordance with the direction of the Related Mortgagor and/or the terms of the Assigned Mortgage and/or Related Mortgage Documents (except where a portion thereof has been funded but paid into a reserve pending satisfaction of certain conditions relating to leasing, repairs or other matters with respect to the Related Mortgaged Property).
- (x) Neither Reference L.P. nor NorRock has received written notice of any proceeding pending, nor, to the knowledge of NorRock, is any proceeding threatened, for the total or partial expropriation of all or any portion of the Related Mortgaged Property, which would materially and adversely affect its value as security for the Assigned Mortgage, and, to the knowledge of NorRock, the Related Mortgaged Property is free and clear of any material damage that would affect materially and adversely the value of such Related Mortgaged Property as security for the Assigned Mortgage (except in each case where a reserve fund or insurance exists that is sufficient to effect the necessary repairs).
- (xi) The Assigned Mortgage is a whole loan and no other party holds a participation interest in the Assigned Mortgage.
- (xii) The Assigned Mortgage bears an interest rate that remains fixed throughout the remaining term of the Assigned Mortgage and complies with Applicable Laws pertaining to usury; any requirements of any Applicable Laws, including disclosure or consumer credit laws, applicable to the Assigned Mortgage, have been complied with in all material respects.
- (xiii) Other than as set out in Schedule B, to the knowledge of NorRock, all real property taxes and real property assessments that would be a lien on the Related Mortgaged Property and that are due and owing in respect of the Related Mortgaged Property have been paid, or funds have been deposited under the related Assigned Mortgage documents in an amount sufficient to cover such payments.
- (xiv) Valid insurance certificates exist on all of the Related Mortgaged Properties, other than as set out in Schedule B. To the knowledge of NorRock, all premiums on such insurance policies required to be paid as of the date hereof have been paid and such insurance policies require prior notice or reasonable efforts to provide notice to the mortgagee of termination or cancellation, and no such written notice has been received. The Assigned Mortgage obligates the Related Mortgagor to maintain a fire and extended perils insurance (unless the Related Mortgaged Property is comprised of land only).

- (xv) To the knowledge of NorRock, other than as set out in Schedule B, there is no default, breach, or violation of a material obligation under the Assigned Mortgage and no event (other than payments due but not yet delinquent), which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, or violation of a material obligation under the Assigned Mortgage. Neither NorRock nor Reference L.P. has waived, and is not aware of the waiver by any prior holder of the Assigned Mortgage, any default, breach, or violation or event of acceleration of any of the foregoing and, pursuant to the terms of the Assigned Mortgage, no Person or party other than the mortgagee may declare any event of default or accelerate the related indebtedness under the Related Mortgage.
- (xvi) NorRock has no knowledge of any material and adverse environmental condition or circumstance affecting the Related Mortgaged Property that has not been disclosed in a written instrument delivered to NorRock or Reference L.P.
- (xvii) To the knowledge of NorRock, none of the material improvements that are located on the Related Mortgaged Property lies outside of the boundaries of such Related Mortgaged Property (except for legal non-conforming uses and/or except for immaterial encroachments off of the Related Mortgaged Property) and no improvements on adjoining properties materially encroach upon such Related Mortgaged Property.
- (xviii) Other than as set out in Schedule B, neither NorRock nor Reference L.P. has received any written notice that the Related Mortgagor is a debtor in any bankruptcy or insolvency proceeding.
- (xix) To NorRock's knowledge there is no valid defense, counterclaim or right of offset, abatement or rescission (including the defense of usury) available to the Related Mortgagor with respect to the relevant Assigned Mortgage documents and no such defense, counterclaim or right of offset, abatement or rescission has been asserted with respect thereto.
- (xx) Except as set out in Schedule B, no Assigned Mortgage is secured by any collateral that is not being transferred hereunder.
- (xxi) Except as set out in Schedule B, if an Assigned Mortgage is cross-collateralized, it is cross-collateralized only with one or more Assigned Mortgages being transferred hereunder.
- (xxii) The Assigned Mortgage does not permit the Related Mortgaged Property to be encumbered by a mortgage of equal priority to the lien of the Assigned Mortgage.
- (xxiii) The Assigned Mortgage is not secured in whole or in part by a ground lease.
- (xxiv) Other than as set out in Schedule B, to the knowledge of NorRock, there are no pending actions, suits or proceedings by or before any court or Governmental Authority against or affecting the Related Mortgagor or Related Mortgaged Property that, if determined adversely to such Related Mortgagor, would materially and adversely affect the ability of the Related Mortgagor to pay principal, interest or any other amount due under the Assigned Mortgage.
- (xxv) To the knowledge of NorRock, 633003 has good and marketable registered and beneficial ownership of the Royal Oaks Golf Course free and clear of all Liens (other than Permitted Liens). NorRock Realty Finance G.P. Inc. has good and marketable registered title, and NorRock Realty Finance L.P. has good and marketable beneficial title to the Royal Oaks Condo, in each case free and clear of all Liens (other than Permitted Liens).

- (xxvi) Other than as set out in Schedule B and other than notice received regarding replacement of the sprinkler system at the Royal Oaks Golf Course, none of Reference L.P., NorRock or 2446329 has received written notice of any proceeding pending, nor, to the knowledge of NorRock, is any proceeding threatened, for the total or partial expropriation of all or any portion of the Royal Oaks Golf Course or the Royal Oaks Condo, which would materially and adversely affect its value and, to the knowledge of NorRock and 2246329, the Royal Oaks Golf Course and the Royal Oaks Condo are free and clear of any material damage that would affect materially and adversely the value of the Royal Oaks Golf Course or the Royal Oaks Condo.
- (xxvii) Other than as set out in Schedule B, to the knowledge of NorRock, all real property taxes and real property assessments that would be a Lien on the Royal Oaks Golf Course or the Royal Oaks Condo and that are due and owing in respect of the Royal Oaks Golf Course or the Royal Oaks Condo have been paid.
- (xxviii) Valid insurance certificates exist for the Royal Oaks Golf Course and the Royal Oaks Condo and, to the knowledge of NorRock, all premiums on such insurance policies required to be paid as of the date hereof have been paid.
- (xxix) NorRock has no knowledge of any material and adverse environmental condition or circumstance affecting the Royal Oaks Golf Course or the Royal Oaks Condo.
- (xxx) To the knowledge of NorRock, none of the material improvements that are located on the Royal Oaks Golf Course or the Royal Oaks Condo lies outside of the boundaries of the Royal Oaks Golf Course or the Royal Oaks Condo (except for legal non-conforming uses and/or except for immaterial encroachments off of the Royal Oaks Golf Course or the Royal Oaks Condo) and no improvements on adjoining properties materially encroach upon such Royal Oaks Golf Course or the Royal Oaks Condo.
- (xxxi) To the knowledge of NorRock, and except as set out in Schedule B, there are no pending actions, suits or proceedings by or before any court or Governmental Authority against or affecting the Royal Oaks Golf Course or the Royal Oaks Condo that, if determined adversely, would have a Material Adverse Effect on the value of the Royal Oaks Golf Course or the Royal Oaks Condo.
- (n) Regulatory Permits. NorRock and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate Governmental Authorities necessary to conduct their respective businesses as described in the NorRock Continuous Disclosure Reports, except where the failure to possess such permits could not have or reasonably be expected to result in a Material Adverse Effect ("**NorRock Material Permits**"), and neither NorRock nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any NorRock Material Permit.
- (o) Canadian Securities Legislation; Internal Accounting Controls. NorRock is in material compliance with all provisions of Canadian Securities Legislation which are applicable to it. NorRock and the Subsidiaries maintain a system of internal accounting controls as required by Canadian Securities Legislation. NorRock has established disclosure controls and procedures as required by Canadian Securities Legislation for NorRock and designed such disclosure controls and procedures to ensure that material information relating to NorRock, including its Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which NorRock's most recently filed periodic report under Canadian Securities Legislation is being prepared. NorRock's certifying officers have evaluated the effectiveness of NorRock's controls and procedures as of the date prior to the filing date of the most recently filed periodic report under Canadian Securities Legislation (such date, the "**Evaluation Date**"). NorRock presented in its most recently filed periodic report under Canadian Securities Legislation the conclusions of the certifying officers about the effectiveness of the disclosure controls and

procedures based on their evaluations as of the Evaluation Date to the extent required by Canadian Securities Legislation. Since the Evaluation Date, except as disclosed in the NorRock Continuous Disclosure Reports, there have been no significant changes in NorRock's internal disclosure controls and procedures or its internal control over financial reporting or, to NorRock's knowledge, in other factors that could significantly affect NorRock's internal disclosure controls and procedures or its internal control over financial reporting.

- (p) Certain Fees. Other than Cormark and M Partners, no brokerage or finder's fees or commissions are or will be payable by NorRock to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement.
- (q) Listing and Maintenance Requirements. The NorRock Listed Shares are listed on the TSX, and except as contemplated by the Arrangement, NorRock has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the listing of the NorRock Listed Shares on the TSX nor has NorRock received any notification that the TSX is contemplating terminating such listing. NorRock has not, in the 12 months preceding the date of this Agreement, received notice from any Trading Market on which the NorRock Listed Shares are or have been listed or quoted to the effect that NorRock is not in compliance with the listing or maintenance requirements of such Trading Market, except as would not have a Material Adverse Effect.
- (r) Solvency. The NorRock Continuous Disclosure Reports set out as of the dates thereof all outstanding secured and unsecured Indebtedness of NorRock or any Subsidiary, including Reference L.P., or for which NorRock or any Subsidiary, including Reference L.P. has commitments. For the purposes of this Section 4.1(r), "**Indebtedness**" means:
 - (i) any liabilities for borrowed money or amounts owed in excess of \$10,000 (other than trade accounts payable incurred in the ordinary course of business);
 - (ii) all guaranties, endorsements and other contingent obligations in respect of Indebtedness of others, whether or not the same are or should be reflected in NorRock's balance sheet (or the notes thereto), except obligations in respect of indemnification, guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and
 - (iii) the present value of any lease payments in excess of \$10,000 due under leases required to be capitalized in accordance with GAAP.

None of NorRock, Reference L.P. or any Subsidiary is in default with respect to any Indebtedness, except as would have a Material Adverse Effect.

- (s) Taxes. NorRock is a "mutual fund corporation" within the meaning of the Tax Act and has conducted its affairs so as to qualify since its formation as a "mutual fund corporation" under the Tax Act. All material Tax Returns required by Applicable Laws to be filed with any Governmental Authority by, or on behalf of, NorRock and each Subsidiary (to the knowledge of NorRock in respect of 633003), including Reference L.P. have been filed when due in accordance with all Applicable Laws for all periods prior to the date hereof and all such material Tax Returns are true and complete in all material respects. NorRock and each Subsidiary (to the knowledge of NorRock in respect of 633003), including Reference L.P. has:
 - (i) other than as set out in Schedule B, paid (and where required, has collected, withheld and remitted) to the appropriate Governmental Authority all material Taxes due and payable on a timely basis, other than those Taxes being contested in good faith and in respect of which adequate reserves have been established in accordance with GAAP; and

- (ii) established in accordance with GAAP an adequate accrual for all material Taxes, whether or not due and whether or not shown as being due on any Tax Return, through the end of the last period for which NorRock and each Subsidiary, including Reference L.P. ordinarily record items on their respective books.
- (iii) there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any Tax Return of NorRock or any Subsidiary, including Reference L.P. for any period and there are no assessments or reassessments pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority relating to NorRock or any Subsidiary, including Reference L.P.
- (t) Accountants. NorRock's accountants are set out in the NorRock Continuous Disclosure Reports. To the knowledge of NorRock, such accountants are independent accountants as may be required by the OBCA and Canadian Securities Legislation.

4.2 Investigation

Any investigation by Partners REIT or its advisors will not mitigate, diminish or affect the representations and warranties of NorRock made in or pursuant to this Agreement.

4.3 No Other Representations or Warranties

Except for the representations and warranties contained in this Agreement, NorRock makes no other express or implied representation or warranty with respect to any matters not specifically represented herein.

4.4 Survival of Representations and Warranties

The representations and warranties of NorRock contained in this Agreement will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Closing Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF PARTNERS

5.1 Representations and Warranties of Partners REIT

Partners REIT hereby represents and warrants to NorRock as of the date of this Agreement as follows in this Section 5.1 and acknowledges that NorRock is relying upon those representations and warranties in connection with entering into this Agreement.

- (a) Organization, Authority. Partners REIT is a trust validly existing under the laws of the Province of Ontario, its trustees have been duly appointed pursuant to the Declaration of Trust and through its trustees it has all requisite power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder.
- (b) Subsidiaries. Each of the direct and indirect subsidiaries of Partners REIT (in this Section 5.1, each, a "**Subsidiary**") is set out in Schedule C under the heading "Partners REIT Subsidiaries". Partners REIT owns, directly or indirectly, all of the issued and outstanding shares of each Subsidiary, in each case free and clear of any Liens. All the issued and outstanding shares in the capital of each Subsidiary are validly issued and are fully paid, non-assessable and free of pre-emptive and similar rights to subscribe for or purchase securities.
- (c) Organization, Authority. Each Subsidiary is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite corporate power and authority to own and use its Property and to carry on its business as currently conducted. No Subsidiary is in violation or

default of any of the provisions of its respective certificate or articles of incorporation, by-laws or other organizational or constating documents. Partners REIT has conducted and is conducting its business and affairs in compliance in all material respects with the terms and provisions of the Declaration of Trust. Each of Partners REIT and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or Property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in a Material Adverse Effect and, to the knowledge of Partners REIT, no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

- (d) Authorization; Enforcement. Partners REIT, through its trustees in their capacity as such, has full right, power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise carry out its obligations hereunder. The execution and delivery of this Agreement by Partners REIT and the consummation by it of the transactions contemplated hereby has been duly authorized by its board of trustees, and, subject to the approval of the Partners REIT Arrangement Resolution by the Partners REIT Securityholders, no further action is required by Partners REIT, its board of trustees or its unitholders, in connection therewith. This Agreement has been (or upon delivery will have been) duly executed by Partners REIT and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the trustees of Partners REIT, in their capacity as such, enforceable against it in accordance with its terms except:
- (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally;
 - (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and
 - (iii) insofar as indemnification and contribution provisions may be limited by Applicable Law.
- (e) No Conflicts. The execution, delivery and performance of this Agreement by Partners REIT, the completion of the transactions contemplated hereby and the fulfillment and compliance by Partners REIT with any of the terms and provisions hereof will not:
- (i) conflict with or violate any provision of the Declaration of Trust; or
 - (ii) subject to the Partners REIT Required Approvals, conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of their respective Property, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any Partners REIT Material Contract; or
 - (iii) subject to the Partners REIT Required Approvals, conflict with or result in a violation of any Applicable Laws to which Partners REIT or a Subsidiary is subject, or by which any Property of Partners REIT or a Subsidiary is bound or affected;
 - (iv) except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.
- (f) Filings, Consents and Approvals. Partners REIT is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any Governmental Authority or other Person in connection with the execution, delivery and performance by Partners REIT of this Agreement, other than:

- (i) those filings or consents disclosed in Schedule D;
 - (ii) the obtaining of Partners REIT Securityholder approval at the Partners REIT Securityholders' Meeting in accordance with Applicable Laws;
 - (iii) the obtaining of the Interim Order and the Final Order;
 - (iv) applications to the TSXV for approval of the transactions contemplated by this Agreement;
 - (v) any other required filings with one or more of the Canadian Securities Regulatory Authorities; and
 - (vi) any other required approvals of any Trading Market,
- (collectively, the "**Partners REIT Required Approvals**").

(g) Capitalization.

- (i) The capitalization of Partners REIT is as described in the unaudited financial statements for the six month period ended June 30, 2011 filed on SEDAR.
- (ii) Since June 30, 2011, Partners REIT has not issued any securities other than pursuant to the DRIP or as disclosed in the Partners REIT Continuous Disclosure Reports.
- (iii) No Person has any right of first refusal, pre-emptive right, right of participation, or any similar right to participate in the transactions contemplated by this Agreement.
- (iv) Except as a result of the DRIP, the Partners REIT Unit Incentive Plan or the Partners REIT Debentures, or as disclosed in the Partners REIT Continuous Disclosure Reports, there are no outstanding options, warrants, script rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any Partners REIT Units, or contracts, commitments, understandings or arrangements by which Partners REIT or any Subsidiary is or may become bound to issue additional Partners REIT Units or Partners REIT Unit Equivalents.
- (v) All of the outstanding Partners REIT Units are validly issued, fully paid and non-assessable and to the knowledge of Partners REIT, have been issued in compliance with all Applicable Laws and, to the knowledge of Partners REIT, none of such outstanding Partners REIT Units was issued in violation of any pre-emptive rights or similar rights to subscribe for or purchase securities.
- (vi) Other than agreements entered into in connection with the Arrangement or as disclosed in the Partners REIT Continuous Disclosure Reports, there are no shareholders agreements, voting agreements or other similar agreements with respect to Partners REIT Units to which Partners REIT is a party.
- (vii) There are issued and outstanding 31,020,937 Partners REIT Units and 1,070,000 Partners REIT Unit Equivalents.

- (h) Continuous Reports; Financial Statements.
- (i) Partners REIT is a "reporting issuer" (or equivalent thereof) in each province and territory of Canada and is not in default of any requirement under Canadian Securities Legislation.
 - (ii) Partners REIT has filed or submitted all reports, financial statements, schedules, forms, statements and other documents required to be filed or submitted by it under Canadian Securities Legislation, for the three years preceding the date of this Agreement (or such shorter period as Partners REIT may have been required by Canadian Securities Legislation to file or submit such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "**Partners REIT Continuous Disclosure Reports**") on a timely basis or has received a valid extension of such time of filing or submission and has filed or submitted any such Partners REIT Continuous Disclosure Reports prior to the expiration of any such extension, except where a failure to do so could not have or could not reasonably be expected to have a Material Adverse Effect.
 - (iii) As of their respective dates, the Partners REIT Continuous Disclosure Reports complied with the material requirements of Canadian Securities Legislation, and none of the Partners REIT Continuous Disclosure Reports, when filed or submitted, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.
 - (iv) The financial statements of Partners REIT included in the Partners REIT Continuous Disclosure Reports have, for financial periods beginning on or after January 1, 2011 been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and for all other financial periods in accordance with GAAP, applied on a consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by IFRS or GAAP, as the case may be, and fairly present in all material respects the financial position of Partners REIT and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.
- (i) No Undisclosed Liabilities. Except for liabilities and obligations:
- (i) incurred in the ordinary course of business and consistent with past practice;
 - (ii) disclosed in the Partners REIT Continuous Disclosure Reports; or
 - (iii) incurred pursuant to the terms of this Agreement,
- Partners REIT has not incurred any liabilities of any nature, whether accrued, contingent or otherwise (or which would be required by generally accepted accounting principles or IFRS to be reflected on a balance sheet of Partners REIT). All material accounts payable and accrued liabilities are shown in the financial statements included within the Partners REIT Continuous Disclosure Reports, have been disclosed in writing to NorRock.
- (j) Material Changes. Since the date of the latest unaudited financial statements included within the Partners REIT Continuous Disclosure Reports and except as specifically disclosed in the Partners REIT Continuous Disclosure Reports:
- (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect;

- (ii) Partners REIT has not incurred any liabilities (contingent or otherwise) other than:
 - (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice; and
 - (B) liabilities not required to be reflected in Partners REIT's financial statements pursuant to IFRS, GAAP or required to be disclosed in filings made or required to be made pursuant to Canadian Securities Legislation;
- (iii) Partners REIT has not altered its method of accounting except as required by Canadian Securities Legislation, IFRS or GAAP, as the case may be;
- (iv) Partners REIT has not declared or made any distribution of cash or other Property to the Partners REIT Securityholders or purchased, redeemed or made any agreements to purchase or redeem any of the Partners REIT Units; and
- (v) Partners REIT has not issued any equity securities to any officer, director or Affiliate.

Partners REIT does not have pending before any of the Canadian Securities Regulatory Authorities any confidential material change report.

- (k) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of Partners REIT, threatened or contemplated (including by any of the Canadian Securities Regulatory Authorities) against or affecting Partners REIT, any Subsidiary or any of their respective Property, or, to the knowledge of Partners REIT, any current officer or director or former officer or director of Partners REIT before or by any Governmental Authority which:
 - (i) adversely affects or challenges the legality, validity or enforceability of this Agreement; or
 - (ii) could, if there were an unfavourable decision, have or reasonably be expected to result in a Material Adverse Effect.
 - (iii) Neither Partners REIT nor any Subsidiary, nor, to the knowledge of Partners REIT, any director or officer thereof, is the subject of any action involving a claim of violation of or liability under the Applicable Laws with respect to Partners REIT or any Subsidiary or a claim of breach of fiduciary duty with respect to Partners REIT or any Subsidiary. No stop order or other order suspending the trading in securities of Partners REIT is outstanding.
- (l) Labour Relations; Employee Plans.
 - (i) Except as disclosed in Partners REIT Continuous Disclosure Reports, neither Partners REIT nor any Subsidiary is a party to or bound by any contract with or commitment to any trade union, counsel of trade unions, employee bargaining agent or affiliated bargaining agent (collectively, "**labour representatives**") and neither Partners REIT nor any Subsidiary has conducted negotiations with respect to any such future contract or commitments, no labour representatives hold bargaining rights with respect to any employees of Partners REIT or any Subsidiary, no strike, lock out or other labour action currently exists or, to Partners REIT's knowledge, is contemplated or threatened except for such as could not be reasonably expected to result in a Material Adverse Effect.
 - (ii) Except as disclosed in the Partners REIT Continuous Disclosure Reports, there are no Employee Plans maintained by or for the benefit of any employee of Partners REIT and

any Subsidiary. All required contributions and/or premiums to be made under Employee Plans have been fully paid to the date hereof in accordance with the terms of the Employee Plans and all Applicable Laws, and, to Partners REIT's knowledge, no governmental charges, Taxes or other liabilities are owing or exigible under any Employee Plan. There are no outstanding proceedings, actions, suits or claims pending or, to Partners REIT's knowledge, threatened, involving any Employee Plan. No Employee Plan provides for benefit increases (or the acceleration of or an increase in funding) that are contingent upon or will become effective upon the entering into of this Agreement or the completion of the transactions contemplated hereby.

- (m) Compliance. To the knowledge of Partners REIT, neither Partners REIT nor any Subsidiary:
- (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by Partners REIT or any Subsidiary under), nor has Partners REIT or any Subsidiary received written notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other material agreement or instrument, including the Partners REIT Material Contracts, to which it is a party or by which it or any of its Property is bound (whether or not such default or violation has been waived);
 - (ii) is in violation of any order of any Governmental Authority; or
 - (iii) is or has been in violation of any Applicable Law,
- except in each case as could not have a Material Adverse Effect.
- (n) Material Contracts. The Partners REIT Material Contracts constitute all agreements, contracts, licenses, arrangements, certificates, rights and other agreements that are material to or necessary for the conduct of Partners REIT's business as currently conducted or expected to be conducted prior to the Closing Time.
- (o) Regulatory Permits. Partners REIT and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate Governmental Authorities necessary to conduct their respective businesses as described in the Partners REIT Continuous Disclosure Reports, except where the failure to possess such permits could not have or reasonably be expected to result in a Material Adverse Effect ("**Partners REIT Material Permits**"), and neither Partners REIT nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Partners REIT Material Permit.
- (p) Title to Property. Partners REIT and the Subsidiaries have good and marketable title in and to all real and personal property (tangible or intangible) owned by them that is material to the business of Partners REIT and the Subsidiaries, in each case free and clear of all Liens, except for Liens:
- (i) as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by Partners REIT and the Subsidiaries;
 - (ii) secured by real property;
 - (iii) Liens for the payment of federal, provincial, state or other Taxes, the payment of which is neither delinquent nor subject to penalties; and
 - (iv) Liens disclosed in the Partners REIT Continuous Disclosure Reports.
 - (v) Any real property (including facilities) held under lease by Partners REIT and the Subsidiaries is held by them under valid, subsisting and enforceable leases of which

Partners REIT the Subsidiaries are in compliance, except as would not have a Material Adverse Effect.

- (q) Environmental Laws. Other than as specifically set out in the Environmental Reports:
- (i) Each of Partners REIT and its Subsidiaries is conducting activities in compliance in all material respects with all applicable Environmental Laws, and each of Partners REIT and the Subsidiaries has and will continue to have at the Closing Time all Partners REIT Material Permits necessary to operate such activities in compliance in all material respects with applicable Environmental Laws and all such Partners REIT Material Permits are valid and existing and in good standing in all material respects and none of them contains any term, provision, condition or limitation which has, or could reasonably be expected to have, a Material Adverse Effect;
 - (ii) there are no Environmental Laws currently in force or, to Partners REIT's knowledge, proposed to be brought into force by any Governmental Authority which any of Partners REIT or a Subsidiary would be unable to comply or for which compliance could reasonably be expected to result in a Material Adverse Effect;
 - (iii) no written notice nor, to Partners REIT's knowledge, any other notice has been received of any pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices, non-compliances or violations, investigations or proceedings relating to the actual or alleged breach of, or liability under, any Environmental Law by any of Partners REIT or the Subsidiaries;
 - (iv) to Partners REIT's knowledge, there are no facts, events or circumstances that could reasonably be expected to form the basis of a governmental order for clean-up or remediation, monitoring or other response action, nor is there any action, suit or proceeding by any private party or Governmental Authority, with respect to any of the activities, financial condition, assets, liabilities (contingent or otherwise) or result of operations of Partners REIT and the Subsidiaries (taken as a whole) or against or affecting any of Partners REIT and the Subsidiaries relating to the presence or release of Hazardous Substances and/or the actual or alleged breach of any Environmental Laws except those that could not reasonably be expected to have a Material Adverse Effect;
 - (v) neither Partners REIT nor any Subsidiary has filed any notice or report pursuant to any Environmental Law or otherwise indicating past or present treatment, storage or disposal of a Hazardous Substance or reporting a spill, release or discharge of a Hazardous Substance into the Environment involving any of the Properties other than those which have been fully remediated (or otherwise addressed) in accordance with all applicable Environmental Laws;
 - (vi) except in compliance with Environmental Laws, none of the Properties has been used, and no property in which Partners REIT or any Subsidiary had an interest was used, by Partners REIT or any Subsidiary as a waste storage site or a waste disposal site or has been used by Partners REIT or any Subsidiary to operate a waste management system or business, and, to Partners REIT's knowledge, no such uses were made of any of the Properties prior to the purchase of such Properties by Partners REIT or any Subsidiary; and
 - (vii) neither Partners REIT nor any Subsidiary has any contingent liability of which Partners REIT has knowledge in connection with any spill, discharge or release of any Hazardous Substance on or into the Environment in connection with any of the Properties or any property in which Partners REIT or any Subsidiary had an interest, except for any such contingent liability disclosed in the Partners REIT Continuous Disclosure Reports.

- (r) Insurance. Partners REIT and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which Partners REIT and the Subsidiaries are engaged. Neither Partners REIT nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.
- (s) Transactions With Affiliates and Employees. Except as set out in the Partners REIT Continuous Disclosure Reports, none of the current officers or directors of Partners REIT, and, to the knowledge of Partners REIT, none of the employees of Partners REIT, is a party to any transaction with Partners REIT or any Subsidiary (other than for services as employees, officers or directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for leasing, rental or licensing to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of Partners REIT, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, other than:
- (i) for payment of salary or consulting fees for services rendered;
 - (ii) reimbursement for expenses incurred on behalf of Partners REIT; and
 - (iii) for other employee benefits.
- (t) Canadian Securities Legislation; Internal Accounting Controls. Partners REIT is in material compliance with all provisions of Canadian Securities Legislation which are applicable to it. Partners REIT and the Subsidiaries maintain a system of internal accounting controls as required by NI 52-109. Partners REIT has established disclosure controls and procedures as required by NI 52-109 for Partners REIT and designed such disclosure controls and procedures to ensure that material information relating to Partners REIT, including its Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which Partners REIT's most recently filed periodic report under Canadian Securities Legislation is being prepared. Partner's certifying officers have evaluated the effectiveness of Partners REIT's controls and procedures as of the date prior to the filing date of the most recently filed periodic report under Canadian Securities Legislation (such date, the "**Evaluation Date**"). Partners REIT presented in its most recently filed periodic report under Canadian Securities Legislation the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date to the extent required by NI 52-109. Since the Evaluation Date, except as disclosed in the Partners REIT Continuous Disclosure Reports, there have been no significant changes in Partners REIT's internal disclosure controls and procedures or its internal control over financial reporting (as such terms are defined in Section 1.1 of NI 52-109) or, to Partners REIT's knowledge, in other factors that could significantly affect Partners REIT's internal disclosure controls and procedures or its internal control over financial reporting.
- (u) Certain Fees. Other than to Brookfield and Capital Canada Limited, no brokerage or finder's fees or commissions are or will be payable by Partners REIT to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement.
- (v) Listing and Maintenance Requirements. The Partners REIT Units are listed on the TSXV, and except as contemplated by the Arrangement or disclosed in writing to NorRock, Partners REIT has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the listing of the Partners REIT Units on the TSXV nor has Partners REIT received any notification that the TSXV is contemplating terminating such listing. Partners REIT has not, in the 12 months preceding the date of this Agreement, received notice from any Trading Market on which the Partners REIT Units are or have been listed or quoted to the effect that Partners REIT is

not in compliance with the listing or maintenance requirements of such Trading Market, except as would not have a Material Adverse Effect.

- (w) Solvency. The Partners REIT Continuous Disclosure Reports set out as of the dates thereof all outstanding secured and unsecured Indebtedness of Partners REIT or any Subsidiary, or for which Partners REIT or any Subsidiary has commitments. For the purposes of this Section 5.1(w), "**Indebtedness**" will mean:
- (i) any liabilities for borrowed money or amounts owed in excess of \$10,000 (other than trade accounts payable incurred in the ordinary course of business);
 - (ii) all guaranties, endorsements and other contingent obligations in respect of Indebtedness of others, whether or not the same are or should be reflected in Partners REIT's balance sheet (or the notes thereto), except obligations in respect of indemnification, guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and
 - (iii) the present value of any lease payments in excess of \$10,000 due under leases required to be capitalized in accordance with IFRS or GAAP.

Neither Partners REIT nor any Subsidiary is in default with respect to any Indebtedness, except as would not have a Material Adverse Effect.

- (x) Taxes. All material Tax Returns required by applicable Laws to be filed with any Governmental Authority by, or on behalf of, Partners REIT and each Subsidiary have been filed when due in accordance with all applicable Laws for all periods prior to the date hereof and all such material Tax Returns are true and complete in all material respects. Partners REIT and each Subsidiary has
- (i) paid (and where required, has collected, withheld and remitted) to the appropriate Governmental Authority all material Taxes due and payable on a timely basis, other than those Taxes being contested in good faith and in respect of which adequate reserves have been established in accordance with IFRS; and
 - (ii) established in accordance with IFRS an adequate accrual for all material Taxes, whether or not due and whether or not shown as being due on any Tax Return, through the end of the last period for which Partners REIT and each Subsidiary ordinarily record items on their respective books.
 - (iii) There are no outstanding agreements or waivers extending the statutory period of limitations applicable to any Tax Return of Partners REIT or any Subsidiary for any period and there are no assessments or reassessments pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority relating to Partners REIT or any Subsidiary. Partners REIT is a "mutual fund trust" within the meaning of the Tax Act and has conducted its affairs so as to qualify since its formation as a "mutual fund trust" under the Tax Act.
- (y) Accountants. Partners REIT's accountants are set out in the Partners REIT Continuous Disclosure Reports. To the knowledge of Partners REIT, such accountants are independent accountants as may be required by Canadian Securities Legislation.
- (z) Use of Short Form Prospectus. Partners REIT meets the general eligibility requirements for use of a short form prospectus under National Instrument 44-101 – *Short Form Prospectus* of the Canadian Securities Regulatory Authorities.

5.2 Investigation

Any investigation by NorRock or its respective advisors will not mitigate, diminish or affect the representations and warranties of Partners REIT made in or pursuant to this Agreement.

5.3 No Other Representations or Warranties

Except for the representations and warranties contained in this Agreement, Partners REIT makes no other express or implied representation or warranty with respect to any matters not specifically represented herein.

5.4 Survival of Representations and Warranties

The representations and warranties of Partners REIT contained in this Agreement will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Closing Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 6 COVENANTS OF NORROCK

6.1 Covenants of NorRock

Subject to the terms and conditions of this Agreement, NorRock covenants and agrees that, except as contemplated in this Agreement or the Plan of Arrangement, until the Closing Date or the day upon which this Agreement is terminated, whichever is earlier:

- (a) except to the extent required to implement the transactions contemplated by this Agreement and except as previously disclosed in writing to or with the prior written consent of Partners REIT, it will conduct its business, and will cause its Subsidiaries, including Reference L.P. (but not 633003), to conduct their respective businesses, in the usual, ordinary and regular course of business and consistent with past practices and NorRock will use commercially reasonable efforts to maintain and preserve its and its Subsidiaries', including Reference L.P.'s, business organization, assets, goodwill, business relationships and the Assigned Mortgages;
- (b) except as previously disclosed in writing to Partners REIT or as otherwise set out in this Agreement, it will not directly or indirectly, do or permit to occur any of the following without the prior written consent of Partners REIT, which will not be unreasonably withheld or delayed (it being agreed that it will not be unreasonable for Partners REIT to withhold its consent in circumstances where the relevant action could reasonably be expected to (i) adversely affect the Initial Asset Value by more than a nominal amount, (ii) adversely affect the status of Partners REIT as a "mutual fund trust" or a "real estate investment trust", (iii) adversely affect the value or marketability of the Assigned Mortgages, the Assigned Shares, the Royal Oaks Golf Course or the Royal Oaks Condo, or (iv) otherwise delay or adversely affect the completion of the transactions contemplated by this Agreement by more than a nominal amount):
 - (i) make any cash expenditure in excess of \$25,000 individually or \$50,000 in the aggregate other than the payment of the following expenses:
 - (A) regular dividends on the NorRock Preferred Shares;
 - (B) termination fees under the NorRock Management Agreement and the Forward Agreement as contemplated by this Agreement;
 - (C) professional fees, or directors' fees payable in the ordinary course of business consistent with past practice;

- (D) trailer fees to brokers payable in the ordinary course of business consistent with past practice; and
- (E) management fees payable in the ordinary course of business consistent with past practice;
- (ii) issue or agree to issue any of its shares or any options, warrants, calls, conversion privileges or rights of any kind (including stock appreciation rights) to acquire any of the NorRock Shares;
- (iii) sell, pledge, hypothecate, lease, dispose of, encumber any of its assets, or agree to do any of the foregoing; except as contemplated by the Plan of Arrangement or this Agreement;
- (iv) operate NorRock and the Subsidiaries, including Reference L.P. (but not 633003), other than in the ordinary course of business, consistent with past practice;
- (v) amend or propose to amend the NorRock Governing Documents or the terms and conditions of any NorRock Material Contract or any of the Assigned Mortgages;
- (vi) take any action (whether by enforcement or otherwise) with respect to the Assigned Mortgages;
- (vii) split, combine or reclassify the NorRock Shares, or (other than as set out in the NorRock Continuous Disclosure Reports) declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to the NorRock Shares other than regular dividends on the NorRock Preferred Shares;
- (viii) other than as set out in the NorRock Continuous Disclosure Reports, redeem, purchase or offer to purchase any of its securities unless otherwise required by the terms of such securities;
- (ix) reorganize, amalgamate or merge with any other person, corporation, partnership or other business organization whatsoever;
- (x) acquire or, unless disclosed to Partners REIT, agree to acquire any person, corporation, partnership, joint venture or other business organization or division or acquire or agree to acquire any assets, which, in each case, are individually or in the aggregate material or out of the ordinary course of business consistent with past practice;
- (xi) settle or compromise any claim brought by any present, former or purported holder of any of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;
- (xii) take any action that would interfere with or be inconsistent with the completion of the transactions contemplated hereby or that would render, or that reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect (except for the representations and warranties in Section 4.1(a), Section 4.1(f), Section 4.1(g) and Section 4.1(l) which must be true and correct at all times) at any time prior to the Closing Date if then made; or
- (xiii) take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Arrangement;

- (c) it will:
- (i) use its reasonable commercial efforts (taking into account insurance market conditions and offerings and industry practices) to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, except where such cancellation, termination or lapse would not individually or in the aggregate have a Material Adverse Effect, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
 - (ii) use its reasonable commercial efforts to preserve intact its business organization and goodwill, to keep available the services of its officers, employees and consultants as a group and to maintain satisfactory relationships with partners, suppliers, agents, distributors, customers and others having business relationships with it;
 - (iii) perform and comply with all material covenants and conditions contained in all contracts, leases, grants, agreements, permits, licences orders and documents governing its assets or to which its assets are subject; and
 - (iv) promptly notify Partners REIT of any Material Adverse Change, or any change, effect, event, occurrence or change in a state of facts which could, with the passage of time, reasonably be expected to become or result in a Material Adverse Change, or any Governmental Authority or third party written complaints, investigations or hearings (or communications indicating that the same may be contemplated in respect of the Arrangement);
- (d) it will use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder to the extent the same is within its control and take, or cause to be taken, all other action and do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Arrangement, including using its reasonable commercial efforts to:
- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to the Material Contracts, including the Assigned Mortgages in connection with the Arrangement;
 - (ii) obtain all necessary consents, approvals and authorizations that are required to be obtained by it under any Applicable Laws;
 - (iii) effect all necessary registrations and filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of any Party before Governmental Authorities in connection with the Arrangement;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby or by the Plan of Arrangement;
 - (v) fulfil all conditions and satisfy all provisions of this Agreement;
 - (vi) cooperate with Partners REIT in connection with the performance by it of its obligations hereunder; and

- (vii) conduct its affairs, and cause the affairs of each of its Subsidiaries, including Reference L.P. (but not 633003) to be conducted, so that all of their respective representations and warranties contained herein will be true and correct in all material respects on and as of the Closing Date as if made thereon;
- (e) except as required by Applicable Law or in the ordinary course of business consistent with prior practice, neither NorRock nor any Subsidiary, including Reference L.P. (but not 633003) will:
 - (i) make, change or rescind any material Tax election, nor make any tax elections in respect of the matters contemplated by the Plan of Arrangement except as expressly contemplated therein;
 - (ii) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any Tax Return or the payment of any Tax;
 - (iii) settle any Tax claim or assessment in excess of \$10,000, other than the payment of tax arrears relating to the Royal Oaks Golf Course as set out in Schedule B;
 - (iv) surrender any right or claim to a Tax refund; or
 - (v) materially amend any of its transfer pricing policies;
- (f) it will make or cooperate as necessary in the making of all necessary filings and applications under all Applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Applicable Laws;
- (g) it will, in a timely and expeditious manner:
 - (i) upon Partners REIT's request, provide Partners REIT with a copy of the records relating to NorRock Securityholders maintained by or available to, the Depositary;
 - (ii) use commercially reasonable efforts to solicit proxies for the approval of the Arrangement and related matters in accordance with Applicable Laws and provide Partners REIT with all information regarding:
 - (A) the voting of all proxies received by NorRock or the Depositary by no later than 6 p.m. (Toronto time) on each Business Day; and
 - (B) the exercise of any Dissent Rights;
 - (iii) convene the NorRock Securityholders' Meeting as ordered by the Interim Order;
 - (iv) provide notice to Partners REIT of the NorRock Securityholders' Meeting and allow Partners REIT's representatives to attend the NorRock Securityholders' Meeting unless such attendance is prohibited by the Interim Order; and
 - (v) conduct the NorRock Securityholders' Meeting in accordance with the Interim Order, the NorRock Governing Documents and any instrument governing such meeting, as applicable, and as otherwise required by Applicable Laws;
- (h) except for individual proxies and other non-substantive communications and materials relating to the NorRock Securityholders' Meeting, furnish promptly to Partners REIT a copy of each notice, report, report of proxies submitted, schedule or other document or communication delivered, filed or received by NorRock in connection with the Arrangement or the Interim Order, the NorRock Securityholders' Meeting or any other meeting of NorRock Securityholders or class of security holders which all such holders, as the case may be, are entitled to attend, any filings under

Applicable Laws and any dealings with regulatory agencies in connection with, or in any way affecting, the transactions contemplated herein;

- (i) subject to the terms hereof, in a timely and expeditious manner, provide to Partners REIT all information as may be reasonably requested by Partners REIT with respect to NorRock, its Subsidiaries, including Reference L.P., and its business and properties;
- (j) it will, within two Business Days of NorRock receiving any written audit inquiry, assessment, reassessment, confirmation or variation of an assessment, indication that tax assessment is being considered, request for filing of a waiver or extension of time or any other notice in writing relating to taxes, interest, penalties, losses or tax pools (an "**Assessment**"), deliver to Partners REIT a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of NorRock, or the appropriate Affiliate, on the assumption that such Assessment is valid and binding;
- (k) prior to the Closing Date, it will cause (i) beneficial ownership of the Royal Oaks Condo to be transferred to 2246329 (or to another NorRock subsidiary as Partners REIT directs) and (ii) the relevant Subsidiary of NorRock holding nominee legal title to the Royal Oaks Condo to transfer such title to 2246329 (or to another NorRock subsidiary as Partners REIT directs), where the transfer in clause (i) will occur on a fully taxable basis.
- (l) it will, prior to the Closing Date, use commercially reasonable efforts to terminate the Commitment Agreement and the Forward Agreement, and acquire all partnership interests in Reference L.P. (directly or indirectly through a Subsidiary) and will dissolve Reference L.P., each in a manner that will permit the conditions in Section 8.1 to be satisfied; and
- (m) it will use commercially reasonable efforts, prior to the Closing Date, to sell or otherwise dispose of any assets (other than cash, Cash Equivalents, the Assigned Mortgages and the Assigned Shares) and convert all such assets to cash or Cash Equivalents as of the Closing Date.

Notwithstanding the references above to "(but not including 633003)", NorRock will cause 2246329 to take all action reasonably available to it as a shareholder of 633003 such that all of the covenants set forth in this Section 6.1 will be complied with in all respects by 633003.

6.2 Plan of Arrangement

Subject to the terms and conditions of this Agreement (including the conditions in Article 8) NorRock will undertake and carry out the transactions described in the Plan of Arrangement (to the extent applicable to it and its Subsidiaries), at the times indicated therein.

6.3 Pre-Acquisition Reorganizations

- (a) NorRock agrees that, subject to the terms and conditions of this Agreement, upon request by Partners REIT, NorRock will, and will cause its Subsidiaries, including Reference L.P. to, in each case, at the expense of Partners REIT, use its commercially reasonable efforts to:
 - (i) effect such reorganization of its business, operations and assets and the integration of other affiliated businesses as Partners REIT may request, acting reasonably (each a "**Pre-Acquisition Reorganization**"); and
 - (ii) cooperate with Partners REIT and its advisors to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken.
- (b) Partners REIT acknowledges and agrees, and will ensure, that the Pre-Acquisition Reorganization will:

- (i) not impede, delay or prevent consummation of the Arrangement (including by giving rise to litigation by or consents from, third parties or require filings with Governmental Authorities);
 - (ii) be such that, in the opinion of NorRock, acting reasonably, would not prejudice the NorRock Securityholders and that such Pre-Acquisition Reorganization may be unwound without adversely affecting NorRock or any of its Subsidiaries if the Arrangement does not become effective;
 - (iii) not require NorRock to obtain the approval of any of the NorRock Securityholders;
 - (iv) not unreasonably interfere with the business, operations or contracts of NorRock;
 - (v) not reasonably be expected to result in any Taxes being imposed on NorRock incrementally greater than the Taxes which would be imposed in the absence of such Pre-Acquisition Reorganization; and
 - (vi) not be considered in determining whether a representation, warranty or covenant of NorRock hereunder has been breached.
 - (vii) Partners REIT acknowledges that the Pre-Acquisition Reorganization could require the consent of third parties under applicable contracts.
- (c) Partners REIT will provide written notice to NorRock of any proposed Pre-Acquisition Reorganization at least ten Business Days prior to the Closing Date. Upon receipt of such notice, Partners REIT and NorRock will, at the expense of Partners REIT, work cooperatively and use commercially reasonable efforts to prepare prior to the Closing Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganizations. The parties will seek to have any such Pre-Acquisition Reorganization made effective immediately prior to or contemporaneously with the Closing Time or failing that as of the last moment of the day ending immediately prior to the Closing Date, or such other time as Partners REIT reasonably requests (but after Partners REIT will have waived (subject to applicable Laws) all conditions referred to in Sections 8.1 and 8.3 or confirmed that all conditions referred to in Sections 8.1 and 8.3 have been satisfied).
- (d) No such Pre-Acquisition Reorganization will be made effective unless:
- (i) NorRock, acting reasonably, has determined that arrangements have been put into place so that NorRock and its respective officers, directors, employees, agents, advisors and representatives will be indemnified (jointly and severally) by Partners REIT from and against any and all liabilities, losses, damages, claims, costs (including Taxes), expenses (including legal fees, professional fees, and disbursements), interest, awards, judgments and penalties suffered or incurred by any of them in connection with, in respect of, or as a result of any Pre-Acquisition Reorganization; or
 - (ii) NorRock otherwise agrees.
- (e) Partners REIT will reimburse NorRock for all reasonable fees and expenses (including professional fees and expenses) incurred by NorRock in considering and effecting a Pre-Acquisition Reorganization, other than expenses incurred in respect of the transactions contemplated in this Agreement and the Arrangement, and will reimburse NorRock for all costs incurred by NorRock in reversing or unwinding any Pre-Acquisition Reorganization that was effected at the request of Partners REIT prior to termination of this Agreement.

6.4 Recommendation of the NorRock Board of Directors

- (a) Subject to the terms and conditions of this Agreement, the Information Circular will include the recommendation of the board of directors of NorRock to the NorRock Securityholders in respect of the Arrangement as set out in Section 2.6.
- (b) Notwithstanding any other provision of this Agreement, the board of directors of NorRock may change its recommendation to the NorRock Securityholders in respect of the Arrangement from that set forth herein:
 - (i) in the situation contemplated by Section 6.6(e) provided that NorRock and its board of directors have first complied with Sections 6.5 and 6.6 and NorRock has paid the NorRock Non-Completion Fee to Partners specified in Section 9.1; or
 - (ii) if, at any time prior to the NorRock Securityholders' Meeting, the Ten Day VWAP is less than \$1.45.
- (c) If the board of directors of NorRock changes its recommendation to the NorRock Securityholders in the circumstances contemplated in Section 6.4(b)(i), then unless Partners REIT agrees otherwise, NorRock will continue to hold the NorRock Securityholders' Meeting and conduct the votes of NorRock Securityholders in respect of the Arrangement at such meeting; provided that NorRock may, in its discretion, postpone or adjourn the NorRock Securityholders' Meeting once for up to 10 days solely in the event of the circumstances contemplated in this Section 6.4(c).

6.5 NorRock Non-Solicitation

- (a) NorRock will immediately terminate and cause to be terminated all solicitations, initiations, encouragements, discussions or negotiations with any parties conducted prior to the date hereof by NorRock, or its officers, directors, employees, legal counsel, financial advisors, experts, representatives agents, or other persons acting on its behalf, with respect to any NorRock Acquisition Proposal.
- (b) NorRock will not, directly or indirectly, through any officer, director, employee, legal counsel, financial advisor, expert, representative, agent, or other person acting on its behalf, solicit, initiate, invite or knowingly encourage (including by way of furnishing confidential information or entering into any form of agreement, arrangement or understanding) the initiation of or participate in, any inquiries or proposals regarding a NorRock Acquisition Proposal, provided that nothing contained in this Section 6.5 or other provisions of this Agreement (including, without limitation, Section 6.1) will prevent the board of directors of NorRock from considering, negotiating, approving or recommending to the NorRock Securityholders an agreement in respect of an unsolicited written NorRock Acquisition Proposal:
 - (i) which did not result from a breach of this Section 6.5(b);
 - (ii) in respect of which any financing required by the party making the NorRock Acquisition Proposal has been demonstrated to the satisfaction of the board of directors of NorRock, acting in good faith, to be reasonably likely to be obtained;
 - (iii) in respect of which the board of directors of NorRock determines (having consulted outside counsel) that in the exercise of its fiduciary duty it would be necessary for such board of directors to take such action in order to avoid breaching its fiduciary duties; and
 - (iv) in respect of which the board of directors of NorRock determines in good faith, after consultation with financial advisors, if consummated in accordance with its terms, would result in a transaction more favourable from a financial point of view to holders of NorRock Class A Shares and NorRock Preferred Shares than the Arrangement,

(any such NorRock Acquisition Proposal that satisfies clauses (i) through (iv) above being referred to herein as a "**Superior Proposal**").

- (c) NorRock agrees not to release any third party from any confidentiality agreement in respect of a NorRock Acquisition Proposal to which such third party is a party. NorRock further agrees not to release any third party from any standstill agreement to which such third party is a party.
- (d) NorRock will promptly notify Partners REIT of any current or any future NorRock Acquisition Proposal of which any of NorRock's directors or senior officers become aware, or any amendments to the foregoing, or any request for non-public information relating to NorRock in connection with a NorRock Acquisition Proposal or for access to the properties, books or records or for a list of the securityholders of NorRock by any person or entity that informs NorRock that it is considering making a NorRock Acquisition Proposal. Such notice will include a copy of all written communications and a description of the material terms and conditions of any proposal and provide such details of the proposal, inquiry or contact as Partners REIT may reasonably request, including without limitation the identity of the person and controlling person, if any, making such proposal, inquiry or contact.
- (e) If NorRock receives a request for material non-public information from a Person who proposes a NorRock Acquisition Proposal in respect of NorRock, NorRock has complied with Section 6.5(d), and the board of directors of NorRock determines that such proposal would be a Superior Proposal, then, and only in such case, the board of directors may, subject to the execution of a confidentiality agreement and provided NorRock sends a copy of any such confidentiality agreement to Partners REIT promptly following its execution, provide such person with access to non-public information. NorRock will provide Partners REIT with the information provided to the person making the Superior Proposal.
- (f) NorRock will ensure that its directors and officers and any financial advisors or other advisors or representatives retained by it are aware of the provisions of this Section 6.5, and it will be responsible for any breach of this Section 6.5 by its financial advisors or other advisors or representatives.

6.6 NorRock Notice of Superior Proposal Determination

- (a) NorRock will not accept, approve or recommend or enter into any agreement (except for a confidentiality agreement entered into in compliance with and required by Section 6.5(e)) in respect of a NorRock Acquisition Proposal on the basis that it constitutes a Superior Proposal unless:
 - (i) it has complied with its obligations under Section 6.5;
 - (ii) it has provided Partners REIT with a complete copy of the NorRock Acquisition Proposal document which has been determined to be a Superior Proposal (if applicable), with such deletions as are necessary to protect confidential portions of such NorRock Acquisition Proposal document, provided that material terms or conditions or the identity of the person (and any entity controlling such person) making the NorRock Acquisition Proposal may not be deleted;
 - (iii) five Business Days (the "**Notice Period**") will have elapsed from the later of the date Partners REIT received notice of the determination to accept, approve or recommend or enter into an agreement in respect of such NorRock Acquisition Proposal, and the date Partners REIT received a copy of the NorRock Acquisition Proposal document (if applicable); and

- (iv) it concurrently terminates this Agreement and pays to Partners REIT the NorRock Non-Completion Fee.
- (b) During the Notice Period, NorRock will provide a reasonable opportunity to Partners REIT to consider, discuss and offer such adjustments in the terms and conditions of this Agreement as would enable NorRock to proceed with its recommendation to the NorRock Securityholders with respect to the Arrangement; provided however that any such adjustment will be at the discretion of NorRock and Partners REIT at the time.
- (c) The board of directors of NorRock will review in good faith any offer made by Partners REIT to amend the terms of this Agreement in order to determine, in its discretion, as part of its exercising its fiduciary duties, whether the proposed amendments would, upon acceptance, result in such Superior Proposal ceasing to be a Superior Proposal.
- (d) If the board of directors of NorRock determines that the Superior Proposal would cease to be a Superior Proposal, it will so advise Partners REIT and will accept the offer by Partners REIT to amend the terms of this Agreement and NorRock and Partners REIT agree to take such actions and execute such documents as are necessary to give effect to the foregoing.
- (e) If the board of directors of NorRock continues to believe, in good faith and after consultation with financial advisors and outside counsel, that such Superior Proposal remains a Superior Proposal and therefore rejects the amendments offered by Partners REIT, NorRock may, subject to the terms of this Agreement including payment of the NorRock Non-Completion Fee, accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.
- (f) Each successive material modification of any NorRock Acquisition Proposal or a Superior Proposal will constitute a new NorRock Acquisition Proposal for the purposes of this Section 6.6 and will require a five Business Day Notice Period from the date such amendment is communicated to Partners REIT.
- (g) Information provided hereunder will constitute confidential information under the Confidentiality Agreement.

6.7 Mutual Access to Information

Subject to the Confidentiality Agreement and Applicable Laws, upon reasonable notice, each of Partners REIT and NorRock will afford the officers, employees, counsel, accountants and other authorized representatives and advisors of the other Party access, during normal business hours from the date hereof and until the earlier of the Closing Date or the termination of this Agreement, to its properties, books, contracts and records as well as to its management personnel, and, during such period, each of NorRock and Partners REIT will furnish promptly to the other Party (without duplication) all information concerning its business, properties and personnel as the other Party may reasonably request.

ARTICLE 7 COVENANTS OF PARTNERS

7.1 Covenants of Partners REIT

Subject to the terms and conditions of this Agreement, Partners REIT covenants and agrees that, except as contemplated in this Agreement or the Plan of Arrangement, until the Closing Date or the day upon which this Agreement is terminated, whichever is earlier:

- (a) except to the extent required to implement the transactions contemplated by this Agreement and except as previously disclosed in writing to or with the prior written consent of NorRock, it will conduct its business, and will cause its Subsidiaries to conduct their respective businesses, in the

usual, ordinary and regular course of business and consistent with past practices and Partners REIT will use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, assets, goodwill, business relationships;

- (b) except as previously disclosed in writing to NorRock or as otherwise set out in this Agreement, it will not, without the prior written consent of NorRock, which will not be unreasonably withheld or delayed, directly or indirectly do or permit to occur any of the following:
- (i) make any amendment to Partners REIT distribution policies existing as of the date hereof and set out in the Partners REIT Continuous Disclosure Reports;
 - (ii) other than as set out in the Partners REIT Continuous Disclosure Reports, declare, set aside or pay any distribution payable in cash, units, property or otherwise with respect to the Partners REIT Units, other than in the ordinary course of business;
 - (iii) issue or agree to issue any of its units or any options, warrants, calls, conversion privileges or rights of any kind to acquire any Partners REIT Units except pursuant to:
 - (A) the DRIP, the Partners REIT Unit Incentive Plan, the Partners REIT Debentures or any securities disclosed in the Partners REIT Continuous Disclosure Reports; or
 - (B) issuances to property vendors in consideration of property acquisitions that are not expected to decrease the net asset value per Partners REIT Unit as determined on the date of the announcement of such acquisitions;
 - (iv) take any action that would cause the Partners REIT ratio of mortgage debt to asset value, determined in the manner set out in Schedule E, at any time to exceed 75%;
 - (v) operate Partners REIT and the Subsidiaries of Partners REIT other than in the ordinary course of business, consistent with past practice;
 - (vi) amend or propose to amend the Declaration of Trust;
 - (vii) split, combine or reclassify the Partners REIT Units, or declare, set aside or pay any distribution payable in cash, stock, property or otherwise with respect to the Partners REIT Units except distributions in the ordinary course of business consistent with past practice;
 - (viii) redeem, purchase or offer to purchase any of its securities unless otherwise required by the terms of such securities;
 - (ix) reorganize, amalgamate or merge with any other person, corporation, partnership or other business organization whatsoever;
 - (x) settle or compromise any claim brought by any present, former or purported holder of any of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;
 - (xi) take any action that would interfere with or be inconsistent with the completion of the transactions contemplated hereby or that would render, or that reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Closing Date if then made; or

- (xii) take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Arrangement;
- (c) it will:
- (i) use its reasonable commercial efforts (taking into account insurance market conditions and offerings and industry practices) to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, except where such cancellation, termination or lapse would not individually or in the aggregate have a Material Adverse Effect, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
 - (ii) use its reasonable commercial efforts to preserve intact its business organization and goodwill, to keep available the services of its officers, employees and consultants as a group and to maintain satisfactory relationships with partners, suppliers, agents, distributors, customers and others having business relationships with it;
 - (iii) perform and comply with all material covenants and conditions contained in all contracts, leases, grants, agreements, permits, licences orders and documents governing its assets or to which its assets are subject except those that would not result in a Material Adverse Change; and
 - (iv) promptly notify NorRock of any Material Adverse Change, or any change, effect, event, occurrence or change in a state of facts which could, with the passage of time, reasonably be expected to become or result in a Material Adverse Change, or any Governmental Authority or third party written complaints, investigations or hearings (or communications indicating that the same may be contemplated in respect of the Arrangement or the Partners REIT Securityholders' Meeting);
- (d) it will use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder to the extent the same is within its control and take, or cause to be taken, all other action and do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Arrangement, including using its reasonable commercial efforts to:
- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to the Material Contracts in connection with the Arrangement;
 - (ii) obtain all necessary consents, approvals and authorizations that are required to be obtained by it under any Applicable Laws;
 - (iii) effect all necessary registrations and filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of any Party before Governmental Authorities in connection with the Arrangement;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby or by the Plan of Arrangement;
 - (v) fulfil all conditions and satisfy all provisions of this Agreement;

- (vi) cooperate with NorRock in connection with the performance by it of its obligations hereunder; and
 - (vii) conduct its affairs, and cause the affairs of each of its Subsidiaries to be conducted, so that all of their respective representations and warranties contained herein will be true and correct in all material respects on and as of the Closing Date as if made thereon;
- (e) it will, in a timely and expeditious manner:
- (i) upon NorRock's request, provide NorRock with a copy of the records relating to Partners REIT Securityholders maintained by the Transfer Agent and Registrar;
 - (ii) use commercially reasonable efforts to solicit proxies for the approval of the Partners Arrangement Resolution and related matters in accordance with Applicable Laws and provide NorRock with all information regarding the voting of all proxies received by Partners REIT or its Transfer Agent and Registrar by no later than 6 p.m. (Toronto time) on each Business Day;
 - (iii) convene the Partners REIT Securityholders' Meeting as contemplated by this Agreement;
 - (iv) provide notice to NorRock of the Partners REIT Securityholders' Meeting and allow NorRock's representatives to attend the Partners REIT Securityholders' Meeting;
 - (v) conduct the Partners REIT Securityholders' Meeting in accordance with this Agreement, the Declaration of Trust, and any instrument governing such meeting, as applicable, and as otherwise required by Applicable Laws;
 - (vi) except for individual proxies and other non-substantive communications and materials relating to the Partners REIT Securityholders' Meeting, furnish promptly to NorRock a copy of each notice, report, report of proxies submitted, schedule or other document or communication delivered, filed or received by Partners REIT in connection with the Arrangement or the Partners REIT Securityholders' Meeting or any other meeting of Partners REIT Securityholders or class of security holders which all such holders, as the case may be, are entitled to attend, any filings under Applicable Laws and any dealings with regulatory agencies in connection with, or in any way affecting, the transactions contemplated herein;
 - (vii) subject to the terms hereof, in a timely and expeditious manner, provide to NorRock all information as may be reasonably requested by NorRock or as required by the Interim Order or Applicable Laws with respect to Partners REIT, its Subsidiaries, and their business and properties;
 - (viii) use reasonable commercial efforts to execute and deliver the Rights Agreement;
 - (ix) at or prior to the Closing Time, allot and reserve for issuance a sufficient number of Partners REIT Units to meet the obligations of Partners REIT under the Arrangement;
 - (x) subject to the terms and conditions of this Agreement, pay the aggregate consideration to be paid pursuant to the Plan of Arrangement at the time provided therein;
 - (xi) apply for, and use commercially reasonable efforts to obtain conditional approval of the TSXV for the listing of all the Partners REIT Units comprising the consideration to be paid pursuant to the Plan of Arrangement, subject only to customary listing conditions of the TSXV; and

- (xii) ensure that the Partners REIT Units to be issued in connection with the transactions contemplated by this Agreement will, when issued, be duly and validly issued as fully paid and non assessable Partners REIT Units.

7.2 Plan of Arrangement

Subject to the terms and conditions of this Agreement (including the conditions of Article 8), Partners REIT will undertake and carry out the transactions described in the Plan of Arrangement (to the extent applicable to it or its Subsidiaries) at the times indicated therein. Notwithstanding any other provision of this Agreement, Partners REIT's obligations under this Section with respect to payment of fair value to registered holders of NorRock Shares will survive the consummation of the transaction contemplated herein and terminate at the time that any amounts owing on account of the exercise of Dissent Rights have been fully satisfied by Partners.

7.3 Other Covenants

- (a) As soon as practicable and in no event later than the date the Information Circular is first mailed to any NorRock Securityholder or Partners Securityholder, Partners REIT agrees to negotiate the Rights Agreement in good faith and take all commercially reasonable actions as are necessary or desirable to settle the Rights Agreement. NorRock agrees to co-operate with Partners REIT in good faith in connection with the foregoing.
- (b) Subject to the terms and conditions of this Agreement (including the conditions of Article 8), each party agrees to undertake and carry out and perform its obligations under the Subscription Agreement after Closing.
- (c) The covenants in this Section 7.3 will survive the Closing and remain in full force and effect until the full Deferred Closing Payment has been made in accordance with the Subscription Agreement.

ARTICLE 8 CONDITIONS PRECEDENT

8.1 Mutual Conditions Precedent

The respective obligations of the Parties hereto to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Closing Date or such other time as is specified below, of the following conditions:

- (a) the Interim Order will have been granted in form and substance satisfactory to each of NorRock and Partners REIT, acting reasonably and will not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (b) on or before five Business Days before the Outside Date, the Arrangement Resolutions will have been approved by the NorRock Securityholders and the Partners REIT Securityholders, as the case may be, in form and substance satisfactory to each of NorRock and Partners REIT, acting reasonably, duly approving the Arrangement in accordance with the Interim Order and the requirements of applicable Canadian Securities Legislation, as applicable;
- (c) on or before three Business Days before the Outside Date, the Final Order will have been granted in form and substance satisfactory to each of NorRock and Partners REIT, each acting reasonably;
- (d) the Articles of Arrangement, together with the Final Order, to be filed with the Director in accordance with the Arrangement and Section 183 of the OBCA, will be in form and substance satisfactory to each of NorRock and Partners REIT, each acting reasonably;
- (e) each of the TSX and the TSXV will have accepted notice of the Arrangement and the transactions contemplated thereby and the TSXV will have approved the transactions contemplated by this

Agreement (including the Plan of Arrangement and the Subscription Agreement) and the listing of the Partners REIT Units issuable in accordance with the Plan of Arrangement, subject only to the customary listing conditions of the TSXV;

- (f) the Arrangement will have become effective on or before the Outside Date;
- (g) this Agreement will not have been terminated in accordance with its terms;
- (h) there will be no action taken under any Applicable Law that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein;
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein; or
 - (iii) has had or, if the Arrangement was consummated, would reasonably be expected to result in, a Material Adverse Effect on NorRock or Partners REIT;
- (i) NorRock (or a Subsidiary) will have acquired all the partnership interests in Reference L.P.;
- (j) NorRock will have transferred or caused the transfer of beneficial ownership of the Royal Oaks Condo to 2246329 (or to another NorRock subsidiary as Partners REIT directs) and the relevant Subsidiary of NorRock holding nominee legal title to the Royal Oaks Condo will have transferred such title to 2246329 (or to another NorRock subsidiary as Partners REIT directs);
- (k) the Forward Agreement will have been terminated and any fees associated with the termination of such agreement will be no more than \$150,000;
- (l) in connection with, and following, the termination of the Forward Agreement, Reference L.P. will have been wound up and terminated and its assets distributed to NorRock;
- (m) the Rights Agreement will have been executed and delivered by the parties thereto;
- (n) no material action or proceeding will be pending or threatened by any Person or Governmental Authority to enjoin or prohibit the Arrangement from being completed, or result in a judgment in material damages relating to the transaction as contemplated herein; and
- (o) there being no change in law (including a proposal by the Minister of Finance of Canada to amend the Tax Act or any announcement, governmental or regulatory initiative, condition, event or development involving a change or a prospective change) that, directly or indirectly, has or may have a Material Adverse Effect on or with respect to Partners REIT, NorRock or its Subsidiaries, including Reference L.P., with respect to the regulatory regime applicable to its respective businesses and operations, or with respect to consummating the transactions contemplated by the Plan of Arrangement.

The foregoing conditions are for the mutual benefit of each of NorRock and Partners REIT and may be asserted by each of NorRock and Partners REIT regardless of the circumstances and may be waived by each of NorRock and Partners REIT in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which NorRock or Partners REIT may have.

8.2 Conditions to Obligations of NorRock

The obligations of NorRock to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Closing Date or such other time as is specified below, of the following conditions:

- (a) each of the acts and undertakings of Partners REIT to be performed on or before the Closing Date pursuant to the terms of this Agreement will have been duly performed by Partners REIT in accordance with the terms of this Agreement and the Plan of Arrangement;
- (b) except as affected by the transactions contemplated by this Agreement, the representations and warranties of Partners REIT contained in Section 5.1 will be true and correct in all material respects on the Closing Date (other than the representations and warranties in Section 5.1(g), which will be true and correct, it being understood that the representation in Section 5.1(g)(vi) may be updated to reflect the issuances of securities permitted under the terms and conditions of this Agreement) with the same force and effect as though such representations and warranties had been made at and as of such time except where the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on Partners REIT (other than the representations and warranties in Section 5.1(g), which will be true and correct, it being understood that the representation in Section 5.1(g)(vi) may be updated to reflect the issuances of securities permitted under the terms and conditions of this Agreement), and Partners REIT will have complied in all material respects with its covenants in this Agreement and NorRock will have received certificates to that effect, dated the Closing Date, from a senior officer of Partners REIT, acting solely on behalf of Partners REIT and not in his personal capacity, to the best of his information and belief having made reasonable inquiry and Partners REIT will have no actual knowledge to the contrary;
- (c) there will not have occurred a Material Adverse Change in respect of Partners REIT;
- (d) all requisite consents, orders, approvals and authorizations, including, without limitation, regulatory and judicial approvals and orders, required or necessary for the completion of the Arrangement and the assignment of the Assigned Mortgages and Assigned Shares will have been completed or obtained on terms and conditions satisfactory to NorRock, acting reasonably, and all applicable statutory or regulatory waiting periods to the transactions contemplated under the Arrangement, will have been expired or been terminated, and no objection or opposition will have been filed, initiated or made by any regulatory authority during any applicable statutory or regulatory period;
- (e) NorRock will have received a written fairness opinion from Cormark confirming its preliminary opinion that the consideration to be issued pursuant to the Arrangement is fair, from a financial point of view, to the NorRock Securityholders, which opinion will have been included in the Information Circular; and
- (f) NorRock will have received a written valuation from M Partners as contemplated by Section 2.6(b), which valuation will have been included in the Information Circular.

The conditions in this Section 8.2 are for the exclusive benefit of NorRock and may be asserted by NorRock regardless of the circumstances or may be waived by NorRock in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which NorRock may have.

8.3 Conditions to Obligations of Partners REIT

The obligations of Partners REIT to consummate the transactions contemplated hereby, are subject to the satisfaction, on or before the Closing Date or such other time as is specified below, of the following conditions:

- (a) each of the acts and undertakings of NorRock to be performed on or before the Closing Date pursuant to the terms of this Agreement will have been duly performed by NorRock in accordance with the terms of this Agreement and the Plan of Arrangement;
- (b) except as affected by the transactions contemplated by this Agreement, the representations and warranties of NorRock contained in Section 4.1 will be true in all material respects on the Closing

Date (other than the representations and warranties in Section 4.1(f), Section 4.1(g) and Section 4.1(l) which will be true and correct) with the same force and effect as though such representations and warranties had been made at and as of such time except where the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on NorRock (other than with respect to the representations and warranties set out in Section 4.1(a), Section 4.1(f), Section 4.1(g) and Section 4.1(l), and NorRock will have complied in all material respects with its covenants in this Agreement other than the covenants set out in Section 6.1(k) and Section 6.1(l), which NorRock will have complied with in all respects and Partners REIT will have received certificates to that effect, dated the Closing Date, from a senior officer of NorRock, acting solely on behalf of the company in question and not in his or her personal capacity, to the best of his or her information and belief having made reasonable inquiry and NorRock will have no actual knowledge to the contrary;

- (c) there will not have occurred any Material Adverse Change in respect of NorRock;
- (d) all requisite consents, orders, approvals and authorizations, including, without limitation, regulatory and judicial approvals and orders, required or necessary for the completion of the Arrangement and the assignment of the Assigned Mortgages and Assigned Shares, will have been completed or obtained on terms and conditions satisfactory to Partners REIT, acting reasonably, and all applicable statutory or regulatory waiting periods to the transactions contemplated under the Arrangement, will have been expired or been terminated, and no objection or opposition will have been filed, initiated or made by any regulatory authority during any applicable statutory or regulatory period;
- (e) holders of NorRock Shares will not have exercised the Dissent Rights or similar rights, and will not have instituted proceedings to exercise the Dissent Rights or similar rights in connection with the Arrangement (other than holders of NorRock Shares representing, in the aggregate, not more than 2.5% of the outstanding NorRock Class A Shares and 2.5% of the outstanding NorRock Preferred Shares);
- (f) the Initial Asset Value will exceed \$48,000,000 and the principal amount of the Assigned Mortgages and the value of the Assigned Shares in aggregate will not exceed \$19,000,000;
- (g) other than as set out in Schedule B as at the date hereof, the Assigned Mortgages will be in full force and effect and there will have occurred no event of default or other breach, or violation or event of acceleration, whether actual or threatened, by either the holder of the Assigned Mortgages or the counterparty thereto under the Assigned Mortgages which would have a Material Adverse Effect on the Transferred Assets;
- (h) Partners REIT will have received a list of all of the creditors of NorRock and the Subsidiaries (not including 633003) and amounts owing to such creditors and will be satisfied, acting reasonably, with the arrangements made by NorRock to satisfy the claims of such creditors;
- (i) the Commitment Agreement will have been terminated;
- (j) the NorRock Management Agreement will have been terminated and any fees associated with the termination of such agreement will be no more than \$1,746,614, before offsetting any amounts owing by the NorRock Manager to NorRock;
- (k) Partners REIT, in its reasonable judgment, will be satisfied that, immediately prior to the Closing Time, NorRock Securityholders resident outside Canada do not hold, in the aggregate, more than 5% of the outstanding NorRock Shares;
- (l) Partners REIT will have received a written fairness opinion from Brookfield, confirming its preliminary opinion that the consideration to be issued pursuant to the Arrangement is fair, from a

financial point of view, to the Partners REIT Securityholders, which opinion will have been included in the Information Circular;

- (m) Partners REIT will have received a written valuation from Capital Canada Limited as contemplated by Section 2.7(b), which valuation will have been included in the Information Circular; and
- (n) In Partners REIT's opinion, acting reasonably, the completion of the Arrangement and the nature of the assets to be acquired by Partners REIT pursuant to the Plan of Arrangement will not in any way impair Partners REIT's ability to continue to qualify as a "real estate investment trust" and a "mutual fund trust" at all times under the Tax Act, including for its 2011 and future taxation years.

The conditions described in this Section 8.3 are for the exclusive benefit of Partners REIT and may be asserted by Partners REIT regardless of the circumstances or may be waived by Partners REIT in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Partners REIT may have.

8.4 Notice and Cure Provisions and Effect of Failure to Comply with Conditions

- (a) Each of NorRock and Partners REIT will give prompt notice to the others of the occurrence, or failure to occur, at any time from the date hereof to the Closing Date of any event or state of facts which occurrence or failure would, or would be likely to:
 - (i) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect; or
 - (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.
- (b) If any of the conditions precedents set forth in Sections 8.1, 8.2 or 8.3 hereof will not be complied with or waived by the Party for whose benefit such conditions are provided on or before the date required for the performance thereof, then the Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement pursuant to Section 10.1(a)(iii)(B) in the case of Partners REIT and Section 10.1(a)(iv)(C) in the case of NorRock provided that the Party intending to rely thereon has prior to the filing of the Articles of Arrangement with the Director delivered a written notice to the other Parties, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfilment of the applicable conditions precedent. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement until the earlier of the expiration of a period of 10 days from the date of such notice and the Outside Date. If such notice has been delivered prior to the date of the Securityholders' Meetings, such meeting will be postponed until the expiry of such period. If such notice has been delivered after the Securityholders' Meetings and prior to the making of the applications for the Final Order or the filing of the Articles of Arrangement, such applications and such filings will be postponed until the expiry of such period. More than one such notice may be delivered by a Party.

8.5 Satisfaction of Conditions

The conditions set out in this Article 8 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the OBCA to give effect to the Arrangement.

ARTICLE 9
AGREEMENT AS TO NON-COMPLETION FEE

9.1 NorRock Non-Completion Fee

If at any time after the execution of this Agreement and prior to the termination of this Agreement pursuant to Article 10:

- (a) the board of directors of NorRock fails to recommend, withdraws, withholds, or amends, modifies or qualifies in a manner adverse to Partners REIT, or fails to reaffirm its recommendation of the Arrangement within seven business days (or if the NorRock Securityholders' Meeting is scheduled to be held within such seven business day period, when reasonably requested by Partners REIT) after having been requested by Partners REIT to do so, the approval or recommendation of the board of directors of NorRock in respect of the Arrangement (a "**Change in Recommendation**") provided that, for the avoidance of doubt, the circumstances contemplated in 6.4(b)(ii) will be deemed not to be a Change in Recommendation (it being understood that the taking of a neutral position or no position with respect to a NorRock Acquisition Proposal will not be considered a Change in Recommendation); or
- (b) NorRock accepts, approves, recommends or enters into any agreement or understanding with any Person in respect of a Superior Proposal, excluding a confidentiality agreement entered into in compliance with Section 6.5; or
- (c) except as contemplated by Section 6.6 with respect to Partners REIT's right to respond to any Superior Proposal, NorRock publicly announces its intention to do any of the foregoing;

(each of the above being a "**NorRock Payment Event**"), then NorRock will pay to Partners REIT the amount of \$1,750,000 as a non-completion fee (the "**NorRock Non-Completion Fee**") in immediately available funds to an account designated by Partners REIT within two Business Days after the termination of this Agreement by Partners REIT in accordance with Section 10.1(a)(iii)(A) or concurrently with the termination of this Agreement by NorRock in accordance with Section 10.1(a)(iv)(B). NorRock will only have to pay the NorRock Non-Completion Fee once even if more than one NorRock Payment Event has occurred.

ARTICLE 10
TERMINATION, AMENDMENT AND WAIVER

10.1 Termination

- (a) This Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Closing Time (notwithstanding any approval of this Agreement or the applicable Arrangement Resolution by the NorRock Securityholders, the Partners REIT Securityholders or the Arrangement by the Court):
 - (i) by mutual written agreement of NorRock and Partners REIT; or
 - (ii) by either NorRock or Partners REIT, if:
 - (A) the Closing Time has not occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 10.1(a)(ii)(A) will not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement has been the principal cause of, or resulted in, the failure of the Closing Time to occur by such Outside Date; or
 - (B) after the date hereof, there will be enacted or made any Applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or

enjoins NorRock and Partners REIT from consummating the Arrangement and such Applicable Law (if applicable) or enjoinder will have become final and non-appealable; or

- (C) the Arrangement Resolution fails to receive the requisite approval from the Partners REIT Securityholders or the NorRock Securityholders, as the case may be, at their respective Meetings (including any adjournment or postponement thereof), in accordance with the Interim Order; or

(iii) by Partners REIT:

- (A) if a Change in Recommendation occurs; or
- (B) in the circumstances contemplated in Section 8.4(b); provided that Partners REIT is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 8.1 or Section 8.2 not to be satisfied; or
- (C) if the NorRock Securityholders' Meeting has not occurred on or before December 21, 2011 provided that the right to terminate this Agreement under this Section 10.1(a)(iii)(C) will not be available to Partners REIT if the failure by Partners REIT to fulfil any obligation hereunder is the cause of or resulted in the failure of the meeting to occur on or before such date; or

(iv) by NorRock:

- (A) in the circumstances contemplated by Section 6.4(b)(ii);
- (B) if the board of directors of NorRock authorizes NorRock, subject to complying with the terms of this Agreement, to accept, approve, recommend or enter into any agreement or understanding with any Person in respect of to a Superior Proposal; provided that concurrently with such termination, NorRock pays the NorRock Non-Completion Fee;
- (C) in the circumstances contemplated in Section 8.4(b), provided that NorRock is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 8.1 or Section 8.3 not to be satisfied; or
- (D) if the Partners REIT Securityholders Meeting has not occurred on or before December 21, 2011 provided that the right to terminate this Agreement under this Section 10.1(a)(iv)(D) will not be available to NorRock if the failure by NorRock to fulfil any obligation hereunder is the cause of or resulted in the failure of the meeting to occur on or before such date.

- (b) The Party desiring to terminate this Agreement pursuant to this Section 10.1 (other than pursuant to Section 10.1(a)(i)) will give notice of such termination to the other Party.

10.2 Fees and Expenses

- (a) Subject to Section 10.2(b) and Section 10.2(c), each Party will be responsible for its own fees and expenses in connection with the negotiation of this Agreement and the implementation of the Arrangement. Notwithstanding the foregoing, each of Partners REIT and NorRock will bear equally all costs associated with the costs of printing and mailing the Information Circular.

- (b) If:
- (i) Partners REIT terminates this Agreement pursuant to Section 10.1(a)(iii)(B) in circumstances where a breach of covenants, representations or warranties of NorRock is the basis for the non-fulfillment of the applicable conditions precedent; or
 - (ii) NorRock terminates this Agreement pursuant to Section 10.1(a)(iv)(C) in circumstances where a breach of covenants, representations or warranties of Partners REIT is the basis for the non-fulfillment of the applicable conditions precedent; or
 - (iii) Partners REIT terminates this Agreement because the condition precedent in Section 8.3(e) was not met, but only where holders of NorRock Shares representing less than 7.5% of the outstanding NorRock Class A Shares and 7.5% of the outstanding NorRock Preferred Shares have exercised such Dissent Rights,

and the other Party is not entitled to terminate this Agreement, (A) NorRock in the case of Sections 10.2(b)(ii) and 10.2(b)(iii), and (B) Partners REIT in the case of Section 10.2(b)(i) (in the case of either (A) or (B), the "**Recipient Party**") will be entitled to a payment from the other Party (the "**Payment Party**") equal to the reasonable third party expenses incurred by the Recipient Party in connection with considering, negotiating, and otherwise pursuing the transactions contemplated herein, to a maximum of \$500,000 (the "**Reimbursement Amount**"). The Payment Party will promptly pay the expenses of the Recipient Party, to such maximum amount, upon receipt by the Payment Party of invoices evidencing the incurring of such expenses by the Recipient Party.

- (c) If NorRock pays the NorRock Non-Completion Fee, it will not be obliged to pay the Reimbursement Amount whether or not such amount would be otherwise payable.

10.3 Indemnification for Information Circular

- (a) NorRock hereby covenants and agrees to indemnify and save harmless Partners REIT and its trustees, officers and employees (for whom Partners REIT holds such rights in trust) (collectively, the "**Partners REIT Indemnified Parties**") from and against all liabilities, claims, losses (excluding loss of profits and indirect or consequential losses), costs (including without limitation legal fees and disbursements on a solicitor and his own client basis) fines, penalties, damages and expenses to which any Partners REIT Indemnified Party may be subject or may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by or arising directly or indirectly by reason or in consequence of any information or statement contained in the Information Circular relating to NorRock, the NorRock Securityholders Meeting or the business, operations, results of operations, assets, capitalization, financial condition, rights, liabilities or prospects of NorRock and its Subsidiaries and whether on a prospective or pro forma basis (other than the Partners REIT Information), containing a misrepresentation.
- (b) Partners REIT hereby covenants and agrees to indemnify and save harmless NorRock and its directors, officers and employees (for whom NorRock holds such rights in trust) (collectively, the "**NorRock Indemnified Parties**") from and against all liabilities, claims, losses (excluding loss of profits and indirect or consequential losses), costs (including without limitation legal fees and disbursements on a solicitor and his own client basis) fines, penalties, damages and expenses to which any NorRock Indemnified Party may be subject or may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by or arising directly or indirectly by reason or in consequence of any information or statement contained in the Information Circular relating to Partners REIT, the Partners REIT Securityholders Meeting or the business, operations, results of operations, assets, capitalization, financial condition, rights, liabilities or prospects of Partners REIT and its Subsidiaries and whether on a prospective or pro forma basis (other than the NorRock Information), containing a misrepresentation.

- (c) If any matter or thing contemplated by this Section 10.3 (any such matter or thing, a "**Claim**") is asserted against a NorRock Indemnified Party or a Partners REIT Indemnified Party (the "**Indemnified Party**"), or if any potential Claim contemplated by this Section 10.3 will come to the knowledge of the Indemnified Party, the Indemnified Party will notify the indemnifying party as soon as possible of the nature of such Claim (provided that any failure to so notify will not affect the indemnifying party's liabilities under this Section 10.3 except to the extent that the failure materially prejudices the indemnifying party) and the indemnifying party will, subject as hereinafter provided, be entitled (but not required) at its expense to assume the defence of any suit brought to enforce such Claim; provided, however, that the defence will be conducted through legal counsel acceptable to the Indemnified Party, acting reasonably. No admission of liability or settlement of any such Claim may be made by the indemnifying party or any Indemnified Party, without, in each case, the prior written consent of the other party, such consent not to be unreasonably withheld.
- (d) In respect of any such Claim, the Indemnified Party will have the right to retain separate or additional counsel to act on its behalf and participate in the defence thereof; provided that the fees and disbursements of such counsel will be paid by the Indemnified Party unless the indemnifying party does not assume the defence of such suit on behalf of the Indemnified Party within three Business Days of the indemnifying party receiving notice of such Claim; or the named party to any such Claim (including any added third or interpleaded party) include both the Indemnified Party, on the one hand, and the indemnifying party and the Indemnified Party will have been advised by their counsel that representation of both parties by the same counsel would be inappropriate due to the actual or potential differing interests between them (in which case the indemnifying party will not have the right to assume the defence of such Claim but will be liable to pay the reasonable fees and expenses of counsel for the Indemnified Party).

10.4 Effect of Termination

In the event of the termination of this Agreement as provided in Section 10.1, this Agreement will forthwith have no further force or effect and there will be no obligation on the part of NorRock or Partners REIT hereunder except as set forth in:

- (a) Section 6.3(e), Section 7.2, Section 7.3, Article 9, Section 10.2, Section 10.3, Section 10.4, Section 10.7, Section 10.8 and Section 12.9, which provisions will survive the termination of this Agreement; and
- (b) the Confidentiality Agreement.

10.5 Amendment

This Agreement may be amended by mutual agreement between the Parties. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the Parties.

10.6 Waiver

NorRock, on the one hand, and Partners REIT, on the other hand, may:

- (a) extend the time for the performance of any of the obligations or other acts of the other;
- (b) waive compliance with any of the agreements of the other or the fulfillment of any conditions to its own obligations contained herein; or
- (c) waive inaccuracies in any of the representations or warranties of the other contained herein or in any document delivered by the other; provided, however, that any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such Party.

10.7 Liquidated Damages

Each Party acknowledges that the amounts set out in Article 9 and in Section 10.2(b) represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which the Party receiving such amount will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and are not penalties. The Party responsible for paying such amount irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

10.8 Limited Remedy

For greater certainty, each Party agrees that the compensation or damages to be received pursuant to Article 9 and in Section 10.2(b) is the sole remedy in compensation or damages of such Party, provided however that nothing contained in Article 9 or in Section 10.2(b), will relieve or have the effect of relieving the Party responsible for paying such amount in any way from liability for damages incurred or suffered by the party receiving such amount as a result of a breach of this Agreement by the party responsible for paying such amount, acting in bad faith with a clear intent and design to prevent the conditions precedent to this Agreement's completion from being satisfied. Subject to the foregoing, nothing herein will preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenant or agreement.

ARTICLE 11 CLOSING

11.1 Closing Date

The date of Closing will be the later of:

- (a) the fifth Business Day after the date on which the Final Order is issued; and
- (b) the fifth Business Day after NorRock has given, to those holders of NorRock Listed Shares who gave valid notice of their intention to exercise Dissent Rights, notice of the adoption of the NorRock Arrangement Resolutions;

(or such other date as NorRock and Partners REIT may agree, and on such date the Closing will occur in accordance with Sections 11.2 and 11.3 (the "**Closing Date**").

11.2 Effect of Closing

On the Closing Date, as promptly as practicable after the satisfaction or, to the extent permitted hereunder, the waiver of the conditions set forth in Article 8, the Parties will cause the Arrangement to be consummated by the filing of the Articles of Arrangement and any other necessary documents prepared in accordance with the provisions of this Agreement and the OBCA with the Director in accordance with the OBCA. The Articles of Arrangement will specify the "Effective Date" and the transactions contemplated by the Plan of Arrangement will occur.

11.3 Place of Closing

The Closing as detailed in Sections 11.1 and 11.2 will take place at the offices of McCarthy in Toronto, Ontario at the Closing Time on the Closing Date.

11.4 Other Closing Matters

In addition to the other matters required to be delivered under the terms and conditions of this Agreement, each of NorRock and Partners REIT will deliver, at the Closing, such customary certificates, resolutions and other closing documents as may be required by the other Parties hereto, including registrable assignments and notices with

respect to the Assigned Mortgages and original share certificates, duly endorsed for transfer in blank, with respect to the Assigned Shares, acting reasonably.

ARTICLE 12 GENERAL PROVISIONS

12.1 Notices

Any notice, request, consent, waiver, direction or other communication required or permitted to be given under this Agreement will be in writing and may be given by delivering same or sending same by facsimile transmission or by delivery addressed to the Party to which the notice is to be given at its address for service herein. Any such notice, request, consent, waiver, direction or other communication will, if delivered, be deemed to have been given and received on the day on which it was delivered to the address provided herein (if that day is a Business Day, and if it is not, then on the next succeeding Business Day), and if sent by facsimile transmission will be deemed to have been given and received at the time of receipt unless actually received after 4:00 p.m. at the point of delivery, in which case it will be deemed to have been given and received on the next Business Day.

- (a) If to Partners REIT: 200 - 710 Redbrick Street
Victoria BC V8T 5J3

Attention: Paul Dykeman, Chair of the Special Committee of Trustees
Fax: (250) 592-9393
- with a copy to: McCarthy Tétrault LLP
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto ON M5K 1E6
Attention: David Tennant
Vanessa Grant
Fax: (416) 868-0673
- (b) if to NorRock: 36 Toronto Street, Suite 1150
Toronto, ON M5C 2C5
Attention: Gordon Pridham, Chair of the Special Committee of Directors
Fax: (866) 362-2469
- (c) with a copy to: Bennett Jones LLP
Suite 3400
100 King Street West
Toronto, ON M5X 1A4
Attention: Grant Haynen
Adam Taylor
Fax: (416) 863-1716

12.2 Time of Essence

Time will be of the essence in this Agreement.

12.3 Entire Agreement

Except for the various written collateral agreements executed by both parties and entered into in connection with the Arrangement and the Confidentiality Agreement, this Agreement constitutes the entire agreement between the Parties and cancels and supersedes all prior agreements and understandings between the Parties with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement.

To the extent that provisions of the Confidentiality Agreement conflict with provisions of this Agreement, the provisions of this Agreement will govern.

12.4 Assignment

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder will be assigned by any of the Parties without the prior written consent of the other Parties. Notwithstanding the foregoing, Partners REIT may assign all or any part of its rights under this Agreement to any Person (and, for greater certainty, none of its obligations, including the obligation to issue Partners REIT Units); provided that if such assignment takes place, Partners REIT will continue to be liable to NorRock for any default in performance by the assignee.

12.5 Binding Effect

This Agreement will be binding upon and will enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

12.6 Further Assurances

Each Party hereto will, from time to time, and at all times hereafter, at the request of the other Parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as will be reasonably required in order to fully perform and carry out the terms and intent hereof.

12.7 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

12.8 Counterpart Execution

This Agreement may be executed in any number of counterparts and each such counterpart will be deemed to be an original instrument but all such counterparts together will constitute one agreement.

12.9 Acknowledgement

Each of the Parties hereto acknowledges that the trustees of Partners REIT are entering into this Agreement solely in their capacity as trustees of Partners REIT, and that the obligations or liabilities (including those arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including without limitation, claims based on negligence or otherwise tortious behaviour) of the trustees, managers, officers, consultants, agents or employees of Partners REIT hereunder will not be binding upon, nor will resort be had to the property of, any of the holders of units of Partners REIT or any annuitant under a plan of which a holder of units is a trustee or carrier (an "**annuitant**"). The obligations or liabilities, if any, of the trustees, managers, officers or employees of Partners REIT hereunder will be satisfied only out of the property of Partners REIT. The provisions of this Section 12.9 will enure to the benefit of the heirs, successors, assigns and personal representatives of the trustees, managers, officers or employees of Partners REIT and of the holders of units and annuitants and, to the extent necessary to provide effective enforcement of such provisions, the trustees of Partners REIT are hereby acknowledged to be acting, and will be entitled to act as, trustees for the holders of units and annuitants. This Section 12.9 will survive the completion of the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, Partners REIT and NorRock have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**PARTNERS REAL ESTATE INVESTMENT
TRUST**

Per: "John van Haastreht"
Name: John van Haastreht
Title: Trustee

**NORROCK REALTY FINANCE
CORPORATION**

Per: "Gordon Pridham"
Name: Gordon Pridham
Title: Chair, Special Committee

SCHEDULE A

See Appendix "C" to the Joint Circular

SCHEDULE B

ASSIGNED MORTGAGES AND ASSIGNED SHARES

Mortgage Summary ⁽¹⁾		
As at September 30, 2011		
Secured Property Address and Description	Principal as at September 30, 2011	Ranking
Chatham	\$1,262,500.00	Second
Chatham	\$3,348,036.42	First
Toronto	\$3,100,000.00	First
London	\$1,500,000.00	Second
Aliston	\$2,159,686.49	First
Newmarket	\$1,183,527.23	Second
Kenora	\$500,000.00	Second
Lunenburg	\$1,352,398.42	First
Moncton	\$4,000,000.00	First
Moncton	\$0.00	—
TOTAL	\$18,406,148.56	

(1) This mortgage summary does not include the following redacted details: Ref No., Cab Mortgage No., Borrower, Secured Property Address and Description – Other, Guarantor, Interest Rate, Payment Type, Monthly Payment, Amortization Period, Payment Default, Property Tax Account Deficiency, Insurance Certificate, Title Insurance, Partial Discharges, Partial Interest, Permitted Assignment of Mortgage, Valid Assignment of Rents, Litigation, and Maturity Date.

Assigned Shares			
Asset Name	NorRock Subsidiary that holds the equity interest	Number and type of shares	Percentage ownership
2246329 Ontario Limited	NorRock Realty Finance LP	1 common share	100%

SCHEDULE C

SUBSIDIARIES

1. NorRock Subsidiaries, number of shares owned, percentage ownership

- (i) NorRock Realty Finance G.P. Inc. (formerly C.A. Bancorp G.P. Inc.)
- (ii) NorRock Realty Finance L.P. (formerly C.A.B. Realty Finance L.P.)
- (iii) 2246329 Ontario Limited (100%, by virtue of NorRock Realty Finance L.P. owning one common share)
- (iv) 633003 N.B. Inc. (75% by virtue of 2246329 Ontario Limited owning 150 common shares (subject to the 633003 Option to Purchase))

2. Partners REIT Subsidiaries

- (i) Charter Realty Holdings Ltd.
- (ii) Charter R.H.I. Corp.
- (iii) Charter Realty (Quebec) Corp.
- (iv) Evergreen Centres Holdings Corp.
- (v) Charter Acquisition Corp.
- (vi) Wellington Plaza Holdings Inc.
- (vii) 7924330 Canada Inc.
- (viii) Centuria Urban Village Holdings Corp.
- (ix) ACI Brandon Dennis Ltd.
- (x) ACI Selkirk Ltd.
- (xi) ACI Shoppers Southpark Ltd.
- (xii) RMA Gatineau Ltd.
- (xiii) SDA Steinbach Ltd.
- (xiv) Somerset Corner Ltd.

SCHEDULE D

REQUIRED APPROVALS

- 1. NorRock**
 - (i) Nil
- 2. Partners REIT**
 - (i) Nil

SCHEDULE E

**METHOD OF DETERMINING PARTNERS REIT
RATIO OF MORTGAGE DEBT TO ASSET VALUE**

The aggregate of all secured debt divided by the aggregate of the original cost of income producing properties and the book value of all other assets.

SCHEDULE F

DRAFT TERMS OF RIGHTS AGREEMENT

1. Principal Economic Terms:	The principal economic terms of the Rights are set out in section 2.04 of the Subscription Agreement.
2. Rights Agent:	The rights agent under the Rights Agreement will act as the initial registrar and transfer agent under the Rights Agreement.
3. Rights Register:	The registrar and transfer agent will maintain a Rights register.
4. Expenses of Rights Agent	All expenses of the Rights agent and Rights registrar and transfer agent will be paid by Partners REIT.
5. Transfers of Rights:	<p>The Rights will not be transferable other than:</p> <ul style="list-style-type: none"> • by operation of law; and • to the heirs, executors and successors of an initial Rights holder. <p>The Rights transfer agent and registrar may charge a fee to any person requesting a transfer of the Rights to reimburse the Rights transfer agent and registrar for any taxes or governmental charges required to be paid, and a reasonable charge for the Rights transfer agent and registrar's services. Any such payment will be a condition precedent to any exchange or transfer.</p>
6. Rights of Rights holders:	The Rights Agreement will provide for the rights of the Rights holders in a form similar to the rights of security holders in analogous circumstances.
7. Representations and Warranties of the Issuer:	The Rights Agreement will contain representations and warranties of Partners REIT as would be included in agreements settled in analogous circumstances.
8. Customary covenants of the Issuer:	<p>The Rights Agreement will contain covenants of Partners REIT including:</p> <ul style="list-style-type: none"> • subject to the successor provisions in the Rights Agreement, to do, or cause to be done all things necessary to preserve and maintain its existence as trust validly subsisting under the law of the Province of Ontario; and • subject to exceptions for "control persons", the Deferred Units will be freely tradeable by the holders thereof under applicable Canadian securities laws.
9. Transaction specific covenants of the Issuer:	<ul style="list-style-type: none"> • Maintain the Assigned Mortgages and Assigned Shares in good order and use commercially reasonable efforts to preserve their value; and • The Assigned Mortgages and Assigned Shares shall be disposed of in a commercially reasonable manner.
10. Events of Default	The Rights Agreement will contain events of default that would be included in analogous circumstances.

APPENDIX "D-1"

**AMENDMENT NO. 1
TO
ACQUISITION AGREEMENT
AND
AMENDMENT TO PLAN OF ARRANGEMENT**

This AMENDMENT NO. 1 TO ACQUISITION AGREEMENT and AMENDMENT TO PLAN OF ARRANGEMENT is made as of November 16, 2011 ("**Amending Agreement**") by and between Partners Real Estate Investment Trust ("**Partners REIT**") and NorRock Realty Finance Corporation ("**NorRock**").

RECITALS:

WHEREAS Partners REIT and NorRock are parties to an acquisition agreement (the "**Acquisition Agreement**"), dated as of October 17, 2011 to which is appended the Plan of Arrangement;

AND WHEREAS Partners REIT is proposing to consolidate its units (the "**Consolidation**") on the basis of one post-consolidation Partners REIT Unit for every four pre-consolidation Partners REIT Units held;

AND WHEREAS, the parties hereto have agreed to amend the Acquisition Agreement, as set forth in this Amending Agreement;

AND WHEREAS the parties have agreed to amend the Plan of Arrangement, as set forth in this Amending Agreement;

NOW, THEREFORE, in consideration of the premises and agreements herein contained, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 **Definitions.** Terms for which meanings are provided in the Acquisition Agreement are, unless otherwise defined herein or the context otherwise requires, used in this Amending Agreement with such meanings.

**ARTICLE 2
AMENDMENTS TO THE ACQUISITION AGREEMENT**

Effective on the date hereof, the Acquisition Agreement is hereby amended as follows:

2.1 NorRock consents to the Consolidation.

2.2 Schedule "A" to the Acquisition Agreement (the Plan of Arrangement) is deleted in its entirety and replaced with Schedule "A" attached to this Agreement.

**ARTICLE 3
MISCELLANEOUS**

3.1 **No Other Amendments.** Except as specifically amended in this Amending Agreement, the Acquisition Agreement, the Plan of Arrangement and all other related documents shall remain in full force and effect and are hereby ratified and confirmed in all respects.

3.2 **Headings.** The headings of the various sections of this Amending Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Amending Agreement.

3.3 **Successors and Assigns.** This Agreement will be binding upon and will enure to the benefit of the parties hereto and their respective successors and permitted assigns.

3.4 **Further Assurances.** Each Party hereto will, from time to time, and at all times hereafter, at the request of the other Parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as will be reasonably required in order to fully perform and carry out the terms and intent hereof.

3.5 **Counterparts.** This Agreement may be executed in any number of counterparts and each such counterpart will be deemed to be an original instrument but all such counterparts together will constitute one agreement.

3.6 **Governing Law.** This Agreement will be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each Party hereto hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of all matters arising under or in relation to this Agreement.

3.7 **Acknowledgement.** Each of the Parties hereto acknowledges that the trustees of Partners REIT are entering into this Agreement solely in their capacity as trustees of Partners REIT, and that the obligations or liabilities (including those arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including without limitation, claims based on negligence or otherwise tortious behaviour) of the trustees, managers, officers, consultants, agents or employees of Partners REIT hereunder will not be binding upon, nor will resort be had to the property of, any of the holders of units of Partners REIT or any annuitant under a plan of which a holder of units is a trustee or carrier (an "**annuitant**"). The obligations or liabilities, if any, of the trustees, managers, officers or employees of Partners REIT hereunder will be satisfied only out of the property of Partners REIT. The provisions of this Section 3.7 will enure to the benefit of the heirs, successors, assigns and personal representatives of the trustees, managers, officers or employees of Partners REIT and of the holders of units and annuitants and, to the extent necessary to provide effective enforcement of such provisions, the trustees of Partners REIT are hereby acknowledged to be acting, and will be entitled to act as, trustees for the holders of units and annuitants. This Section 3.7 will survive the completion of the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, Partners REIT and NorRock have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**PARTNERS REAL ESTATE
INVESTMENT TRUST**

**NORROCK REALTY FINANCE
CORPORATION**

Per: "Louis Maroun"
Name: Louis Maroun
Title: Chairman

Per: "Gordon Pridham"
Name: Gordon Pridham
Title: Chair, Special Committee

Schedule "A"

See Appendix "C" to the Joint Circular

APPENDIX "E"

COMPARISONS OF RIGHTS OF SECURITYHOLDERS

Upon the successful completion of the Arrangement, NorRock Shareholders will hold Partners REIT Units. Partners REIT is a trust and the rights of unitholders are established by the Declaration of Trust unlike NorRock, which is a corporation existing under the laws of Ontario, where the rights of shareholders are governed by the OBCA and by its articles and by-laws.

Although the Declaration of Trust confers upon a unitholder many of the same protections, rights and remedies a NorRock Shareholder would have as a shareholder of a corporation governed by the OBCA, significant differences exist and a summary of some of the material differences is provided below. This summary is not an exhaustive review and reference should be made to the full text of the articles and by-laws of NorRock, the Declaration of Trust and the OBCA, and any regulations thereunder, for particulars of differences between them. NorRock Shareholders should consult their legal or other professional advisors with respect to the implications of holding Partners REIT Units rather than NorRock Shares. Any capitalized terms used but not defined herein shall have the meaning given to them in the Joint Circular to which this appendix is attached.

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
Authorized Capital	NorRock is authorized to issue an unlimited number of NorRock Preferred Shares, issuable in series.	NorRock is authorized to issue an unlimited number of Class A Shares	<p>The beneficial interests of Partners REIT are divided into interests of two classes, "units" and "special voting units". Only units currently exist.</p> <p>Partners REIT is authorized to issue an unlimited number of Partners REIT units.</p> <p>All units will rank among themselves equally and rateably without discrimination, preference or priority.</p>	<p>Partners REIT is authorized to issue an unlimited number of Partners REIT special voting units.</p> <p>Special voting units may be issued in series and will only be issued in connection with or in relation to, if the trustees of Partners REIT so determine, securities that are exchangeable or convertible, directly or indirectly, for or into, as applicable, units ("Exchangeable Securities").</p> <p>Upon the exchange, redemption or conversion of an Exchangeable Security for units, the special voting unit that is attached to such Exchangeable Security will immediately be cancelled without any further action of the trustees of Partners REIT, and the former holder of such special voting unit will cease to have any rights with respect thereto.</p>
Interest in Trust and Trust Assets	N/A	N/A	<p>The rights of each unitholder (including the right, if any, to call for or receive a distribution or division of property, assets, monies, funds, income, dividends and capital gains held, received or realized by Partners REIT) are limited to those contained in the Declaration of Trust and, other than as provided in the Declaration of Trust, no unitholder will be entitled to call for any partition or division of the properties and assets held from time to time by Partners REIT or by the</p>	<p>See under "Partners REIT Units" and below under "Liquidation/Dissolution".</p>

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			<p>trustees of Partners REIT on behalf of Partners REIT (the "Trust Assets") or for a distribution of any particular asset forming part of the Trust Assets or of any particular monies or funds received by Partners REIT.</p> <p>The legal ownership of the Trust Assets and the right to conduct the activities of Partners REIT are vested exclusively in the trustees of Partners REIT, and no unitholder or special voting unitholder has or is deemed to have any right of ownership in any of the Trust Assets, except as specifically provided herein. Except as specifically provided in the Declaration of Trust, no unitholder or special voting unitholder will be entitled to interfere with or give any direction to the trustees of Partners REIT with respect to the affairs of Partners REIT or in connection with the exercise of any powers or authorities conferred upon the trustees of Partners REIT under the Declaration of Trust.</p> <p>The units and the special voting units are personal property and confer upon the holders only the interest and rights specifically set out in the Declaration of Trust.</p>	
Termination of Partners REIT	N/A	N/A	<p>Subject to other provisions of the Declaration of Trust, Partners REIT will continue for a term ending 21 years after the date of death of the last surviving issue of Her Majesty Queen Elizabeth II alive on March 27, 2007. For the purpose of terminating Partners REIT by such date, the trustees of Partners REIT will commence to wind-up the affairs of Partners REIT on such date as may be determined by the trustees of Partners REIT, being not more than two years prior to the end of the term of Partners REIT.</p> <p>The voting unitholders may extend the term of or terminate Partners REIT by resolution passed by the affirmative votes of the holders of at least two-thirds of the voting units at any meeting of voting unitholders duly called by the trustees of Partners REIT for the purpose</p>	

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			of considering the extension or termination of Partners REIT.	
Distributions/ Dividends	<p>Holders of record of NorRock Preferred Shares at 5:00 p.m. (Toronto time) on the last business day of March, June, September and December are entitled to receive fixed cumulative preferential quarterly cash distributions of \$0.4219 per share representing a yield of 6.75% per annum on the issue price of the NorRock Preferred Shares.</p>	<p>The NorRock Class A Shares rank subordinate to the NorRock Preferred Shares with respect to the payment of distributions.</p> <p>The holders of NorRock Class A Shares are entitled to receive non-cumulative dividends on a quarterly basis if and when declared by the board of directors of NorRock provided that certain conditions with respect to the payment of distributions to NorRock Preferred Shareholders are met.</p>	<p>The trustees of Partners REIT may, in respect of each calendar quarter or each calendar month, as determined by the trustees of Partners REIT from time to time (a "Distribution Period"), on or before the last business day of the Distribution Period (the "Distribution Record Date"), declare payable to the unitholders of record at the close of business on each Distribution Record Date, all or any part of the cash flow of Partners REIT for the Distribution Period. The amount of the cash flow of Partners REIT (being the sum of all cash amounts received by Partners REIT in respect of such Distribution Period, other than, for greater certainty, the proceeds of any offering of units) to be distributed by Partners REIT in respect of a Distribution Period (the "Distributions") will be determined by, or in accordance with guidelines established from time to time by, the trustees of Partners REIT on or before a business day that is not later than 15 calendar days immediately following the end of a Distribution Period, or such other date as may be determined from time to time by the trustees of Partners REIT.</p> <p>Currently, distributions are made on a quarterly basis.</p>	<p>No distributions are payable in respect of special voting units.</p>
Voting Rights	<p>The holders of NorRock Preferred Shares are not initially entitled to any voting rights as a class, except (i) as required by law, or (ii) the following matters require the approval of two-thirds of the votes cast by the holders of NorRock Preferred Shares and the holders of Class A Shares voting thereon, voting separately as a class, (other than the third item which requires approval by a simple majority vote) at a meeting called and held for such purpose:</p>	<p>The holders of NorRock Class A Shares are not initially entitled to any voting rights as a class, except (i) as required by law, or (ii) the following matters require the approval of two-thirds of the votes cast by the holders of NorRock Preferred Shares and the holders of Class A Shares voting thereon, voting separately as a class, (other than the third item which requires approval by a simple majority vote) at a meeting called and held for such purpose:</p> <ul style="list-style-type: none"> - a change in the 	<p>Each unit will entitle the holder or holders of that unit to one vote at all meetings of voting unitholders or in respect of any written resolution of any voting unitholders.</p>	<p>Each special voting unit will entitle the holder or holders thereof to that number of votes on a ballot vote at any meeting of voting unitholders that is equal to the number of units into which the Exchangeable Security to which such special voting unit is attached is, directly or indirectly, exchangeable or convertible.</p>

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
	<ul style="list-style-type: none"> - a change in the fundamental investment objectives with respect to the NorRock Preferred Shares; - a change in the investment restrictions of NorRock, unless such change is necessary to ensure compliance with all applicable laws, regulations or other requirements of the applicable regulatory authorities from time to time; - any change in the basis of calculating fees or other expenses that are charged to NorRock which could result in an increase in charges to NorRock or a shareholder other than a fee or expense charged by a person or company that is at arm's length to NorRock and for which shareholders are sent a written notice of such change at least 60 days before the effective date of such change; - a change of the Manager, other than a change resulting in an affiliate of such person assuming such position; - a reorganization with, or transfer of assets to, another entity; - a reorganization with, or acquisition of assets of, another entity if the transaction would be a material change to NorRock; - an amendment, modification or variation in the provisions or rights attaching to the NorRock Preferred Shares, NorRock 	<ul style="list-style-type: none"> fundamental investment objectives with respect to the NorRock Preferred Shares; - a change in the investment restrictions of NorRock, unless such change is necessary to ensure compliance with all applicable laws, regulations or other requirements of the applicable regulatory authorities from time to time; - any change in the basis of calculating fees or other expenses that are charged to NorRock which could result in an increase in charges to NorRock or a shareholder other than a fee or expense charged by a person or company that is at arm's length to NorRock and for which shareholders are sent a written notice of such change at least 60 days before the effective date of such change; - a change of the Manager, other than a change resulting in an affiliate of such person assuming such position; - a reorganization with, or transfer of assets to, another entity; - a reorganization with, or acquisition of assets of, another entity if the transaction would be a material change to NorRock; - an amendment, modification or variation in the provisions or rights attaching to the NorRock Preferred Shares, NorRock Class A Shares or Class J Shares which adversely affects the holders of those shares, on a class by class basis; and - any change to the terms of the Commitment Agreement. 		

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
	<p>Class A Shares or Class J Shares which adversely affects the holders of those shares, on a class by class basis; and</p> <ul style="list-style-type: none"> - any change to the terms of the Commitment Agreement. <p>If the Manager defaults on its obligation to subscribe for, or arrange subscriptions for, NorRock Class A Shares pursuant to the Commitment Agreement, the NorRock Preferred Shares will become voting and the directors of NorRock will be required to call a meeting of shareholders to elect a new board of directors of NorRock.</p> <p>Notwithstanding the foregoing, if the NorRock Preferred Shares become voting, the holders of the NorRock Class A Shares will have no right to vote, unless required by law.</p>			
Liquidation/ Dissolution	The NorRock Preferred Shares rank in priority to the NorRock Class A Shares with respect to the payment of capital on the dissolution, liquidation or winding up of NorRock.	The NorRock Class A Shares are subordinate in priority to the NorRock Preferred Shares with respect to the payment of capital on the dissolution, liquidation or winding up of NorRock and shall be entitled to the remaining property of NorRock.	Each unit is transferable and represents an equal undivided beneficial interest in Partners REIT, in any distribution from Partners REIT (whether of net income, net realized capital gains or other amounts) and in any net assets of Partners REIT in the event of the termination or winding-up of Partners REIT.	No special voting unit is entitled to any interest or share in the Trust, in any distribution from the Trust (whether of net income, net realized capital gains or other amounts) or in any net assets of Partners REIT in the event of the termination or winding-up of Partners REIT, other than the right to receive, upon the redemption of a special voting unit, the amount of \$0.00001 for each special voting unit so redeemed.
Redemption Rights	<p>Redemption by Shareholder:</p> <p>NorRock Preferred Shares may be surrendered at any time for redemption by NorRock, but will be redeemed only on the second last business day of each month (the "Monthly Redemption Date"). NorRock Preferred Shares</p>	<p>Monthly Redemption of NorRock Class A Shares</p> <p>Except as described below under "Suspension of Redemptions of NorRock Class A Shares", holders of NorRock Class A Shares may surrender their NorRock Class A Shares to NorRock for redemption at any time, but such NorRock Class A Shares will be redeemed only on a</p>	<p>Redemption by Unitholder:</p> <p>Each unitholder will be entitled to require Partners REIT to redeem at any time at the demand of the unitholder all or any part of the units registered in the name of the unitholder or beneficially owned by the unitholder at a price per unit (the "Redemption Price") equal to the lesser of:</p> <p>(a) 90% of the Market Price of the units on the principal stock</p>	<p>Redemption by Special Voting Unitholder: Each holder of special voting units will be entitled to require Partners REIT to redeem, at any time and from time to time, at the demand of such holder, all or any part of the special voting units registered in the name of such holder at a price per special voting unit equal to \$0.00001. All payments made in respect of the redemption of special</p>

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
	<p>surrendered for redemption by a NorRock Preferred Shareholder at least five business days prior to a Monthly Redemption Date will be redeemed on such Monthly Redemption Date and the Preferred Shareholder will receive payment of the Monthly Redemption Price (as defined below) on or about the 15th day in the following month. If a shareholder makes such surrender after 5:00 p.m. (Toronto time) on the fifth business day immediately preceding a Monthly Redemption Date, the NorRock Preferred Shares will be redeemed in the following month.</p> <p>NorRock Preferred Shareholders whose shares are surrendered for redemption will be entitled to receive the Monthly Redemption Price. Any declared and unpaid distributions payable on or before a Monthly Redemption Date in respect of NorRock Preferred Shares tendered for redemption on such Monthly Redemption Date will also be paid.</p> <p>"Monthly Redemption Price" means, in the case of shares of a particular class, the lesser of (i) 90% of the weighted average closing price of the shares of such class on the TSX over the previous 20 trading days ending immediately before the Monthly Redemption Date, and (ii) 100% of the closing market price of a share of such class on the applicable Monthly Redemption Date.</p> <p>Redemptions by NorRock:</p> <p>NorRock may, at its option, upon not less than 30 days' and not</p>	<p>Monthly Redemption Date. NorRock Class A Shares surrendered for redemption by a holder of NorRock Class A Shares at least five Business Days prior to a Monthly Redemption Date will be redeemed on such Monthly Redemption Date and the holder of NorRock Class A Shares will receive payment of the Monthly Redemption Price on or about the 15th day in the following month. If a holder of NorRock Class A Shares makes such surrender after 5:00 p.m. (Toronto time) on the fifth Business Day immediately preceding a Monthly Redemption Date, the Class A Shares will be redeemed the following month</p> <p>Holders of NorRock Class A Shares whose shares are surrendered for redemption will be entitled to receive the Monthly Redemption Price. Any declared and unpaid distributions payable on or before a Monthly Redemption Date in respect of Class A Shares tendered for redemption on such Monthly Redemption Date will also be paid.</p> <p>Suspension of Redemptions of NorRock Class A Shares</p> <p>NorRock may suspend the monthly redemption of NorRock Class A Shares or payment of the Monthly Redemption Price: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by NorRock are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of NorRock, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for NorRock; or (ii) for a period not exceeding 30</p>	<p>exchange on which the units are listed (or, if the units are not listed on any stock exchange, on the principal market on which the units are quoted for trading) during the 10 trading day period ending immediately prior to the date on which the units were surrendered to Partners REIT for redemption; and</p> <p>(b) the Closing Market Price of the units on the date on which the units were surrendered to Partners REIT for redemption on the principal stock exchange on which the units are listed (or, if the units are not listed on any stock exchange, on the principal market on which the units are quoted for trading).</p> <p>"Closing Market Price" means: (i) 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 market or exchange provides a closing price; (ii) an amount equal to the average of the highest and lowest prices of units on the applicable market or exchange if there was trading on the specified date and the applicable market or exchange provides only the highest and lowest trading prices of units traded on a particular day; or (iii) the average of the last bid and last ask prices on the applicable market or exchange if there was no trading on the specified date.</p> <p>"Market Price" means 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; 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, "Market Price" will be the average of the following prices established for each of the trading days during the specified trading day period: the average of the last bid and last ask prices for each trading day on which there was no trading and the weighted</p>	<p>voting units will be rounded up to the nearest whole cent.</p>

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
	<p>more than 60 days' prior written notice, redeem for cash the NorRock Preferred Shares, in whole at any time or in part from time to time, upon payment of \$25.00 per Preferred Share (the "Redemption Price"), plus all accrued and unpaid distributions up to but excluding the date fixed for redemption.</p> <p>Final Redemption of NorRock Preferred Shares</p> <p>The NorRock Preferred Shares will be redeemed by NorRock on March 31, 2018. The redemption price payable by NorRock for a NorRock Preferred Share on that date will be equal to \$25.00, plus any accrued and unpaid distributions thereon. Notice of redemption will be given to CDS Participants holding NorRock Preferred Shares on behalf of the beneficial owners thereof at least 30 days prior to March 31, 2018.</p>	<p>days during which NorRock determines that conditions exist which render impractical the realization, sale or redemption of assets of NorRock or which impair the ability of NorRock to determine the value of the assets of NorRock. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All holders of NorRock Class A Shares making such requests shall be advised by NorRock of the suspension and that the redemption will be effected at a price determined as soon as practicable following the termination of the suspension. In such circumstances, all such holders of NorRock Class A Shares shall have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over NorRock, any declaration of suspension made by NorRock shall be conclusive.</p>	<p>average trading prices of the units for each trading day that there was trading.</p> <p>The aggregate Redemption Price payable by Partners REIT in respect of any units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by Partners REIT no later than the last day of the calendar month following the calendar month in which the units were tendered for redemption, provided that the entitlement of the unitholders to receive cash upon the redemption of their units will not be applicable to units tendered for redemption by a unitholder, if:</p> <p>(a) the total amount payable by Partners REIT 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 of Partners REIT may, in their sole discretion, waive such limitation in respect of all units tendered for redemption in any calendar month. Units tendered for redemption in any calendar month in which the total amount payable by Partners REIT exceeds the Monthly Limit will be redeemed for cash and, unless any applicable regulatory approvals are required, by a distribution in specie, on a <i>pro rata</i> basis;</p> <p>(b) on the date the Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on any stock exchange or market that the trustees of Partners REIT consider, in their sole discretion, to provide a representative fair market value price for the units;</p> <p>(c) on the date the units are tendered for redemption or if, for more than five trading days during the 10 trading day period immediately prior to the date on which such units were tendered for redemption, 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</p>	

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			<p>which the units are quoted for trading; or</p> <p>(d) the redemption of the units will result in the delisting of the units on the principal stock exchange on which the units are listed.</p> <p>If a unitholder is not entitled to receive cash upon the redemption of the units as a result of the Monthly Limit, then such holder of units will, instead of the Redemption Price per unit otherwise payable in respect of such units, be entitled to receive a price per Unit (the "In specie Redemption Price") equal to the fair market value of a unit as determined by the trustees of Partners REIT, and the In specie Redemption Price shall, subject to all necessary regulatory approvals, be paid and satisfied by Partners REIT issuing Redemption Notes having an aggregate principal amount equal to the aggregate In specie Redemption Price of the units tendered for redemption. In the event of distributions of Redemption Notes, each Redemption Note so distributed to the redeeming holder of units shall be in the principal amount of \$100 or such other amount as may be determined by the trustees of Partners REIT.</p> <p>"Redemption Notes" means unsecured subordinated promissory notes of the Trust having a maturity date to be determined at the time of issuance by the trustees of Partners REIT (provided that in no event shall the maturity date be set at a date subsequent to the first business day following the fifth anniversary of the date of issuance of such note), bearing interest from the date of issue at a market rate of interest determined at the time of issuance by the trustees of Partners REIT, payable for each month during the term on the 15th day of each subsequent month with all principal being due on maturity, such promissory notes to provide that Partners REIT will at any time be allowed to prepay all or any part of the outstanding principal without notice or</p>	

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			bonus.	
Dissent Rights	The OBCA provides for dissent rights in certain circumstances under which holders of NorRock Preferred Shares are entitled to receive fair value of their shares where certain fundamental changes affecting NorRock are undertaken.	The OBCA provides for dissent rights in certain circumstances under which holders of NorRock Class A Shares are entitled to receive fair value of their shares where certain fundamental changes affecting NorRock are undertaken.	<p>Unitholders do not have recourse to dissent rights under which shareholders of an OBCA corporation are entitled to receive the fair value of their shares if certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business that the corporation can carry on, or (ii) the issue, transfer or ownership of shares).</p> <p>As an alternative, Unitholders seeking to terminate their investment in the REIT are entitled to receive, subject to certain conditions and limitations, their <i>pro rata</i> share of the REIT's net assets through the exercise of the redemption rights provided by the Declaration of Trust as described under "Redemption Rights".</p> <p>Issued and outstanding units and special voting units may be subdivided or consolidated from time to time by the trustees of Partners REIT without the approval of voting unitholders.</p>	See adjacent description.
Oppression and Similar Actions	Holders of NorRock Preferred Shares have recourse to an oppression remedy that is available to shareholders of an OBCA corporation where the corporation undertakes actions that are oppressive or unfairly prejudicial to or that unfairly disregard the interests of security holders and certain other parties. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court.	Holders of NorRock Class A Shares have recourse to an oppression remedy that is available to shareholders of an OBCA corporation where the corporation undertakes actions that are oppressive or unfairly prejudicial to or that unfairly disregard the interests of security holders and certain other parties. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court.	<p>Unitholders do not have recourse to the statutory oppression remedy available to shareholders of an OBCA corporation where a corporation's actions are oppressive, unfairly prejudicial or disregard the interests of securityholders and certain other parties.</p> <p>Shareholders of an OBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of a corporation and its affiliates is carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not allow unitholders to pass resolutions appointing an inspector to investigate the trustees'</p>	See adjacent description.

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			performance of their responsibilities and duties. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of the unitholders to commence or participate in legal proceedings with respect to Partners REIT.	
Unitholder or Shareholder Meetings	<p>Subject to the provisions of the OBCA, NorRock shall hold an annual meeting of shareholders not later than fifteen months after holding the last preceding annual meeting for the purpose of considering the financial statements and the auditor's report, electing directors and appointing auditors.</p> <p>Subject to the provisions of the OBCA, a special meeting of shareholders may be called at any time and may be held in conjunction with an annual meeting of shareholders.</p> <p>A resolution in writing dealing with all matters required by the OBCA to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at that meeting, satisfies all the requirements of the OBCA relating to that meeting of shareholders.</p>	<p>Subject to the provisions of the OBCA, NorRock shall hold an annual meeting of shareholders not later than fifteen months after holding the last preceding annual meeting for the purpose of considering the financial statements and the auditor's report, electing directors and appointing auditors.</p> <p>Subject to the provisions of the OBCA, a special meeting of shareholders may be called at any time and may be held in conjunction with an annual meeting of shareholders.</p> <p>A resolution in writing dealing with all matters required by the OBCA to be dealt with at a meeting of shareholders, and signed by all the shareholders or their attorney authorized in writing entitled to vote at that meeting, satisfies all the requirements of the OBCA relating to that meeting of shareholders.</p>	<p>Annual meetings of voting unitholders must be called a day on or before June 30 in each year, at a time and at a place in Canada set by the trustees of Partners REIT.</p> <p>Special meetings of voting unitholders may be convened at any time and for any purpose by the trustees of Partners REIT.</p>	See adjacent description.
Unitholder or Shareholder Proposals	Subject to the provisions of the OBCA, a registered holder of NorRock Shares entitled to vote or a beneficial owner of NorRock Shares that are entitled to be voted at a meeting of shareholders may (a) submit to NorRock notice of a proposal; and (b) discuss at the meeting any matter in respect of which the registered	Subject to the provisions of the OBCA, a registered holder of NorRock Shares entitled to vote or a beneficial owner of NorRock Shares that are entitled to be voted at a meeting of shareholders may (a) submit to NorRock notice of a proposal; and (b) discuss at the meeting any matter in respect of which the registered holder or beneficial owner would have been entitled to	A meeting of voting unitholders must be convened, except in certain circumstances, if requisitioned in writing by the voting unitholders representing not less than 10% of the votes attached to all outstanding voting units. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.	See adjacent description.

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
	holder or beneficial owner would have been entitled to submit a proposal.	submit a proposal.		
Concerning the Trustees of Partners REIT	N/A	N/A	<p>Partners REIT will have not less than three and no more than 11 trustees, with the number of trustees from time to time within such range being fixed (the "Fixed Number") by resolution of the trustees; provided that until otherwise so determined by resolution, the number of trustees will be five.</p> <p>Trustees will be elected at each annual meeting of voting unitholders to hold office for a term expiring at the close of the next annual meeting. A quorum of trustees may designate an individual to fill a vacancy in the trustees, except a vacancy resulting from an increase in the number of trustees (other than as noted below) or from a failure of the voting unitholders to elect the required number of trustees at a meeting of voting unitholders called for such purpose. If the vacancy has arisen from a failure of the voting unitholders to elect the required number of trustees at a meeting of voting unitholders called for such purpose, the trustees will promptly call a special meeting of voting unitholders to fill the vacancy. If the trustees fail to call that meeting or if there are not trustees then in office, any voting unitholder may call the meeting. The trustees may, between annual meetings of voting unitholders, appoint one or more additional trustees to serve until the next annual meeting of voting unitholders, but the number of additional trustees so appointed may not at any time exceed the greater of (i) two trustees at any time that there are five or more trustees; and (ii) one-third of the number of trustees who held office at the expiration of the immediately preceding annual meeting of voting unitholders.</p> <p>A Trustee may resign upon written notice to Partners REIT and/or may be removed by a resolution passed by a majority of the voting unitholders. A vacancy created by the removal</p>	See adjacent description.

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			<p>or resignation of a trustee may be filled at the same meeting of voting unitholders, failing which it may be filled by the remaining trustees.</p> <p>The Declaration of Trust provides that, subject to its terms and conditions, the board of trustees will have full, absolute and exclusive power, control and authority over the assets of Partners REIT and over the affairs of Partners REIT to the same extent as if the trustees were the sole and absolute legal and beneficial owners of the assets of Partners REIT and may, in respect of the assets of Partners REIT, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof.</p> <p>Subject to the terms and conditions contained in the Declaration of Trust and the terms and conditions contained in the Partners REIT Management Agreement, the trustees are responsible for, among other things:</p> <ul style="list-style-type: none"> (a) supervising the activities and managing the investments and the affairs of Partners REIT; (b) maintaining records and providing reports to voting unitholders; (c) effecting payments of distributions from Partners REIT to unitholders; (d) lending and borrowing money or other property on behalf of Partners REIT; and (e) appointing the officers of Partners REIT. <p>The Declaration of Trust provides that the trustees must act honestly and in good faith with a view to the best interests of Partners REIT and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each trustee, as well as former trustees, and their respective heirs and legal representatives, or any other person acting in a similar capacity, will be entitled to indemnification from Partners REIT in respect</p>	

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			of the exercise of that person's powers, and the discharge of that person's duties, provided that the person acted honestly and in good faith with a view to the best interests of Partners REIT and the unitholders and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the person had reasonable grounds for believing that his or her conduct was lawful.	
Director Residency Requirements	Unless NorRock is a non-resident corporation, not less than 25% of the directors shall be resident Canadians, but where NorRock has less than four directors, at least one director shall be a resident Canadian.	Unless NorRock is a non-resident corporation, not less than 25% of the directors shall be resident Canadians, but where NorRock has less than four directors, at least one director shall be a resident Canadian.	A majority of the trustees must be persons resident in Canada for purposes of the Tax Act and is "independent" (as defined in Multilateral Instrument 52-110 – Audit Committees, as amended from time to time) to Partners REIT.	See adjacent description.
Quorum for Meetings of Unitholders or Shareholders	A quorum in respect of each class of shares is present if shareholders holding 20% of the issued and outstanding NorRock Shares, on a class by class basis, is present either in person or by proxy.	A quorum in respect of each class of shares is present if shareholders holding 20% of the issued and outstanding NorRock Shares, on a class by class basis, is present either in person or by proxy.	Voting unitholders may attend and vote at all meetings of the voting unitholders either in person or by proxy and a proxyholder need not be a voting unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attached to all outstanding voting units will constitute a quorum for the transaction of business at all such meetings. 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 voting unitholders, will be terminated and not adjourned, 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 voting unitholders present either in person or by proxy shall be deemed to constitute a quorum.	See adjacent description.
Matters to Be Approved by Special Resolution under the Declaration of Trust	N/A	N/A	The Declaration of Trust provides that without the affirmative votes of the holders of at least two-thirds of the voting units represented at a meeting and voted on a poll upon such resolution, or approved in writing by the holders of not less than two-	See adjacent description

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			<p>thirds of the voting units entitled to vote on such resolution at a meeting of voting unitholders called for such purpose, the trustees will not, among other things, authorize:</p> <p>(a) any combination, merger, amalgamation or arrangement of Partners REIT or any of Partners REIT's subsidiaries, as the case may be, any sale of all or substantially all of the assets of Partners REIT or any of Partners REIT's subsidiaries, as the case may be, or the liquidation or dissolution of Partners REIT or any of Partners REIT's subsidiaries, as the case may be, (other than in each case as part of an internal reorganization of the assets of Partners REIT and/or any of Partners REIT's subsidiaries, as the case may be, as approved by the trustees);</p> <p>(b) any amendment to the investment guidelines or any amendment contained in paragraph (b) of Partners REIT's operating policies, provided that the other operating policies may be amended by ordinary resolution;</p> <p>(c) an exchange, reclassification or cancellation of all or part of the units or special voting units;</p> <p>(d) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the units or special voting units;</p> <p>(e) the termination of Partners REIT; or</p> <p>(f) the constraint on the issue, transfer or ownership of units or special voting units or the change or removal of such constraint.</p>	
Limitation on Ownership	N/A	N/A	<p>In order for Partners REIT to maintain its status as a "mutual fund trust" under the Tax Act, Partners REIT must not be established or maintained primarily for the benefit of persons who are non-residents of Canada or partnerships that are not Canadian partnerships for purposes of the Tax Act.</p> <p>Accordingly, the trustees may require declarations as to the jurisdictions in which</p>	See adjacent description.

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			<p>beneficial owners of units are resident. The trustees may require Partners REIT to refuse to accept a subscription for securities of Partners REIT from, or issue or register a transfer of securities of Partners REIT to, a person unless the person provides a declaration that the securities of Partners REIT to be issued or transferred to such person will not when issued or transferred be beneficially owned by a Non-Resident. The trustees may send a notice to Non-Resident holders of units, chosen in inverse order to the order of acquisition or registration or in such manner as the trustees may consider equitable and practicable, requiring them to sell their units or a portion thereof within a period of not less than 60 days, unless otherwise specified by the trustees. If the unitholders receiving such notice have not sold the specified number of such units or provided the trustees with satisfactory evidence that such units are not beneficially owned by Non-Residents within such period, the trustees may, on behalf of such registered unitholder, sell such units and, in the interim and to the extent applicable, suspend the voting and distribution rights attached to such units of Partners REIT and make any distribution in respect of such securities by depositing such amount in a separate bank account in a Canadian chartered bank (net of any applicable taxes). The trustees may delist any listed units of Partners REIT from any non-Canadian stock exchange, and may take such other actions as the trustees determine, in their sole discretion, are appropriate in the circumstances that will reduce or limit the number of securities of Partners REIT held by Non-Residents. These restrictions may limit or remove the rights of certain unitholders, including Non-Residents of Canada. As a result, these restrictions may limit the demand for units from certain Unitholders and thereby adversely affect the liquidity and market value of the units.</p>	

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
Amendments to the Declaration of Trust	N/A	N/A	<p>The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by special resolution at a meeting of the voting unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast in respect of the amendment at a meeting of the voting unitholders called for such purpose.</p> <p>The trustees may, without the approval of the voting unitholders, make certain amendments to the Declaration of Trust, including amendments:</p> <p>(a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) the trustees or Partners REIT, (ii) the status of Partners REIT as a "mutual fund trust" under the Tax Act, or (iii) the distribution of voting units, and to the extent reasonably practicable, ensuring Partners REIT will not be a "SIFT Trust" for the purposes of legislation in respect of income trusts and other flow-through entities;</p> <p>(b) which, in the opinion of the trustees, provide additional protection or added benefits for the voting unitholders;</p> <p>(c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the trustees, necessary or desirable and not prejudicial to the voting unitholders;</p> <p>(d) which, in the opinion of the trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in the information circular of Partners REIT distributed in connection with the arrangements establishing Partners REIT and the Declaration of Trust;</p> <p>(e) which, in the opinion of the trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting</p>	See adjacent description.

Rights	NorRock Preferred Shares	NorRock Class A Shares	Partners REIT Units	Partners REIT Special Voting Units
			<p>guidelines) or taxation or other laws or the administration or enforcement thereof;</p> <p>(f) which, in the opinion of the trustees, are necessary or desirable to enable Partners REIT to issue units for which the purchase price is payable on an installment basis; or</p> <p>(g) for any purpose (except one in respect of which a vote is specifically otherwise required) which, in the opinion of the trustees, is not prejudicial to voting unitholders and is necessary or desirable.</p>	

APPENDIX "F"

CORMARK FAIRNESS OPINION



November 9, 2011

Board of Directors
NorRock Realty Finance Corporation
36 Toronto Street
Suite 1150
Toronto, ON M5C 2C5
Canada

To the Board of Directors:

Cormark Securities Inc. ("Cormark") understands that NorRock Realty Finance Corporation ("NorRock") has entered into an acquisition agreement dated October 17, 2011 (the "Acquisition Agreement") with Partners Real Estate Investment Trust ("Partners"), pursuant to which NorRock has agreed to sell substantially all of its assets to Partners (the "Transaction"). The Transaction is to be carried out by NorRock as a plan of Arrangement (the "Arrangement"). Through the Arrangement, it is anticipated that, at closing, holders of NorRock preferred shares will receive, for each such preferred share, 13.72824 Partners units (derived by dividing \$23.75 by \$1.73 which is the implied issue price per Partners unit) together with cash equal to any accrued dividend, or, at the option of a holder, 12.71676 Partners units and \$1.75 in cash together with cash equal to any accrued dividend. Holders of NorRock Class A Shares will receive an estimated \$5.94 per NorRock Class A Share in Partners units together with Rights (as described below) to receive additional contingent value of approximately \$1.47 per NorRock Class A Share, resulting in proceeds potentially totaling approximately \$7.41 per NorRock Class A Share. The Rights will represent the right to receive a *pro rata* share of the net value of the mortgages and other non-cash assets that Partners will purchase from NorRock at closing, to the extent that such net value exceeds \$12.6 million. If the net value of those assets so determined reflects NorRock's current book value for those assets, then the Rights will have a value of approximately \$1.47 per NorRock Class A Share.

Cormark understands that Green Tree Capital Management Corp. ("Green Tree") holds approximately 33% of the issued and outstanding NorRock Class A Shares and 0.2% of the issued and outstanding NorRock preferred shares. Green Tree and NorRock are parties to an amended and restated commitment agreement dated May 20, 2011 (the "Commitment Agreement") pursuant to which Green Tree has made certain financial commitments to NorRock. Pursuant to the Commitment Agreement, Green Tree agreed that, for so long as there are Series 1, Preferred Shares in the capital of NorRock outstanding, if the Adjusted Net Tangible Asset Value is less than 111% of the Original Preferred Share Issue Price (each as defined in the prospectus of NorRock dated January 31, 2008) as at the end of a quarter, Green Tree will subscribe for, or arrange for subscriptions for, additional NorRock Class A Shares in an amount at least equal to the deficiency, within 10 business days following the end of the quarter. As a condition of closing of the Arrangement, the Commitment Agreement will have been terminated.

Cormark understands that NorRock Realty Management Services Ltd. (the "Manager") manages the affairs of NorRock pursuant to a management agreement (the "Management Agreement"). The Manager is a wholly owned subsidiary of Green Tree. As a condition of closing of the Arrangement, the Management Agreement will have been terminated and the Manager will be receiving a net payment of approximately \$600,000 for the termination of the Management Agreement.

Cormark understands that the directors of NorRock hold an aggregate of 150,000 SARs, which permit the holder to obtain an amount in cash equal to the consideration the NorRock Class A Shareholders receive under the Arrangement minus \$5.11.

Cormark understands that Partners is managed by LAPP Global Asset Management Corp. ("LAPP") and LAPP is a wholly owned subsidiary of IGW Public. IGW Public also holds approximately 41% of Partners units.

Cormark understands that Adam Gant ("Gant") is a director and the Chief Executive Officer of LAPP. Cormark understands that Gant is also a director and the Chief Executive Officer of IGW Public GP Inc., the general partner of IGW Public, and is a trustee of Partners.

Cormark understands that IGW REIT LP owns, directly or indirectly, 100% of the general and limited partnership interests of IGW Public. Cormark understands that IGW REIT LP is managed by League Assets Corp. ("LAC") and Gant is a director and the Chief Executive Officer of LAC.

Cormark understands that each of Jacqueline Boddaert ("Boddaert") and Darryl Abbott are directors and senior officers of NorRock and also directors and senior officers of Green Tree. Boddaert Family Trust ("BFT") is the registered owner of 50% of the issued and outstanding shares of Green Tree. BFT is a trust settled under the laws of the Province of Ontario. The trustees of BFT are Boddaert and Gregory Harris. Boddaert is a discretionary beneficiary of BFT. Cormark understands that Green Tree 2010 Trust ("GTT") is the registered owner of the remaining 50% of the issued and outstanding shares of Green Tree. Cormark understands that GTT is a trust settled under the laws of the Province of Ontario and Darryl Abbott is the sole trustee of GTT. Cormark understands that Gant has an indirect and contingent financial interest in GTT.

Cormark understands that due to the fact that the largest shareholder of NorRock is Green Tree, a corporation held fifty percent by an entity associated with Boddaert, and fifty percent by an entity in which Gant has an indirect and contingent financial interest, Boddaert, Gant, the board of directors of NorRock and the trustees of Partners determined that independent committees should be established to review the merits of the transaction, negotiate the terms and conditions, and be advised directly by financial and legal counsel. Cormark understands that GTT is a discretionary trust and Partners is of the view that the requirements of Canadian Securities Administrators' Multilateral Instrument 61-101 -- Protection of Minority Security Holders in Special Transactions ("MI 61-101") do not apply. Nonetheless, in light of the inter-relationships between Green Tree, Gant and Boddaert, the trustees of Partners and the board of directors of NorRock have determined to voluntarily comply with the requirements of MI 61-101. Green Tree and Partners are collectively referred to herein as the "Related Shareholders".

The board of directors of NorRock (the "Board") has retained Cormark to provide advice and assistance to the Board in connection with the Transaction, including the preparation and delivery to the Board of Cormark's opinion as to the fairness, from a financial point of view, to the NorRock shareholders, other than the Related Shareholders, of the consideration to be paid by NorRock pursuant to the Acquisition Agreement (the "Fairness Opinion").

ENGAGEMENT OF CORMARK

The Board initially contacted Cormark with respect to acting as its financial advisor in connection with the Transaction on May 30, 2011, and Cormark was formally engaged by the Board pursuant to a letter agreement dated July 5, 2011 (the "Engagement Agreement"), which provides the terms upon which Cormark has agreed to act as the Board's financial advisor in connection with the Transaction, including the provision of the Fairness Opinion. The terms of the Engagement Agreement provide that Cormark is to be paid a customary fee for its services as financial advisor, including the delivery of the Fairness Opinion. The financial advisory fees payable to Cormark in connection with the Transaction are contingent, in whole or in part, on the outcome of the Transaction. In addition, Cormark is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by NorRock, in certain circumstances, against certain expenses, losses, claims, actions, damages and liabilities incurred in connection with the provision of its services under the Engagement Agreement.

CREDENTIALS OF CORMARK

Cormark is an independent Canadian investment dealer providing investment research, equity sales and trading and investment banking services to a broad range of institutions and corporations. Cormark has participated in a significant number of transactions involving public and private companies and has extensive experience in preparing fairness opinions.

The Fairness Opinion expressed herein represents the opinion of Cormark and its form and content have been approved for release by a committee its directors and officers, each of whom are experienced in merger, acquisition, divestiture, fairness opinion and capital market matters.

RELATIONSHIP WITH INTERESTED PARTIES

Neither Cormark, nor any of its affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of NorRock, Partners, Green Tree or IGW or any of their respective associates or affiliates (collectively, the "Interested Parties"). Cormark has not been engaged to provide any financial advisory services nor has it participated in any financings involving NorRock, Partners, Green Tree or IGW or any of their respective affiliates or associates, within the past two years, other than services provided under the Engagement Agreement. There are no understandings, agreements or commitments between Cormark and NorRock, Partners, Green Tree or IGW or any other Interested Party, with respect to any future business dealings. Cormark may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for NorRock, Partners, Green Tree or IGW or any other Interested Party.

In the ordinary course of its business, Cormark acts as a securities trader and dealer, both as principal and agent, in major financial markets and, as such, may have had, may have and may in the future have long or short positions in securities of NorRock, Partners or other Interested Parties and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it may have received or may receive compensation. As an investment dealer, Cormark conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to NorRock, Partners or the Transaction.

SCOPE OF REVIEW

In connection with rendering the Fairness Opinion, Cormark has reviewed and relied upon (without verifying or attempting to verify independently the completeness or accuracy thereof) or carried out, among other things, the following:

1. the execution copy of the Acquisition Agreement dated October 17, 2011;
2. the most recent draft of the joint management information circular dated November 8, 2011 provided to shareholders of NorRock and Partners in connection with the meetings of shareholders to be held to consider the Transaction;
3. public filings submitted by NorRock and Partners to securities commissions or similar regulatory authorities in Canada which are available on the System for Electronic Document Analysis and Retrieval ("SEDAR"), including annual reports, audited annual financial statements, management information circulars, annual information forms, prospectuses and interim financial statements;
4. press releases issued by NorRock and Partners through commercial newswires over the past three years;
5. certain internal financial, operational, corporate and other information prepared or provided by the management teams of both NorRock and Partners;
6. discussions with the senior management teams of both NorRock and Partners with respect to the information referred to herein and other issues considered relevant;
7. current and historical market trading information with respect to NorRock, Partners and other selected public companies, to the extent considered by us to be relevant;
8. certain public information relating to the business, financial and operating performance and financial position of NorRock, Partners, and other selected public companies, to the extent considered by us to be relevant;
9. public information with respect to other transactions of a comparable nature considered by Cormark to be relevant;

10. selected investment research reports published by equity research analysts and industry sources regarding NorRock, Partners and other public companies in the financial services industry to the extent considered by Cormark to be relevant;
11. representations contained in a certificate addressed to Cormark dated as of the date hereof, from senior officers of NorRock as to, among other things, certain factual matters including the completeness, accuracy and fair presentation of the information upon which the Fairness Opinion is based;
12. such other economic, financial market, industry, and corporate information, investigations and analyses as Cormark considered necessary or appropriate in the circumstances; and
13. valuation reports provided by M Partners Inc. and Capital Canada Limited.

Cormark did not meet with the auditors of NorRock and, with the Board's consent, Cormark has assumed the accuracy and fair presentation of, and has relied upon, the audited financial statements of NorRock and the reports of the relevant auditors thereon.

Cormark has not, to the best of its knowledge, been denied access by NorRock to any information requested by Cormark.

PRIOR VALUATIONS

NorRock has represented to Cormark that there have not been any prior valuations (as defined in MI 61-101) of NorRock or its material assets or its securities in the past twenty-four month period other than the valuation reports that have been provided by M Partners Inc. and Capital Canada Limited in connection with the Transaction.

ASSUMPTIONS AND LIMITATIONS

Cormark has not been asked to prepare and has not prepared a formal valuation of NorRock or Partners or any of their respective securities or assets, and the Fairness Opinion should not be construed as such. Cormark has, however, conducted such analyses as it considered necessary in the circumstances to render this Fairness Opinion. In addition, the Fairness Opinion is not, and should not be construed as, advice as to the price at which the NorRock shares or Partners units may trade at any future date. Cormark was similarly not engaged to review any legal, tax or accounting aspects of the Transaction. Cormark has relied upon, without independent verification or investigation, the assessment by NorRock and its legal, tax, regulatory and accounting advisors with respect to legal, tax, regulatory and accounting matters. In addition, the Fairness Opinion does not address the relative merits of the Transaction as compared to any other transaction involving NorRock, the prospects or likelihood of any alternative transaction or any other possible transaction involving NorRock, its assets or its securities.

With the approval of the Board and as is provided for in the Engagement Agreement, Cormark has relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions and representations obtained by it from public sources or provided to it by or on behalf of NorRock and Partners and their respective directors, officers, agents and advisors or otherwise (collectively, the "Information") and Cormark has assumed that this Information did not omit to state any material fact or any fact necessary to be stated to make that Information not misleading. The Fairness Opinion is conditional upon the completeness, accuracy and fair presentation of such Information including as to the absence of any undisclosed material change. Subject to the exercise of professional judgment and except as expressly described herein, Cormark has not attempted to independently verify or investigate the completeness, accuracy or fair presentation of any of the Information.

With respect to financial and operating forecasts, projections, estimates and/or budgets provided to Cormark and used in the analyses supporting the Fairness Opinion, Cormark has noted that projecting future results of any company is inherently subject to uncertainty. Cormark has assumed that such forecasts, projections, estimates and/or budgets were reasonably prepared consistent with industry practice on a basis reflecting the best currently available assumptions, estimates and judgments of management of NorRock and Partners as to the future financial performance of Partners and are (or were at the time and continue to be) reasonable in the circumstances. In rendering the Fairness Opinion, Cormark expresses no view as to the reasonableness of such forecasts, projections, estimates and/or budgets or the assumptions on which they are based.

Senior officers of NorRock have represented to Cormark in certificates delivered as of the date hereof, among other things, that (a) the Information provided by, or on behalf, of NorRock, or its affiliates or representatives and agents to Cormark for the purpose of preparing the Fairness Opinion was, at the date such information was provided to Cormark, and is now, complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of NorRock, and its affiliates or the Transaction and did not and does not omit to state a material fact in relation to NorRock, or its affiliates or the Transaction necessary to make the Information not misleading in light of the circumstances under which it was provided; (b) since the dates on which the Information was provided to Cormark, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of NorRock or any of its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion; and (c) since the dates on which the Information was provided to Cormark by NorRock, no material transaction has been entered into by NorRock, or any its affiliates which has not been disclosed in complete detail to Cormark.

In its analyses and in preparing the Fairness Opinion, Cormark has made numerous assumptions with respect to expected industry performance, general business and economic conditions and other matters, many of which are beyond the control of Cormark or any party involved in the Transaction. Cormark has also assumed that the disclosure provided or incorporated by reference in the Circular and any other documents in connection with the Transaction will be accurate in all material respects and will comply with the requirements of all applicable laws, that all of the conditions required to implement the Transaction will be met, that the procedures being followed to implement the Transaction are valid and effective, and that the Circular will be distributed to NorRock shareholders in accordance with applicable laws.

This Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of NorRock and Partners and their affiliates, as they were reflected in the Information and as they have been represented to Cormark in discussions with management of the NorRock and Partners.

This Fairness Opinion has been provided for the exclusive use of the Board and may not be used or relied upon by any other person. The Fairness Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without the express prior written consent of Cormark. Cormark hereby consents to the reference to Cormark and the description of, reference to and reproduction of the Fairness Opinion, in its entirety, in the Circular prepared in connection with the Transaction for delivery to NorRock shareholders and filing with the securities commissions or similar regulatory authorities in each province and territory of Canada.

Cormark believes that the Fairness Opinion must be considered and reviewed as a whole and that selecting portions of the analyses or factors considered by Cormark, without considering all the analyses and factors together, could create a misleading view of the process underlying the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Fairness Opinion is not to be construed as a recommendation to any NorRock shareholder as to whether or not such holder should vote in favour of the Transaction.

The Fairness Opinion is given as of the date hereof and Cormark disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to Cormark's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, Cormark reserves the right to change, modify or withdraw the Fairness Opinion.

The Fairness Opinion has been prepared in accordance with the Disclosure Standards for Fairness Opinions of Investment Industry Regulatory Organization of Canada ("IIROC") but IIROC has not been involved in the preparation or review of this Fairness Opinion.

APPROACH TO FAIRNESS

The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant assumptions and methods of financial analysis and the application of these methods to the particular circumstances and, therefore, a fairness opinion is not necessarily susceptible to partial analysis or summary description. Qualitative judgments were made based upon Cormark's assessment of the surrounding factual circumstances relating to the Transaction and Cormark's analysis of such factual circumstances in its best judgment. Any attempt to select portions of Cormark's analysis or of the factors considered, without considering all of the analysis employed and factors considered, would likely create an incomplete and misleading view of the process underlying this Fairness Opinion. This Fairness Opinion should be read in its entirety.

In rendering this Fairness Opinion, Cormark has considered and performed a variety of financial analyses, including, among others, the following specific methodologies and valuation metrics:

- ***Net Asset Value ("NAV")***

Under this methodology, Cormark compared the consideration to be received by the Class A and Preferred Shareholders to the NAV of the Company's assets which include cash, cash equivalents, mortgages and certain other non-cash investments after adjusting for certain expenses and one-time costs related to the Transaction.

- ***Precedent Transactions***

Under this methodology, Cormark compared the premiums implied by the consideration to be received by the Class A and Preferred Shareholders to control premiums paid in other acquisitions of public companies.

- ***Trading Comparables***

Under this methodology, Cormark compared the issue price for the Partners REIT Units to the price implied by the application of assumed multiples of FFO and AFFO which were derived from multiples observed amongst Partners' peer group. Funds from Operations or FFO is a non-GAAP figure used by real estate investment trusts to define cash flow from their operations. It is calculated by adding depreciation and amortization expenses to earnings. Adjusted Funds from Operations or AFFO is a non-GAAP measure equal to a trust's FFO with adjustments made for recurring capital expenditures used to maintain the quality of the trust's underlying assets.

FAIRNESS OPINION

Based upon and subject to the foregoing, and such other matters as were considered relevant by Cormark, Cormark is of the opinion that, as of November 9, 2011, that the consideration to be received by NorRock Class A and Preferred Shareholders, other than the Related Shareholders, pursuant to the Transaction is fair, from a financial point of view, to such shareholders.

Yours very truly,

CORMARK SECURITIES INC.

APPENDIX "G"
M PARTNERS VALUATION

November 10, 2011

Private and Confidential

Special Committee of the Board of Directors
NorRock Realty Finance Corporation
36 Toronto Street, Suite 1150
Toronto, Ontario
M5C 2C5

Dear Sirs:

Re: NorRock Realty Finance Corporation – Formal Valuation Report

1. INTRODUCTION

M Partners Inc. (“M Partners”) has been retained by NorRock Realty Finance Corporation (“NorRock”) to prepare and deliver to a special committee of directors of NorRock (the “Special Committee”) a formal valuation (the “Valuation”) of (a) the Class A Shares and Preferred Shares of NorRock, (b) the non-cash assets of NorRock comprised of mortgages, real estate and shares, (the “Assets”) being acquired by Partners Real Estate Investment Trust (“Partners REIT”) by way of plan of arrangement pursuant to an acquisition agreement (the “Acquisition Agreement”) made between NorRock and Partners REIT dated October 17, 2011 and (c) the units of Partners REIT (the “Units”) and the rights to acquire additional units of Partners REIT (the “Contingent Value Rights”), which Units and Contingent Value Rights form the non-cash consideration to be paid to NorRock by Partners REIT for the Assets and to be distributed by NorRock to the holders of Class A Shares and Preferred Shares of NorRock (collectively, the “Transactions”). The Transactions are expected to close in December of 2011 (the “Closing”).

M Partners was initially contacted by the chairman of the Special Committee on August 25, 2011 regarding a potential valuation assignment and engaged by the Special Committee pursuant to an engagement agreement (the “Engagement Agreement”) dated September 12, 2011. On October 14, 2011 M Partners orally delivered the Valuation to the Special Committee. This Valuation provides the same valuation conclusions, in writing, as delivered orally, together with supporting analysis and detail.

The terms of the Engagement Agreement provide that NorRock will pay M Partners a fee of \$110,000 and will reimburse M Partners its reasonable expenses, including fees of M

Partners' legal counsel estimated to be \$15,000 (plus disbursements and HST). In addition, NorRock has agreed to indemnify M Partners against all expenses, losses, claims, actions, damages or liabilities incurred in connection with the performance of professional services rendered by M Partners to NorRock in connection with the Valuation.

CREDENTIALS OF M PARTNERS

M Partners is an independent investment dealer active in corporate finance, mergers and acquisitions, equity sales and trading and investment research. M Partners has participated in a number of transactions involving public and private companies and is experienced in preparing valuations.

The Valuation has been prepared in accordance with the disclosure standards of the Investment Industry Regulatory Organization of Canada ("IIROC") applicable to formal valuations. IIROC has not reviewed or approved this Valuation.

2. DEFINITION OF VALUE

Fair market value is generally defined as the highest price obtainable expressed in terms of money or money's worth (in Canadian dollars) in an open and unrestricted market between informed and prudent parties acting at arm's length with neither party under any compulsion to transact.

Fair market value, as defined above, is a concept of value which may or may not equal the purchase or sale price that could be obtained for the subject matter of the Valuation sold in an actual market transaction. Special purchasers may exist who would be willing to pay a premium price for the subject matter of the Valuation because of particular benefits which could be enjoyed only by those purchasers. Such purchasers have not been included in our valuation.

We have not exposed NorRock to the market and consequently have not determined if there are any specific purchasers to whom such an interest would offer special economic advantage or other special interests.

3. CONCLUSION

Based on the scope of review, our analysis thereof, and subject to our assumptions, restrictions and qualifications, it is our opinion that the fair market values of NorRock's Class A Shares, its Preferred Shares, its Mortgage and Real Estate Portfolio and the value of the non-cash consideration being paid by Partners REIT, as at the Valuation Date (except those noted as being as at Closing) are as follows:

NorRock Realty Finance Corporation			
Fair Market Value			
Element to be Valued	Note	Fair Market Value	
		Low	High
(a) Shares (as at September 30, 2011)			
Class A Shares -- Going Concern Basis	1., 1a.	\$23,300,000	\$30,300,000
Less Proposed Transaction Adjustments	2.	-\$2,089,232	-\$2,089,232
Adjusted Class A Share Value as at September 30, 2011		\$21,210,768	\$28,210,768
Per Class A Share Outstanding as at September 30, 2011	3.	\$7.22	\$9.60
Preferred Shares		\$31,280,000	\$36,670,000
Per Preferred Share	4.	\$21.32	\$25.00
(b) Non-Cash Assets to be acquired by Partners REIT (as at September 30, 2011)			
Publicly Traded Securities		\$7,100,000	\$7,100,000
Mortgage and Real Estate Portfolio		\$21,512,000	\$22,950,000
(c) Non-Cash Consideration to be Paid by Partners REIT (as at Closing, but using September 30 Partners REIT Unit Value)			
Partners REIT Unit		\$1.68	\$1.79
Partners REIT Units to Preferred Shareholders	7.	\$32,990,681	\$35,150,785
Per Preferred Share	6.	\$23.06	\$24.57
Partners REIT Units To Class A Shareholders at Closing		\$16,437,553	\$17,513,822
Per Class A Share	7.	\$5.76	\$6.14
Contingent Value Rights to Class A Shareholders in 2012	7.	\$3,579,860	\$4,709,782
Per Class A Share	5.	\$1.26	\$1.65
Total Value Per Share at Closing to Class A Shareholders	7.	\$7.02	\$7.79
Assumptions and Notes			
1. Schedule 1			
1a. High value assumes Preferred Shares at Low value and <i>vice versa</i> -- see Section 27 and Schedules 1 and 15			
2. These amounts have been provided by NorRock and are presented for reconciliation purposes only. See Schedule 15			
3. Number of Class A Shares at Sep 30, 2011		2,938,860	
4. Number of Preferred Shares at Sep 30, 2011		1,467,100	
5. Number of Class A Shares at Closing (NorRock estimate)		2,851,641	
6. Number of Preferred Shares at Closing (NorRock estimate)		1,430,423	
7. Assumes all Partners REIT Units, no cash consideration			

4. RESTRICTIONS AND QUALIFICATIONS

This report is not intended for general circulation or publication, nor is it to be reproduced or used for any purpose other than that outlined above without our prior written permission in each specific instance. Notwithstanding the foregoing, we understand and consent to our valuation (or a summary thereof) being included in publicly filed securities documents and in materials to be mailed to security holders of NorRock as required by

applicable law and in accordance with MI 61-101. We will not assume any responsibility or liability for losses occasioned to you, NorRock, shareholders or stakeholders of NorRock, or to any other parties as a result of the circulation, publication, reproduction or use of our report, in a manner inconsistent with the provisions of this paragraph.

We reserve the right to review all calculations included or referred to in this report and if we consider it necessary, to revise our opinion in light of any information existing at the Valuation Date which becomes known to us after the date of this report.

5. STATEMENT OF INDEPENDENCE AND DISINTERESTEDNESS

INDEPENDENCE OF M PARTNERS

M Partners is not (a) associated or affiliated with or an insider of NorRock, or any interested party (as defined in Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“MI 61-101)) to the Transactions; or (b) an adviser to NorRock or any interested party to the Transactions (other than pursuant to the Engagement Agreement). M Partners’ compensation for the Valuation does not depend in whole or in part on any agreement, arrangement or undertaking that gives M Partners a financial incentive in respect of the conclusion reached in the Valuation or the outcome of the Transactions. M Partners does not have any material financial interest in the completion of the Transactions.

6. SCOPE OF REVIEW

In completing this engagement, we reviewed and relied upon the following information and documentation, without additional audit or verification by us:

- (a) C.A. Bancorp Canadian Realty Finance Corporation (“C.A. Bancorp Realty”) consolidated audited financial statements for the period ended December 31, 2008 and the fiscal years ended December 31, 2009 and 2010;
- (b) Unaudited consolidated financial statements of NorRock for the six month period ended June 30, 2011 prepared by management;
- (c) Management prepared statement of net assets for NorRock as at September 20, 2011;
- (d) Interim management report of fund performance for NorRock for the period ended June 30, 2011;
- (e) NorRock’s December 31, 2010 corporate income tax return;
- (f) C.A. Bancorp Realty’s Annual Information Form for the year ended December 31, 2010;

- (g) Various other public filings of NorRock and C.A. Bancorp Realty filed on the SEDAR website;
- (h) Correspondence from Computershare dated October 6, 2011 confirming NorRock's outstanding Class A and Preferred Shares at the Valuation Date;
- (i) Details of NorRock's marketable securities account holdings at September 30, 2011;
- (j) Email correspondence concerning certain of the marketable securities from Jamie Spreng of Quantus Investment Corporation,
- (k) NorRock mortgage summary listing dated August 31, 2011;
- (l) Mortgage Summary reports prepared by Fovere Capital Management Inc. ("Fovere") at June 15, 2011 for the mortgages held by NorRock;
- (m) Various information concerning the mortgages held by NorRock including past property appraisals, financial information for the borrower, letters of intent, property tax assessments, and loan statements for higher ranking mortgages held by other lenders on certain properties;
- (n) Draft appraisal of the Royal Oaks Golf Club ("Royal Oaks") prepared September 21, 2007 by Horwath Horizon Consultants;
- (o) Draft market position study of Royal Oaks prepared May 14, 2009 by PKF Consulting;
- (p) Internal financial information for Royal Oaks prepared by the management of the golf club;
- (q) Audited financial statements of 633003 N.B. Inc. ("633003") for the six month period ended December 31, 2010;
- (r) Audited financial statements of 516138 N.B. Inc. (formerly Royal Oaks) ("516138") for the fiscal year ended January 31, 2008;
- (s) Information on golf club transactions from www.BVMarketData.com, a subscription based internet service;
- (t) Other publicly available information concerning golf club transactions;
- (u) Mortgage Summary report for Royal Oaks prepared by Fovere dated June 15, 2011;
- (v) Agreement of Purchase and Sale of Shares dated August 5, 2010 for 633003, the parent corporation of Royal Oaks;
- (w) Corporate organization chart for NorRock;
- (x) Articles of Amendment for NorRock dated May 13, 2011;
- (y) Acquisition Agreement between Partners Real Estate Investment Trust ("Partners

REIT”) and NorRock dated October 17, 2011;

- (z) Various emails and correspondence regarding NorRock and its investments from management and Fovere;
- (aa) Summary of Partners REIT’s transaction proposal, prepared by Cormark Securities Inc.;
- (bb) Publicly available statistics and financial information;
- (cc) Excerpts from the NorRock website: www.norrock.ca;
- (dd) Email correspondence and discussions with Marie Casista, Fovere; and
- (ee) Email correspondence and discussions with Jacqueline Boddaert, CEO NorRock.

We were not provided with current appraisals for the mortgaged properties or the Royal Oaks Golf Club. The absence of this information may or may not have a material impact on our determination of fair market value.

7. BACKGROUND

We have been advised of the following:

7.1 *NorRock Realty Finance Corporation*

- (a) NorRock (formerly C.A. Bancorp Canadian Realty Finance Corporation) was formed on December 21, 2007 as a mutual fund corporation under the laws of the Province of Ontario;
- (b) On February 22, 2008, NorRock actively commenced operations upon raising \$38.5 million through an initial public offering of Preferred Shares. This financing, and subsequent financings, are described in Section 7.5 below;
- (c) On May 12, 2011, C.A. Bancorp Inc. disposed of its interest in NorRock and its wholly owned subsidiaries, C.A. Bancorp Ltd. (now NorRock Realty Management Services Ltd. (“NRMS”)) and C.A. Bancorp Realty Finance Inc. (now NorRock Realty Mortgage Inc. (“NRMI”)), to Green Tree Capital Management Corp. (“Green Tree”);
- (d) Green Tree is a private company incorporated under the laws of the Province of Ontario;
- (e) NRMS is the manager of the corporation and a registered portfolio manager, investment fund manager and exempt market dealer;
- (f) NRMI provides mortgage brokering services to the corporation and is a registered mortgage broker regulated by the Financial Services Commission of Ontario;

- (g) NorRock's investment objective is to generate attractive, stable returns in order to pay quarterly distributions to its shareholders. This is achieved by acquiring and maintaining a portfolio of conventional mortgage loans that are directly secured by real property across Canada. The properties are primarily in larger urban markets and surrounding areas, making them typically more liquid and less volatile;
- (h) The historic financial statements of NorRock can be found on Schedules 10 and 11.

7.2 Mortgage Portfolio

- (i) The majority of the mortgaged properties are in the retail commercial marketplace;
- (j) The mortgage loans are made through NorRock's special purpose limited partnership, NorRock Realty Finance L.P.;

A brief description of each of the mortgages is as follows:

- (k) **Centurion Apartment Properties** – NorRock has advanced a blanket mortgage with an outstanding principal at the Valuation Date of \$4.2 million. The mortgages are subordinate to existing first mortgages. The mortgaged properties consist of 20 buildings (752 units) located in smaller Ontario markets. The mortgages have been paid down as properties are sold, and we understand the borrower repaid the mortgage on or around the Valuation Date;
- (l) **Four Winds Plaza** – NorRock has advanced a \$3.1 million first mortgage on this property located in Toronto, Ontario. The property is a single story retail plaza and two story office building. The 40,614 square foot retail plaza is anchored by a Food Cents grocery store and has approximately 30 tenants. The mortgage matured August 1, 2011. We understand that the borrower is negotiating alternate financing and that a signed letter of intent is in place for financing of \$4.1 million on an appraised value of \$6.3 million. The borrower is current on the mortgage payments. Management and Fovere anticipate full repayment of the outstanding interest and principal on this mortgage. The property was appraised in March 2004 for \$4.3 million. The mortgage is personally guaranteed by the borrowers, and whose estimated net worth exceeds the mortgage principal by a significant margin;
- (m) **Pioneer Square** – NorRock has advanced a \$3.35 million first mortgage and \$1.26 million second mortgage on this property located in Chatham, Ontario. The property is a 12.37 acre retail power centre that is approximately 40% developed. The two tenants on the property currently are Future Shop and Boston Pizza. The 8.5 acres of remaining development land could support up to 40,000 retail square feet for up to 4 units. The mortgages mature October 1, 2011 and the borrower has not renegotiated terms or obtained alternate financing as of the Valuation Date. The property was appraised for \$7.45 million in October 2007. The mortgage is personally guaranteed by the borrower whose estimated net worth exceeds the mortgage amounts;

- (n) **Hampton Inn & Suites** – NorRock has advanced a \$1.5 million second mortgage on this property which was subordinated to an existing first mortgage with a face amount of \$5.9 million in May 2008. The property is a 92 room Hampton Inn & Suites Hotel in London, Ontario that was opened in June 2007. The mortgage matures July 1, 2012. The property was appraised for \$12 million in June 2007. The mortgage is personally guaranteed by the borrower, whom we understand to have a significant personal net worth including the franchise to other hotel chains;

- (o) **Alliston Retail Land** – NorRock has advanced a first mortgage with an outstanding principal of \$2.18 million on this property. The property is 22.5 acres of commercial development land in the Town of New Tecumseth, Ontario near Alliston. The land has been zoned for grocery store use. The original anchor tenants pulled out of the development prior to re-zoning. We understand that Metro has offered to build in 2012, but that the offer is conditional on the area meeting certain population targets. The property was appraised in June 2008 at \$5.7 million. The borrower is a sole purpose corporation incorporated to hold title to this property. The mortgage is guaranteed by a financial trust related to the borrower and matured June 1, 2011. The borrower is subject of a court order prohibiting the borrower from dealing with the property and appointing a receiver. NorRock has advanced two other mortgages with the same circumstances, 17440 Yonge Street and Shoppers Drug Mart Kenora. We refer to these properties as the *Receiver Mortgages* (See Section 19.5 *Receiver Mortgages* below);

- (p) **17440 Yonge Street** – NorRock has advanced a second mortgage with an outstanding principal of \$1.19 million on this property located in Newmarket, Ontario. The original first mortgage was \$6.75 million in 2007. The property is a 42,726 square foot retail plaza currently occupied by Chapters, Pier 1, and a Montana’s restaurant. The property was appraised at \$9.1 million in March 2007. The mortgage matures October 31, 2011. This is a *Receiver Mortgage*, the borrower has not renegotiated terms or obtained alternate financing as of the Valuation Date;

- (q) **Shoppers Drug Mart** – NorRock has advanced a second mortgage with outstanding principal of \$500,000 on this property. The property is a 17,545 square foot single tenant building in Kenora, Ontario occupied by a Shoppers Drug Mart (lease expires July 2021). The first mortgage had a principal outstanding of \$2.68 million at December 2010. The property was appraised at \$4 million in November 2005. The mortgage matured June 1, 2011. This is a *Receiver Mortgage*, the borrower has not renegotiated terms or obtained alternate financing as of the Valuation Date;

- (r) **PYMC Sailing Centre** – NorRock has advanced a mortgage on this property with an outstanding principal of \$1,352,398. The borrower is a marina which operates a specialized large yacht repair business. We understand there is a previous appraisal prepared in 2009 with a value of \$5 million. We were not provided with this appraisal. We also understand that the property has sufficient coverage on the debt

if it were to be sold as residential lots. The mortgage is currently month to month, and is interest only;

- (s) **Royal Oaks** – NorRock has advanced a \$4 million first mortgage to 633003 which holds ownership of Royal Oaks, also referred to as the golf club asset. NorRock also holds 75% of the common shares of 633003, the borrower of the mortgage. The mortgage bears interest at 5%. We discuss the mortgage as well as the equity investment in 633003 in Section 7.4 below;
- (t) **The Oaks Condominium** – NorRock holds an owned interest in this undeveloped condominium project adjacent to Royal Oaks. This asset is not a mortgage. We were advised by Fovere that they believe the market value is equal to or greater than the carrying amount of \$362,500;

7.3 Marketable Securities

- (u) NorRock holds investments in certain liquid securities at the Valuation Date, which we present on Schedule 2;

7.4 Investment in 633003

- (v) C.A.B. Realty Finance LP (a subsidiary of C.A. Bancorp Realty) advanced a mortgage of \$5,850,000 to 516138 on June 23, 2008, secured by the golf club and property. As part of a loan restructuring arising from a bankruptcy court order on June 30, 2010, the loan was restructured to \$4 million with the borrower being a new corporation, 633003. The new borrower assumed the real estate and golf club improvements after the foreclosure;
- (w) As part of the restructuring, NorRock (then C.A. Bancorp Realty) received a 75% equity interest in 633003 which was held by 2246329 Ontario Limited, a company 100% controlled by C.A. Bancorp Realty. The remaining 25% of 633003 was purchased by Three Under Par Inc., a third party whose shareholders include the General Manager of the golf club. The purchase price was \$250,000 resulting in an implied value of NorRock's 75% interest of \$750,000 at that time;
- (x) Horwath Horizon Consultants appraised the golf club at \$5,527,000 on September 21, 2007 by applying a discount rate of 12.5% (terminal capitalization rate of 10.5%) to forecast earnings. The forecast earnings were based on achieving increasing annual rounds played targets, up to 25,000 rounds in 2012. This appraisal was prior to the building of a new clubhouse facility;
- (y) PKF Consulting appraised the golf club at \$7 million on May 14, 2009, using a 14.0% discount rate (12.0% terminal capitalization rate) applied to forecast earnings. The forecast earnings were based on a best case scenario 23,075 rounds played by 2013. This appraisal took into consideration the new clubhouse;

- (z) Both appraisals were performed prior to the bankruptcy proceedings. The implied value of the golf club from the bankruptcy proceedings in 2010 was \$5 million;
- (aa) Some of the key facts and considerations of Royal Oaks presented in the appraisals are:
 - i. The club was designed by Rees Jones, recognized as one of the best golf club architects in the world;
 - ii. The new clubhouse is very attractive and is expected to increase demand for tournaments and other social events;
 - iii. The club is well maintained and well situated in Moncton;
 - iv. The club does compete with other high end semi-private clubs in Atlantic Canada, a small marketplace;
 - v. The Moncton market cannot support the level of green fees needed to make the club highly profitable;
 - vi. The market value of the club is significantly lower than replacement cost;
 - vii. New Brunswick has the fifth highest golf participation rate in Canada; and
 - viii. Moncton is the fastest growing metropolitan area in the province and among the top 10 fastest growing urban areas in Canada.
- (bb) We present the balance sheet for 633003 as at August 31, 2011 on Schedule 12;
- (cc) We present historical and budgeted financial information for the golf club asset of 633003, where available, on Schedule 13.

7.5 Share Capitalization

- (dd) NorRock completed an initial public offering of 1,540,000 Preferred Shares at a price of \$25 per Share on February 22, 2008 raising \$38.5 million in gross proceeds. The Preferred Shareholders are entitled to a fixed quarterly dividend of \$0.4219 (\$1.69 annually) representing a quoted yield of 6.75% per annum on the original issue price;
- (ee) NorRock may at any time, with notice, redeem the Preferred Shares for cash and the Preferred Shares may be redeemed by the holder monthly at the lesser of 90% of the 20 day weighted average market price for the Preferred Shares or 100% of the closing market price on the redemption date.
- (ff) The Preferred Shares will be redeemed by NorRock on March 31, 2018;
- (gg) NorRock also issued 766,160 Class A Shares at a price of \$10.25 per share on

February 22, 2008 to C.A. Bancorp Inc. raising \$7.85 million in gross proceeds;

- (hh) The Class A Shares have no fixed maturity date and distributions were suspended at March 31, 2011;
- (ii) During September 2008, the corporation completed a public offering of stapled units consisting of one Class A Share and one warrant ("Warrants") to purchase a Preferred Share at a price of \$23.75 at any time up to and including September 30, 2011;
- (jj) The stapled units traded on the TSX under the symbol RF.UN up to and including October 1, 2008 and were subsequently unstapled;
- (kk) The Class A Shares and Warrants traded on the TSX under the symbols RF.A and RF.WT, respectively. The Warrants expired on September 30, 2011 and were out of the money on that date which is also the Valuation Date;

7.6 Common Share Basket and Forward Contract

- (ll) NorRock manages economic exposure to the mortgage portfolio through the simultaneous purchase of a basket of Canadian common shares and the execution of an over-the-counter derivative contract (the "Forward Contract") with a subsidiary of TD Bank;
- (mm) The Forward Contract hedges the corporation's market risk to the common share basket and provides the economic return of the mortgage portfolio net of transaction and operating costs;
- (nn) The common share basket is comprised of highly liquid non-dividend paying Canadian common shares;
- (oo) At all times, the value of the common share basket is directly offset by a liability for non-controlling interest, therefore the impact on net assets is \$nil. We refer to the combination of the common share basket, minority interest and forward contract as the TD hedge;
- (pp) Should NorRock choose to end the Forward Contract, a termination fee will be payable by the corporation. At the Valuation Date, this termination fee is estimated to be \$150,000;

7.7 Green Tree Commitment

- (qq) Due to the change in control on May 12, 2011, Green Tree assumed C.A. Bancorp Inc.'s obligations under the commitment agreement dated January 31, 2008 between C.A. Bancorp Inc. and NorRock;
- (rr) On May 20, 2011, Green Tree entered into an Amended and Restated Commitment Agreement (the "Commitment Agreement") with NorRock;
- (ss) As per the Commitment Agreement Green Tree has agreed that for so long as there are Preferred Shares outstanding, if the Adjusted Net Tangible Asset Value is less

than 111% of the original Preferred Share issue price as at the end of such quarter, Green Tree will subscribe for, or arrange for subscriptions to, additional Class A Shares in an amount at least equal to the deficiency;

- (tt) According to the terms of the agreement, NorRock must pay a fee to Green Tree upon termination of the agreement. The termination fee is based on a percentage of net assets available to the Class A shareholders.

7.8 The Transaction

Pursuant to the Acquisition Agreement, to be given effect by way of plan of arrangement, (a) Partners REIT will acquire all of the assets of NorRock, consisting of cash, mortgages and shares, in consideration of units of Partners REIT and rights to receive units of Partners REIT (the "Contingent Value Rights"), (b) NorRock will distribute to holders of (i) NorRock Preferred Shares either units of Partners REIT ("Units") or Units and cash (ii) NorRock Class A Shares Units and Contingent Value Rights and (c) NorRock Preferred Shares will be cancelled.

Prior to closing (a) NorRock will terminate the forward purchase and sale agreement between NorRock and TD Global Finance at a termination cost of not more than \$150,000, (b) the amended and restated commitment agreement between Green Tree and NorRock dated May 20, 2011 will be terminated and (c) the amended and restated management agreement between NorRock Realty Management Services Ltd. ("NRMS"), a wholly owned subsidiary of Green Tree, and NorRock dated May 20, 2011 will be terminated at a termination cost of not more than \$1,746,614 before offsetting any amounts owing to NorRock by NRMS (being a net cash termination cost of \$595, 362).

NorRock will perform a corporate reorganization such that it will be the beneficial holder of the assets and liabilities of subsidiary entities and partnerships. The existing capital and non-capital tax losses of NorRock are expected to offset any taxes arising on the reorganization.

8. INDUSTRY BACKGROUND – COMMERCIAL REAL ESTATE

Based on our review of various information sources, we consider the following trends and outlook for the commercial real estate industry:

General Industry Considerations

- (a) The health of the economy generally drives demand for real estate, and in particular REITs as investment vehicles;
- (b) Investors and lenders are generally exposed to the economic risks of the particular properties invested in. Key indicators of property values include occupancy rates, rents, and the schedule of lease renewals; three factors that largely determine the size and stability of revenue;
- (c) The value of real estate is cyclical, varying with the strength of the regional or

national economy. Vacancy rates for properties can climb rapidly, especially for office buildings and warehouses, if the economy falters. Rents can also fall rapidly in distressed markets, particularly office rents;

- (d) The profitability of individual commercial real estate mortgage lenders depends on loan volume, interest rate spreads and efficient operations;
- (e) The main functions of mortgage bankers are loan production, underwriting and servicing:
 - Loan production refers to sales. Mortgage bankers typically charge fees for processing mortgage applications and loan origination;
 - Loan underwriting consists of determining the risks of a particular loan. Underwriters typically consider the market value of the property, the loan-to-value ratio of the loan, and the borrower's credit worthiness;
 - Loan servicing includes sending bills, receiving payments, accounting, collection efforts if the borrower is delinquent on payments, and the operations involved in foreclosure proceedings if the lender must take title to the property;
- (f) Mortgages, as well as mortgage servicing rights (agreement to charge fees to administer the loans, based on a percentage of the unpaid loan amount) are bought and sold in the secondary market;
- (g) Mortgage lender profits are sensitive to changes in interest rates, since they make money by lending funds at higher interest rates than what they pay to acquire funds;
- (h) If the cost of funds rises, mortgage lenders may not be able to increase interest rates on outstanding loans by an equal amount. As interest rates rise, demand for loans typically falls. Some lenders will use elaborate hedging strategies to protect against this risk;

Commercial Real Estate in Canada

- (i) Vacancy rates in most major centres in Canada are moving lower while rental rates are either stabilizing or moving higher;
- (j) Commercial real estate activity typically lags economic recoveries;
- (k) Activity in Canadian retail property markets is buoyant, with the industry's consistently strong performance in recent years attracting considerable foreign expansion interest. A number of major US retailers have taken note of Canada's relatively stable sales growth, higher average sales per square foot and lower density of shopping space per capita. Given low vacancies and limited new supply, significant retail expansion is anticipated in 2011 to 2012;
- (l) However, these new entrants are coming at a time when the outlook for consumer

spending is softening. Discretionary retail spending has weakened this year as high gas prices and rising food costs reduce household purchasing power;

- (m) In 2010, commercial retail properties were the most actively-traded asset class in Canada. More than \$5 billion in retail assets changed hands, compared to \$2 billion in 2009;
- (n) In the Greater Toronto Area, sales of commercial properties have increased dramatically from the lows of two years ago, in part due to the current low cost of financing and the high debt availability environment;
- (o) In Toronto, the retail sector was the most actively traded asset class, capturing 40% of the total investment volume in the GTA;
- (p) Sales of commercial property in the multi-residential sector is also strong, posting a 30% increase in the first six months of 2011 compared to the last six months of 2010;
- (q) Given the strong first half performance and more than \$1 billion worth of commercial real estate assets being marketed for sale at the end of June 2011, the GTA investment market is on pace to break the \$10 billion market set at the peak in 2007;
- (r) The South-western Ontario commercial real estate market continues to grow, due in part to lower vacancy rates and healthy demand from both Canadian and US companies;
- (s) The commercial real estate industry is seeing some capitalization rate compression driven by low interest rates, the lack of alternative investments, large amounts of capital available, and the under-allocation of pension funds in real estate; and
- (t) As long as buyers keep meeting sellers' pricing, the cost of debt and interest rates remain relatively low and product keeps coming to market, the aggressive pace of acquisition and capitalization rate compression is expected to continue in 2011.

9. MARKET FOR CANADIAN PREFERRED SHARES

Based on our review of various information sources, we consider the following trends and outlook for Canadian Preferred Shares in the current market environment:

- (a) The key factors that affect secondary market prices for preferred shares are interest rates, credit markets and liquidity;
- (b) Credit market conditions are reflected in the yield differential between Government of Canada bonds and preferred shares. Investors generally accept a narrower spread in times of economic prosperity, and a wider spread during periods of uncertainty. The average spread of high-quality straight preferred shares over long-term Canada bond yields rose from 200 basis points to almost 800 basis points at

the peak of the economic crisis in 2008 and 2009. Post-crisis, spreads have receded to approximately 400 basis points, but have not returned to the pre-crisis levels, which is the time when NorRock's Preferred Shares were issued;

- (c) Interest rates have declined since the NorRock Preferred Shares were issued, which leads to downward pressure on Preferred Share yields. Government of Canada longer term bond rates are considered good indicators of interest rate movement;
- (d) Government of Canada 5 and 10 year bonds yield 1.39% and 2.15%, respectively, at the Valuation Date. The yields on these bonds when the NorRock Preferred Shares were issued was 3.40% and 3.81%, respectively;
- (e) The market yield on Bank of Montreal ("BMO") Retractable Preferred Share Index is 3.55% at August 31, 2011. The yield on this index was 4.07% when NorRock's Preferred Shares were issued; and
- (f) The market yield on BMO Straight Preferred Share Index is 5.00% at August 31, 2011. The yield on this index was 5.32% when NorRock's Preferred Shares were issued.

10. ECONOMIC CONDITIONS

Based on our review of various information sources, we consider the following trends and outlook for the current economic environment:

- (a) The global economy in the first half of 2011 was dominated by European Union and US sovereign debt issues and the sluggish US economic recovery. Financial markets deteriorated in response to the downgrade of the US credit rating and the growing fragility of the economic recovery;
- (b) The slow pace of the recovery has led to market volatility and lower yields to investors. This low return environment was underscored by the US Federal Reserve's recent decision to keep administered rates at the current lows through 2013. The low return environment is exerting downward pressure on yields for mortgage interest rates paralleling the trends seen in other fixed income investments;
- (c) However, businesses in Canada are positive about the economic outlook even though the majority of firms expect input prices to rise without a corresponding increase in output prices. Businesses are focused on expansion and improving competitiveness and looking to increase capital investment and hiring. Firms are reporting they would have some difficulty meeting unexpected increase in demand, though few report they would face significant difficulty. Businesses have continued to report easing of credit conditions over the most recent quarter. Inflation expectations remain unchanged in the 1 to 3 per cent range from earlier in 2011;

- (d) Real GDP in Canada is forecast to grow 2.6% in 2011, and 2.4% in 2012. In the US, real GDP is expected to grow 1.8% in 2011 and 2.5% in 2012; and
- (e) The Consumer Price Index for Canada is forecast at 2.9% for 2011 and 2.1% for 2012;
- (f) The unemployment rate in Canada is 7.2%. The Consumer Price Index for the United States is expected to be 2.8% in 2011 and 2.0% in 2012. The unemployment rate in the US is 9.1%.

11. MAJOR ASSUMPTIONS

In arriving at our formal valuation of fair market value, we relied upon the following major assumptions, in addition to the assumptions noted throughout this report that:

- (a) no significant adjustments would be required to the unaudited interim financial statements of NorRock, included in our scope, other than as noted, if the financial statements were subject to audit;
- (b) the income tax return noted in our scope section is materially consistent with the return as assessed by the Canada Revenue Agency;
- (c) financial information provided for Royal Oaks, prepared by management, captures all of the actual and forecast revenues and expenses of the golf club;
- (d) there are no significant contingent liabilities, unusual contractual obligations, or substantial commitments other than in the ordinary course of business, nor litigation pending or threatened at the Valuation Date, except as may be noted in the financial statements provided to us;
- (e) the closing share price of the publicly traded securities in our analysis (except NorRock Class A Shares, the NorRock Preferred Shares and the Partners REIT Units, all of which are the subject of valuation that is not solely based on the closing price at any particular date) represents their fair market value;
- (f) unless specifically noted, a formal property appraisal would confirm that the value of the underlying properties of all of NorRock's mortgages exceeds the face value of NorRock's and higher ranking mortgages;
- (g) NorRock's investment in 633003 is deemed to be a direct holding;
- (h) there were no significant factors that bear on the value of NorRock at the Valuation Date that we have not considered in reaching our conclusions;
- (i) Current mutual fund corporation tax rates will prevail into the future;
- (j) the TD Hedge has no contingent positive or negative value to NorRock;
- (k) except as otherwise noted, the book values of the assets and liabilities of NorRock

approximates their market values at the Valuation Date; and

- (l) there are no environmental issues which may have a material effect on the conclusion.

Should any of the aforementioned major assumptions prove to be inaccurate, inappropriate or incorrect, it could result in a significant change in our determination of fair market value.

12. BASES OF VALUATION

General

In valuing a business, there is no single, standard or specific mathematical formula. The particular approach and the factors to consider will vary in each case. Historically, there are two generally accepted bases that are employed:

- i) the asset method; and
- ii) the earnings method or variations thereof, such as cash flow or discounted cash flow.

12.1 Asset Method

- (a) The asset method is used where:
 - i) asset values constitute the prime determinant of corporate worth, depending on the nature of the operations (e.g. a real estate holding corporation, a portfolio of marketable securities, etc.); or
 - ii) liquidation is contemplated because the business is not viable as an ongoing operation.
- (b) The asset approach can be determined using the adjusted book value approach or the liquidation approach.

12.2 *Adjusted Book Value Approach*

In the adjusted book value approach, fair market value is determined as the sum of the values of all tangible and identifiable intangible assets less all liabilities, where the values are adjusted for any increase or decrease in the fair market value of individual assets or liabilities from their book value. The fair market value of individual assets and liabilities would be determined on a going concern basis without considering liquidation values and costs.

12.3 Liquidation Approach

A liquidation value approach would be used if the business is not viable as a going concern or if the rate of return on the assets on a going concern basis is not adequate. This value is the net realizable value on an orderly disposition made in any manner that would minimize the loss thereon.

12.4 Earnings Method

- (a) The earnings method is used where the business being valued is earning a fair return on its capital employed and the hypothetical purchaser wishes to acquire the future indicated earnings generated by the enterprise. That is, the earnings value of a going-concern is based upon the yield to an investor, at the appropriate rate of return on the investment.
- (b) The earnings approach is generally determined using the capitalization of maintainable earnings or capitalization of maintainable cash flow approaches.

12.5 Capitalization of Earnings Method

- (a) The capitalized earnings approach suggests the continuation of the business by the purchaser and is based upon the purchaser's desire to acquire the future earning potential of a corporation. This approach assumes a continuing business operation with potential for maintainable earnings at a level that will provide a reasonable return on investment. It is recognized that the going concern value of a business based on capitalized earnings is usually greater than the value of its individual net tangible assets.
- (b) In order to determine the going concern value of a corporation, the reported earnings for recent years are used as a guide to establishing maintainable earnings. Unusual or non-recurring items are eliminated from reported earnings as are non-arm's length income and expenses of a discretionary nature. Where appropriate, short-term projections are also used as a guide to maintainable earnings.
- (c) To assess the value of the corporation as a whole, the maintainable earnings are capitalized at a rate reflecting the degree of risk attached to sustaining the maintainable earnings level.
- (d) Where a business interest is being valued using the earnings approach, it is necessary to establish whether there are any redundant assets present in its operations. Redundant assets are defined as assets that are in excess of, and therefore do not influence, the going concern value of the business operations. A knowledgeable vendor would not sell the business as a going concern without either extracting such assets from the business or adding the fair market value of the redundant assets to the going concern value of the business.

12.6 Capitalization of Cash Flow Methods

- (a) The capitalization of cash flow approach incorporates many of the conceptual and mechanical aspects of the earnings method. In addition to the adjustments to the most recent earnings as listed above, non-cash charges to income such as depreciation and amortization are added back to arrive at adjusted cash flow.
- (b) The adjusted cash flow is then weighted to arrive at a likely trend of annual future cash flow. From this is deducted an estimated capital outlay required each year to maintain and sustain operations at the existing levels net of the tax shield (present value of the tax savings or reduction in taxes that would otherwise be payable resulting from the capital cost allowance available to be offset against income that would normally be subject to tax).
- (c) The estimated maintainable cash flows are then multiplied to arrive at a capitalized value in the same manner as the earnings approach.

12.7 Discounted Cash Flow Method

- (a) The discounted cash flow method involves an estimation of future annual cash flows, and the selection of an appropriate discount rate (rate of return). The forecasted cash flows are discounted to present value using a risk adjusted rate of return to determine a fair market value after certain applicable adjustments.
- (b) This method is appropriate where the business life is of a fixed duration or historic cash flows are not indicative of future operating results and future cash flows are expected to vary within the forecasted period.

12.8 Market Approach

- (a) The empirical or market approach involves estimating the fair market value of a business interest based on value relationships and/or activity ratios derived or implied from the analysis of other market transactions that can be applied to the business interest in question. The best indicators of fair market value include transactions involving the particular business interest being valued in which the business interest is transferred between informed and prudent parties acting at arm's length.

13. VALUATION BASIS SELECTED – CLASS A SHARES

In deciding on the appropriate method of valuing the Class A Shares of NorRock as at the Valuation Date, we were particularly influenced by:

- i) NorRock has generated and expects to generate sufficient earnings to support a going concern approach;
- ii) the majority of NorRock's assets are investments for which the value is based on

their underlying fair market value; and

- iii) there is no indication of any external factors which would force NorRock to liquidate its assets.

We determine that the appropriate valuation method for the Class A Shares of NorRock, as at the Valuation Date, is the adjusted book value approach.

14. VALUATION BASES SELECTED – PREFERRED SHARES

In deciding on the appropriate method of valuing the Preferred Shares of NorRock as at the Valuation Date, we were particularly influenced by:

- i) the Preferred Shares, except in certain circumstances, are non-voting and non-participating with the exception of the fixed dividend;
- ii) the fixed dividend amount is for \$1.6875 per annum paid quarterly;
- iii) redemption at face value does not occur until March 31, 2018;
- iv) NorRock can redeem the Preferred Shares at any time for cash;
- v) the publicly traded market price for NorRock's Preferred Shares may not represent the fair market value; and
- vi) NorRock is not in default and accordingly, the Preferred Shareholders cannot call for liquidation as at the Valuation Date.

We determine that the appropriate valuation method for the Preferred Shares of NorRock, as at the Valuation Date, is a combination of a discounted cash flow approach and an examination of the current and recent trading history of the security.

15. VALUATION BASIS SELECTED – INVESTMENT IN 633003

In order to determine the fair market value of NorRock's investment in 633003, we must determine the en-bloc value of 633003. In order to determine the en-bloc value of 633003, we must determine the value of the underlying golf club asset which consists of golf club and equipment as noted on Schedule 12.

In deciding on the appropriate method of valuing NorRock's investment in 633003 as at the Valuation Date, we were particularly influenced by:

- i) 633003 has generated and expects to generate sufficient earnings to support a going concern approach;

- ii) the majority of 633003's assets is the golf club for which the value is based on its underlying market value; and
- iii) there is no indication of any external factors which would force 633003 to liquidate its assets.

We determine that the appropriate valuation method for NorRock's investment in 633003 as at the Valuation Date is the adjusted book value approach.

16. VALUATION BASIS SELECTED – GOLF CLUB ASSET

In deciding on the appropriate method of valuing the golf club asset as at the Valuation Date, we were particularly influenced by:

- i) the golf club has generated and expects to generate sufficient EBITDA to support a going concern approach;
- ii) the underlying value of the land has not been appraised and its highest and best use is assumed to be as a golf club; and
- iii) there is no indication of any external factors which would force 633003 to liquidate its investment in the golf club asset.

We determine that the appropriate valuation method for golf club asset, as at the Valuation Date, is the capitalization of EBITDA approach. The capitalization of EBITDA is a modification of the capitalized cash flow approach.

17. VALUATION BASES SELECTED – NON-CASH CONSIDERATION TO BE PAID BY PARTNERS REIT

Consideration payable under the terms of the proposed transaction to the shareholders of NorRock will be, for Preferred Shareholders, either units of Partners REIT ("Units"), or a combination of cash and Units; for Class A Shareholders the consideration will be a combination of Units and the Contingent Value Rights. We have been asked to value the non-cash consideration to be paid by Partners REIT. In deciding on the appropriate method of valuing the non-cash consideration to be paid by Partners REIT, we were particularly influenced by the following:

- i) Partners REIT is a publicly-listed real estate investment trust and trades on the TSX Venture Exchange under the symbol PAR.UN;
- ii) as an investor in mid-market shopping centre properties in Canada, it is a member of a well-defined and established peer group; owing to its relatively small market capitalization and asset size, however, it is not expected to trade in the market at the same multiples of the members of its comparable universe;

- iii) recently under new management, Partners REIT has demonstrated the ability to accelerate its asset growth rate, largely because of its access to properties through its manager's corporate relationships;
- iv) its ability to achieve the multiples of its peer group will be heavily reliant on Partners' ability to raise equity capital and deploy it, on a leveraged basis, quickly and accretively.

We determine that the appropriate valuation method for the Units, as at the Valuation Date, is a combination of an analysis of the trading values of comparable entities and the current and recent history of the trading value of the Units.

We determine that the appropriate valuation method for the Contingent Value Rights, at the time they are issued, is to discount, for time value, the final payout that we expect based on our valuation of the assets, in accordance with the terms of the Acquisition Agreement.

18. VALUATION APPROACH SUMMARY

Our valuation approach involves determining the fair market value of the individual assets and liabilities of NorRock and adjusting the values from the carrying amount to the fair market value to determine the overall en-bloc fair market value. The Preferred Share value is eliminated to determine the value of the Class A Shares and Class J shares of NorRock.

19. VALUATION ANALYSIS – PUBLICLY TRADED SECURITIES (SCHEDULE 2)

We determine that the fair market value of the publicly traded securities as at the Valuation Date is \$7,100,000 (Schedule 2). We determined the fair market values of the individual securities based on the market or quoted price per unit or share. We have not adjusted for any trapped in capital gains or losses as we consider this value in our determination of the value of the tax asset.

20. VALUATION ANALYSIS – MORTGAGE PORTFOLIO (SCHEDULE 3)

20.1 Mortgage Portfolio

We determine the fair market value of the mortgage portfolio as at the Valuation Date to be in the range of \$21,320,000 to \$22,200,000 (Schedule 3).

As at the Valuation Date, the corporation held 10 mortgages and one investment in undeveloped condominium land, which we group with the mortgage portfolio for analysis. The face value of the mortgages and the investment is \$22,959,156 (Schedule 3).

20.2 Methodology

Our approach in determining the fair market value of each mortgage consists of the following:

- i) a review of the status of the mortgage, in particular, whether the mortgage was current and, if the mortgage had matured, whether arrangements for a renewal or repayment of the mortgage had been made;
- ii) a review of the sufficiency of coverage on the mortgage in relation to the fair market value of the underlying property;
- iii) a review of any other security pledged to the mortgage, including guarantees provided by the borrowers;
- iv) a review of the appropriateness of the interest rate on the mortgage;
- v) a review of other facts and circumstances which may impact the individual mortgages and the required yield or rate of return; and
- vi) once we determine the status and characteristics of the mortgages, we categorize them and consider whether we should adjust the face value.

In the event that a borrower defaults on a mortgage, the lender may foreclose and recover the value of the loan, if there is sufficient coverage or asset value on the underlying property. The fair market value of a mortgage will only fall below the face value if there is insufficient coverage, or the interest rate is not sufficient to justify the risk to an investor or purchaser of the mortgage.

Mortgages cannot be worth more than the face value if the borrower has the option to refinance or payback the loan. We understand NorRock's mortgagees have this option.

During our review, unless noted we did not identify any mortgages for which we are concerned that there is insufficient coverage between the property value and the loan value. We did identify circumstances or additional risk factors whereby the stated interest rate appears insufficient.

20.3 Categories

We categorize the outstanding mortgages into four classes:

Class 1 Mortgages where payments are current, the mortgage has not matured, full payout of the principal is anticipated at the Valuation Date, and we understand there is sufficient coverage on the loan based on underlying property values and guarantees. We apply no discount to these mortgages;

Class 2 First mortgages which have matured¹ but NorRock continues to receive payments and second and third mortgages that are neither 'Class 3' nor 'Other' mortgages. We understand there is sufficient coverage in Class 2 mortgages based on underlying property values and guarantees. However, the borrower has not renegotiated the mortgage nor obtained alternative financing. Accordingly, we apply discounts ranging from 0% to 5% on these loans;

¹ The Pioneer Square mortgages matured October 1, 2011. Alliston Retail Land is a *Receiver Mortgage*.

Class 3 Mortgages which have matured, and where payments are delinquent or there are concerns about the collectability of the mortgage and the financial condition of the borrower. We categorize the *Receiver Mortgages* as Class 3 as these loans are currently being held by a receiver; and

Other Three of the loans did not fall easily into the above categories and accordingly we reviewed the PYMC Sailing Centre Inc., Royal Oaks Mortgage and The Oaks Condominium on an individual basis.

20.4 Appraisals

We note that current appraisals of the underlying properties at the Valuation Date were not obtained. Current market appraisals of the properties would have provided a higher degree of confidence as to the value of the underlying properties as compared to the alternative procedures performed. Our review of the market values of the underlying properties has been limited to review of past appraisals, letters of intent or other documents concerning potential sales, market information for comparable properties, discussions with management of NorRock and Fovere, and a review of industry and economic conditions which may impact the market value of the properties.

20.5 Receiver Mortgages

The borrower on each of the *Receiver Mortgages* is a corporation whose sole purpose is to hold the title of that particular property. The mortgages are secured by the underlying property and a guarantee provided by a financial trust related to the borrower.

The Ontario Superior Court of Justice, Commercial Court (“the Court”) issued an order (the “Mareva Order”) against, among others, the three corporate borrowers of the Receiver Mortgages. The Mareva Order prohibits any person from dealing with any property or assets of the three borrowers and appointed a receiver for the purpose of preserving the assets of the three borrowers.

NorRock through legal counsel is cooperating with the receiver. The receiver continues to make payment under the mortgages and administer the underlying properties. Two of the three mortgages are mature but not in default and the third matures shortly. The receiver advises it intends to keep the mortgages current and is seeking replacement financing to pay out the mortgages. However, NorRock or any subsequent mortgage holder would have to go to the Court to seek an order lifting or varying the Mareva Order in order to exercise and enforce its rights under the mortgages in the event of a default.

In determining the fair market value of the *Receiver Mortgages*, we consider the following:

- the mortgage payments were current as of the Valuation Date;
- the value of the underlying properties is sufficient to recover the outstanding principal and interest on the mortgages;
- the underlying properties are considered quality assets by management and Fovere;

- the Mareva Order raise concerns with, among other things, the enforceability of the guarantee, the impact of the receiver's appointment on payment of interest and/or principal and the ability of the borrowers to refinance the mortgages;
- the receiver's objective would be to maximize value, should the properties be sold or refinanced, which is consistent with NorRock's interests;
- the mortgages accrue interest and penalties during the receivership process;
- there is no indication as to when NorRock can expect to realize any interest or principal payments;
- the length of time it takes for NorRock to realize funds on these mortgages exposes the corporation to economic and market risks concerning the value of the underlying properties;
- there is a chance, which management believes to be minimal, that NorRock may not realize any funds on some or all of the individual properties given the current legal proceedings; and
- the mortgages bear interest of 11% to 13%. Given the increased risk and uncertainties concerning the *Receiver Mortgages* at the Valuation Date, a third party would not assume these mortgages at their current rate of interest. We estimate the premium that a third party would require to assume these mortgages to be in the range of 4% to 7%.

After considering the above factors, we apply a 4% to 7% discount to the face value of the *Receiver Mortgages* in determining their fair market value at the Valuation Date (Schedule 3).

20.6 PYMC Sailing Centre

We understand that this loan is month to month and interest bearing only, and that the payments are in arrears. However, we understand that there is sufficient coverage on the mortgage based on land value alone. Therefore, we apply a discount of 1% to 3% to account for potential risk in collectability and to account for the delinquent payment history.

20.7 Mortgage Receivable from 633003

We determine the fair market value of the mortgage to be in the range of \$3.1 million to \$3.5 million (Schedule 3). As this mortgage does not bear a market rate of interest and the golf club has very limited equity, the mortgage has some characteristics of equity. We believe a notional investor for this mortgage would require a rate of return in the range of 9% to 13%, which results in our fair market value calculated above.

20.8 Oaks Condominium

We have no information which indicates that the fair market value of the Oaks Condominium development property would differ from the face value of \$362,500 (Schedule 3).

20.9 Conclusion

Based upon our analysis of the individual mortgage loans as outlined above, we determine the fair market value of NorRock's mortgage loan portfolio to be in the range of \$21,320,000 to \$22,200,000 at the Valuation Date (Schedule 3).

21. VALUATION ANALYSIS – INVESTMENT IN 633003 (SCHEDULE 4)

We determine the fair market value of NorRock's investment in 633003 as at the Valuation Date to be in the range of \$192,000 to \$750,000 (Schedule 4).

As noted above, we determine the fair market value of NorRock's investment in 633003 using an adjusted book value approach. To determine the value of 633003 we must determine the value of its underlying investment in the golf club asset, which we determine using a capitalized EBITDA approach, adjusted for recent transactions.

21.1 Selection of Maintainable EBITDA (Schedule 6)

In arriving at our range of indicated maintainable EBITDA, we include reported and forecast EBITDA.

We adjust both historic and forecast EBITDA for the following:

- (a) we normalize property tax to the estimated annual expense of \$100,000 per annum; and
- (b) we normalize professional fees to \$15,000 per annum.

Based on the foregoing, we arrive at a range of indicated maintainable EBITDA of \$350,000 to \$420,000 (Schedule 6).

21.2 Selection of EBITDA Multiple (Schedule 5)

The selection of appropriate EBITDA multiples for the purposes of valuing the golf club was influenced by:

- 1) the trend of revenues and EBITDA forecast for the golf club;
- 2) the general outlook for the industry;
- 3) rates of return and risks associated with alternative investments;
- 4) general industry and economic conditions;
- 5) our research into appropriate capitalization rates for golf clubs;
- 6) discount and capitalization rates applied by previous appraisers of the golf club;

- 7) the golf club's history of revenue and EBITDA growth since bankruptcy;
- 8) other factors specific to the golf club as noted in Section 7.4 of our report; and
- 9) the underlying land of the golf club.

After considering the foregoing factors, among others, we select EBITDA multiples of 9.09 and 10.00 to capitalize the EBITDA.

21.3 Capitalized Value of Golf Club Asset (Schedule 5)

We capitalize the indicated maintainable EBITDA of the golf club using the capitalization multiples determined above to calculate the capitalized value of the golf club to be in the range of \$3,500,000 to \$3,817,800 which we round to \$3,500,000 to \$3,820,000 (Schedule 5).

21.4 Fair Market Value of Investment in 633003 (Schedule 4)

We calculate the value of NorRock's investment in 633003 using the adjusted book value approach. We begin with the capitalized value of the golf club asset determined above of \$3,500,000 to \$3,820,000 (Schedule 4).

We add to value the \$525,955 of 633003's working capital which consists of all the current assets less current liabilities. We adjust for estimated after tax earnings for the month of September 2011 of \$70,000. This adjustment is necessary as the financial statements of 633003 are as at August 31, 2011. We deduct the outstanding mortgage payable of \$4,000,000 to arrive at the en-bloc value of 633003 of \$95,955 to \$415,955 (Schedule 4).

We pro-rate the en-bloc value over NorRock's 75% interest to calculate the capitalized EBITDA value of NorRock's investment in 633003 to be in the range of \$71,966 to \$311,966 with a rounded midpoint of \$192,000.

21.5 Conclusion of Value on Investment in 633003 (Schedule 4)

We compare the results of our determination of value using a capitalization of EBITDA to the value determined in the post-bankruptcy restructuring. We are unable to reconcile between our value of \$192,000 and the post-bankruptcy equity value of \$750,000. Accordingly we determine the fair market value of NorRock's investment in 633003 to be in the range of \$192,000 to \$750,000 (Schedule 4). The low represents the midpoint of our value calculated using the capitalization of EBITDA while the high represents the value determined during the recent bankruptcy restructuring.

22. VALUATION ANALYSIS – TAX ASSET (SCHEDULE 9)

We determine the fair market value of the tax asset as at the Valuation Date to be in the range of \$280,000 to \$440,000 (Schedule 9).

The tax asset refers to the value of future tax savings based on the future utilization of capital and non-capital losses available as at the Valuation Date.

Our methodology consists of the following:

1. Determine the amount of losses available as at the Valuation Date;
2. Apply the tax rate to determine the cash value of the tax losses; and
3. Apply an appropriate discount to the cash value of the losses to account for timing and risk of utilization.

There is no commonly accepted methodology or objective approach to determine the appropriate discount for risk of utilization and timing. To the non-capital losses we applied a discount of 25% to 33%. Based upon the company's asset pool and anticipated or forecast earnings and expenses, we believe the non-capital losses can be utilized within a couple of years. We apply a discount of 30% to 40% to the capital losses as we understand there are sufficient trapped-in capital gains within the common share basket to utilize much of the company's capital losses.

23. VALUATION ANALYSIS – PREFERRED SHARES (SCHEDULE 7)

23.1 *Preferred Shares*

We determine the fair market value of the Preferred Shares of NorRock as at the Valuation Date to be in the range of range of \$36,670,000 to \$31,280,000 (Schedule 7). We note we have interchanged our high and low on Schedule 7 to be consistent with our overall presentation.

We determine the fair market value of the Preferred Shares using both a discounted cash flow approach and an examination of the current and recent trading activity of the security.

In the former approach, we determine the annual cash flow to Preferred Shareholders on a calendar year basis until the redemption of the Preferred Shares on March 31, 2018. The cash flows consist of the annual dividend of \$1.6875 and the \$25.00 redemption value on maturity.

We discount the cash flows using required yields to calculate the fair market value of the Preferred Shares.

23.2 *Determination of Required Yields in the Discounted Cash Flow Method*

We determine the required yields to be in the range of 6.90% to 9.10% (Schedule 8).

Our methodology involves adjusting the coupon rate at issue for changes in the market yield, changes in the risk free rate, and specific corporation credit risk.

The adjustment for the required yield involves comparing the yields in various Preferred Share indexes at both the date of issue and the Valuation Date. Our research indicates that the average yield is down 40 basis points since the Preferred Shares were issued in February 2008.

When the Preferred Shares were issued they were issued for a 10 year term. There is currently 6.5 years left in the term. A longer term typically means a higher required rate of return. Using Government of Canada Bond yields as a proxy our research indicates that the required yield to an investor for a 6.5 year bond or preferred share would be 55 basis points lower at the Valuation Date compared to the date of issue of the Preferred Shares.

We also make an adjustment for specific corporation credit risk. There is no commonly accepted methodology or practice to determine this adjustment. As the creditworthiness of a preferred share drops, the required yield increases.

In determining the specific corporation adjustment, we consider the following:

- NorRock has sufficient cash and marketable securities to redeem the shares;
- the shares are not redeemable by the holder at their face value until March 31, 2018;
- the shares are redeemable at any time by NorRock;
- the shares have been paying quarterly dividends;
- NorRock has significant capital on hand which was partially raised from the issue of these shares. This capital has not been fully deployed;
- economic conditions are more volatile at the Valuation Date than when the Preferred Shares were issued;
- the majority of the loans in the mortgage portfolio have either matured or are close to maturity;
- NorRock does not have a pipeline of new mortgage deals at the Valuation Date;
- our review of analyst reports indicate that very few preferred shares have yields above 7%;
- we understand that preferred shares with net asset value coverage greater than 1.5 times the value of the preferred shares are considered investment grade. NorRock Preferred Shares fall into this category. Yields of investment grade preferred shares typically do not exceed 6%; and
- in a liquidation of NorRock, the Preferred Shareholders would rank ahead of the common share holders and would be entitled to redemption value.

We select specific corporation adjustments of 1.10% to 3.30%. Based on the changes in the market yield and risk free rate along with the specific corporation credit risk adjustment we calculate the required yield to be 6.9% to 9.10% (Schedule 8).

23.3 Calculation of the Value of the Preferred Shares by Discounted Cash Flow Method

We calculate the discounted cash flow value and accordingly the fair market value of the Preferred Shares by discounting the expected dividend coupons and principal repayment of \$25.00 per share using the required yields of 6.9% and 9.10% to arrive at values of \$25.00 and \$22.44 per share, respectively.

23.4 Calculation of Value of the Preferred Shares Based on Current and Recent Trading History

An analysis of the trading history of the Preferred Shares reveals the following:

- the Preferred Shares are listed on the TSX under the trading symbol RF.PR.A;
- no investor exercised a warrant to purchase a Preferred Share at \$23.75, suggesting the market value was below that price;
- during the six months prior to the Valuation Date, the closing price of the Preferred Shares trading on the Toronto Stock Exchange did not exceed \$22.80; over 249,000 Preferred Shares or approximately 17% of the Preferred Shares outstanding at the Valuation Date traded during this time; and
- the Preferred Shares have traded in the marketplace at a six month average volume adjusted price of \$21.32, which indicates that the market is requiring a specific corporation premium for credit risk.

Based on the current and recent trading history, we calculate the fair market value of the Preferred Shares to be \$21.32 per share

23.5 Calculation of the Value of the Preferred Shares

Our conclusion, after considering both valuation methods, is that the high end of the range is \$25.00 per Preferred Share and the low end is \$21.32 per Preferred Share. Based on the 1,467,100 Preferred Shares outstanding, we calculate the fair market value as at the Valuation Date to be in the range of \$36,670,000 to \$31,278,572 (Schedule 7). We note we have interchanged our high and low on Schedule 7 to be consistent with our overall presentation.

24. VALUATION ANALYSIS – CLASS J SHARE OF NORROCK (SCHEDULE 1)

The holder of the Class J share is entitled to one vote per share. The Class J share is redeemable and retractable at a price of \$1 or, if none of the Class A shares or the Preferred Shares are then outstanding, an amount equal to the net asset value of NorRock divided by the number of Class J shares outstanding. The Class J share ranks subordinate to the

Preferred Shares and ahead of the Class A shares with respect to distributions on the dissolution, liquidation or winding up of NorRock.

We determine the fair market value of the Class J share to be equal to the redemption value of \$1 at the Valuation Date (Schedule 1).

25. VALUATION ANALYSIS – CLASS A SHARES OF NORROCK (SCHEDULE 1)

25.1 Adjusted Book Value Approach

Our calculation of the adjusted book value of the Class A Shares of NorRock as at the Valuation Date can be found on Schedule 1.

We begin with the common shareholders' equity as at September 20, 2011 of \$26,318,162.

We accrue for the September 30, 2011 Preferred Share dividend of \$618,933 and add back the previous financial statement accrual.

We adjust the value of the publicly traded securities from their carrying value to their fair market value of \$7,100,000.

We adjust the value of the mortgage portfolio from its carrying value to the fair market value range of \$21,320,000 to \$22,200,000.

We adjust the value of the investment in 633003 from its carrying value to its fair market value range of \$192,000 to \$750,000.

We deduct the fair market value of Preferred Shares of \$36,670,000 to \$31,280,000 and add their carrying value.

We add to value the book value of the Warrant liability of \$14,500. We understand the Warrants have ceased trading and have a fair market value of \$nil at the Valuation Date.

We consider the economic value of the tax asset. The tax asset consists of both non-capital and capital losses. We determine the fair market value of these tax losses, based on NorRock being able to utilize them over the coming years, to be in the range of \$280,000 to \$440,000 (Schedule 9).

Based on the foregoing, we arrive at an adjusted book value of NorRock's common share equity to be \$23,270,508 to \$30,258,508 (Schedule 1).

We then deduct the redemption value of the Class J common share of \$1 to calculate the fair market value of the Class A Shares of NorRock as at the Valuation date to be in the range of \$23,270,507 to \$30,258,507 which we round to \$23.3 million to \$30.3 million. Based upon the 2,938,860 Class A Shares outstanding we arrive at a per share value in the range of \$7.93 to \$10.31 (Schedule 1).

25.2 Summary

Based on the scope of review, our analysis thereof, and subject to the assumptions, restrictions and qualifications noted herein, it is our opinion that the en-bloc fair market value of the Class A Shares of NorRock as at the Valuation Date is in the range of \$23,270,507 to \$30,225,507 which we round to \$23.3 million to \$30.3 million. Based upon the 2,938,860 Class A Shares outstanding we arrive at a per share value in the range of \$7.93 to \$10.31 (Schedule 1).

26. VALUATION ANALYSIS – NON-CASH CONSIDERATION TO BE PAID BY PARTNERS REIT (SCHEDULE 14)

26.1 Partners REIT Units

We determine the fair market value of the Units (of Partners REIT), as at the Valuation Date to be in the range of \$1.68 to \$1.79 per Unit (Schedule 14).

Our methodology consists of the following:

i) Comparable companies trading analysis

- we reviewed the trading metrics of 6 public companies in the Canadian commercial real estate industry identified in Schedule 14;
- we determined that the most relevant valuation multiple for companies involved in the commercial real estate industry to be “price to forward year funds from operations” (P / FY+1 FFO);
- in the commercial real estate sector there is a clear relationship between P / FY+1 FFO multiples and market capitalization (Schedule 14);
- although the average P / FY+1 FFO multiple of the comparables is 14.0x, we assigned a discount to Partners REIT relative to its peers to reflect the smaller market capitalization;
- based on the foregoing, we selected a multiple range of 8.0x to 8.5x P / FY+1 FFO and applied that to the corresponding metric for Partners REIT for 2012E and arrived at a fair market value range of \$1.68 to \$1.79 per Unit.

ii) Trading history of the Units

We reviewed the price and volume history of the Units and determined the following:

- as of September 30, 2011, 6,069,879 Units were traded over the previous six months representing 20% of the issued and outstanding Units. The volume weighted average of the Units over the past six months is \$1.73;
- 72% of the Units traded in the past six months ranged in price from \$1.65 to \$1.84 with a mid-point of \$1.75; and
- The mid-point of the Units' 52-week high of \$2.00 and 52-week low of \$1.51 is \$1.76.

Based on the trading history of the Units, we determine that the fair market value range per Unit is \$1.73 to \$1.76.

Our conclusion, after considering both valuation methods, is that the Units have a fair market value of between \$1.68 and \$1.79 per Unit.

26.2 Contingent Value Rights

We determine the fair market value of the Contingent Value Rights to be the market value of the holdback assets (Schedule 15), adjusted for NorRock's 80% share in these assets, discounted for time value back to the Closing.

We determine the appropriate discount rate to be the yield (9.02% per annum), at the Valuation Date, of the Partners REIT Units.

The payout under the Contingent Value Rights may occur as late as November 1, 2012 and, in our opinion, the earliest date for such payout – after marketing, selling and completing the sales of all the remaining Assets – is June 1, 2012. The discount period is therefore 10 months on the low side and 5 months on the high side.

Our conclusion is that the Contingent Value Rights have a fair market value, at Closing, of between \$3,579,860 (or \$1.26 per Class A Share expected by NorRock to be outstanding at Closing) and \$4,709,782 (or \$1.65 per Class A Share expected by NorRock to be outstanding at Closing).

27. TRANSACTION WITH PARTNERS REIT (SCHEDULE 15)

To assist the Members of the Special Committee in evaluating the proposed transaction with Partners REIT, we have provided a calculation of the consideration payable to NorRock's Class A shareholders in accordance with the current terms of the transaction. This calculation is presented on Schedule 15.

This calculation is independent of our opinion of fair market value of the Class A and Preferred Shares of NorRock, which was prepared on a going concern basis and therefore does not consider costs to be incurred as part of the proposed transactions.

In preparing this calculation, we consider certain proposed transaction adjustments which we understand have been negotiated and upon which a preliminary agreement between the parties has been reached. We note that we have not investigated or independently quantified the proposed transaction adjustments, and are including them on Schedule 15 for the purpose of reconciliation only.

Our process to calculate the consideration payable to Class A shareholders is as follows:

- We add the fair market value of the cash, marketable securities, Centurion Properties mortgage and non-holdback mortgages determined in our opinion of fair market value to arrive at a value for the transferred assets of \$54,309,624 to \$54,726,576.
- We subtract the proposed consideration payable to NorRock Preferred Shareholders of \$23.75 per share (\$34,843,625) to determine the fair market value of net transferred assets. We do not consider dissenting shareholders in our calculation.
- We remove the proposed transaction adjustments to determine the value of the purchase price payable to Class A shareholders to be in a range of \$16,437,553 to \$17,513,822, or \$5.76 to \$6.14 per Class A Share expected by NorRock to be outstanding at Closing. The proposed purchase price per Class A Share of \$5.94 falls within our range.
- The proposed transaction includes a holdback amount in the form of Contingent Value Rights issued at Closing. The terms of the holdback are that 80% of the net amount realized upon liquidation of the Assets that exceeds the price paid for the Assets by Partners REIT will be paid to NorRock Class A shareholders in the form of additional Partners REIT Units or, at the option of Partners REIT, in cash. The Acquisition Agreement also provides that if the Assets are not liquidated prior to July 1, 2012, then 100% of the value (as determined by two independent valuers) of any remaining Assets will be paid to NorRock Class A Shareholders in the form of Partners REIT Units, or cash at the option of Partners REIT. We determine the fair market value of the Contingent Value Rights to be in a range of \$3,579,860 to \$4,709,782, or \$1.26 to \$1.65 per Class A Share expected by NorRock to be outstanding at Closing (Section 26.2 above). The proposed transaction value of the Contingent Value Rights of \$1.47 per Class A Share falls within this range.
- We combine the purchase price per Class A Share and the Contingent Value Rights per Class A Share to arrive at a combined value per Class A Share in a range of \$7.02 to \$7.79 per Class A Share expected by NorRock to be outstanding at Closing. The proposed transaction value per Class A Share of \$7.41 falls within this range.

28. DESCRIPTION OF THE INTEREST IN THE TRANSACTION OF INTERESTED AND RELATED PARTIES

M Partners has been advised by NorRock of the following interests in the Transactions of certain interested and related parties to the Transactions. M Partners has relied upon NorRock for the description of the parties and interests without independent verification or review as to accuracy or completeness; nothing, however, has come to M Partners' attention in preparation of the Valuation that would raise questions as to the inaccuracy or incompleteness.

Green Tree Capital Management Corp. ("Green Tree") holds approximately 33% of the issued and outstanding NorRock Class A Shares and 0.2% of the issued and outstanding NorRock preferred shares. Green Tree and NorRock are parties to an amended and restated commitment agreement dated May 20, 2011 (the "Commitment Agreement") pursuant to which Green Tree has made certain financial commitments to NorRock. Pursuant to the Commitment Agreement, Green Tree agreed that, for so long as there are Series 1, Preferred Shares in the capital of NorRock outstanding, if the Adjusted Net Tangible Asset Value is less than 111% of the Original Preferred Share Issue Price (each as defined in the prospectus of NorRock dated January 31, 2008) as at the end of a quarter, Green Tree will subscribe for, or arrange for subscriptions for, additional NorRock Class A Shares in an amount at least equal to the deficiency, within 10 business days following the end of the quarter. As a condition of closing of the Arrangement, the Commitment Agreement will have been terminated.

NorRock Realty Management Services Ltd. ("NRMS") manages the affairs of NorRock pursuant to a management agreement (the "Management Agreement"). NRMS is a wholly owned subsidiary of Green Tree. As a condition of closing of the Arrangement, the Management Agreement will have been terminated and any fees associated with the termination of such agreement will be no more than \$1,746,614, before offsetting any amounts owing by NRMS to NorRock. Since there is a promissory note outstanding pursuant to which NRMS will repay to NorRock approximately \$1.0 million, NRMS will be receiving a net payment of approximately \$595,362 for the termination of the Management Agreement.

The directors of NorRock hold an aggregate of 150,000 stock appreciation rights, which, as described above, permit the holder to obtain an amount in cash equal to the NorRock Class A Share Consideration minus \$5.11.

NorRock understands that Partners REIT is managed by LAPP Global Asset Management Corp. ("LAPP") and LAPP is a wholly owned subsidiary of IGW Public. IGW Public also holds approximately 41% of Partners REIT units.

NorRock understands that Adam Gant ("Gant") is a director and the Chief Executive Officer of LAPP. NorRock understands that Gant is also a director and the Chief Executive Officer of IGW Public GP Inc., the general partner of IGW Public, and is a trustee of Partners REIT.

NorRock understands that IGW REIT LP owns, directly or indirectly, 100% of the general and limited partnership interests of IGW Public. NorRock understands that IGW REIT LP is managed by League Assets Corp. ("LAC") and Gant is a director and the Chief Executive Officer of LAC.

Each of Jacqueline Boddaert ("Boddaert") and Darryl Abbott is a director and senior officer of NorRock and also a director and senior officer of Green Tree. Boddaert Family Trust ("BFT") is the registered owner of 50% of the issued and outstanding shares of Green Tree. BFT is a trust settled under the laws of the Province of Ontario. The trustees of BFT are Boddaert and Gregory Harris. Boddaert is a discretionary beneficiary of BFT. NorRock understands that Green Tree 2010 Trust ("GTT") is the registered owner of the remaining 50% of the issued and outstanding shares of Green Tree. NorRock understands that GTT is a trust settled under the laws of the Province of Ontario and Darryl Abbott is the sole trustee of GTT. NorRock understands that Gant has an indirect and contingent financial interest in GTT.

Due to the fact that the largest shareholder of NorRock is Green Tree, a corporation held fifty percent by an entity associated with Boddaert, and fifty percent by an entity in which Gant has an indirect and contingent financial interest, Boddaert, Gant, the board of directors of NorRock and the trustees of Partners REIT determined that independent committees should be established to review the merits of the transaction, negotiate the terms and conditions, and be advised directly by financial and legal counsel. NorRock understands that GTT is a discretionary trust and Partners REIT is of the view that the requirements of Multilateral Instrument 61-101 -- Protection of Minority Security Holders in Special Transactions ("MI 61-101") do not apply. Nonetheless, in light of the inter-relationships between Green Tree, Gant and Boddaert, the trustees of Partners REIT and the board of directors of NorRock have determined to voluntarily comply with the requirements of MI 61-101.

The Transaction will result in a change to the percentage of securities of Partners REIT beneficially owned or controlled by Green Tree since following the Transaction, Green Tree will hold approximately 5% of the issued and outstanding units of Partners REIT.

Yours very truly,

(Signed) M Partners Inc.

NorRock Realty Finance Corporation
En-Bloc Fair Market Value
As at September 30, 2011

	<u>Low</u>		<u>High</u>	
	\$	\$/ Class A	\$	\$/ Class A
Common Shareholders' Equity as September 20, 2011 (1)	\$ 26,318,162	\$ 8.96	\$ 26,318,162	\$ 8.96
Add Book Accrual per Balance Sheet (1)	551,690		551,690	
Less Accrued September 30, 2011 Preferred Share Dividend (2)	(618,933)	(0.02)	(618,933)	(0.02)
Profit / (Loss) During the Stub Period (3)	-		-	
Add Fair Market Value of Publicly Traded Securities (4)	7,100,000	0.01	7,100,000	0.01
Less Book Value of Publicly Traded Securities (1)	(7,077,782)		(7,077,782)	
Add Fair Market Value of Mortgage Portfolio (5)	21,320,000	(0.17)	22,200,000	0.13
Less Book Value of Mortgage Portfolio (1)	(21,827,986)		(21,827,986)	
Add Fair Market Value of Investment in 633003 N.B. Inc. (6)	192,000	(0.19)	750,000	-
Less Book Value of Investment in 633003 N.B. Inc. (1)	(750,000)		(750,000)	
Add Book Value of Preferred Shares (1)	34,438,857		34,438,857	
Less Fair Market Value of Preferred Shares (7)	(36,670,000)	(0.76)	(31,280,000)	1.07
Add Book Value of Warrants (1)	14,500	0.00	14,500	0.00
Less Fair Market Value of Warrants (8)	-		-	
Tax Adjustment for Tax Loss Carryforwards (9)	<u>280,000</u>	<u>0.10</u>	<u>440,000</u>	<u>0.15</u>
En-Bloc Fair Market Value of the Common Share Equity	23,270,508	<u>\$ 7.92</u>	30,258,508	<u>\$ 10.30</u>
Less Redemption of Class J Common Share (10)	<u>(1)</u>		<u>(1)</u>	
Fair Market Value of Class A Common Shares	23,270,507		30,258,507	
Rounded	\$ 23,300,000		\$ 30,300,000	
Number of Class A Common Shares Outstanding (11)	<u>2,938,860</u>		<u>2,938,860</u>	
Pro-Rata Value per Class A Common Share	<u>\$ 7.93</u>		<u>\$ 10.31</u>	

1. Schedule 10.
2. We accrue dividends for the quarter ended September 30, 2011 based 1,467,100 preferred shares outstanding and the quarterly coupon dividend of \$0.421875 (1,467,100 x .421875 = \$618,933).
3. We assume that any non-capital income or loss between September 20, 2011 and September 30, 2011 is not material.
4. Schedule 2.
5. Schedule 3.
6. Schedule 4. We understand this investment is held by 2246329 Ontario Limited, a subsidiary of NorRock.
7. Schedule 7.
8. The warrants expired on the Valuation Date and accordingly we attribute no value.
9. Schedule 9.
10. Fair Market Value of the Class J share is equal to its redemption value.
11. Source: Computershare confirmation of issued and outstanding units as at September 30, 2011.
12. We assume any ongoing cost of maintaining the forward contract is offset by the value it creates.
13. We have not adjusted for ongoing costs of the management fee, if any.

SCHEDULE 2

NorRock Realty Finance Corporation
Fair Market Value of
Investment in Publicly Traded Securities
As at September 30, 2011

Investee	No. of Shares	Market Value Per Share	Market Value of Investment
<u>Preferred Shares (1)</u>			
Bank of Montreal	5,500	\$ 25.18	\$ 138,490
Bank of Nova Scotia	5,800	25.15	145,870
Brookfield Asset Management	20,000	21.73	434,600
Brookfield Asset Management	13,000	26.20	340,600
Great West Lifeco Inc	15,700	24.96	391,872
Laurentian Bank Canada	8,300	25.57	212,231
National Bank of Canada	8,800	26.91	236,808
Power Corporation Canada	7,840	24.38	191,139
Power Corporation Canada	15,300	24.05	367,965
Power Financial Corp	3,400	24.44	83,096
Royal Bank of Canada	50,000	25.10	1,255,000
<u>Fixed Income (2)</u>			
Boardwalk REIT	303,000	1.0098	305,974
First Cap Realty Inc	1,000,000	1.0646	1,064,606
First Cap Realty Inc	500,000	1.1782	589,100
Morguard REIT	250,000	1.0530	263,250
<u>Other Equities (3)</u>			
Quantus V3 Fund LP	1,050	1,027.5495	<u>1,078,927</u>
Fair Market Value of Investment in Publicly Traded Securities			<u>7,099,528</u>
Rounded			<u><u>\$ 7,100,000</u></u>

1. Source: Shareholdings per September 30, 2011 account statement from Quantus Investment Corp.
Market prices per share, based on closing price, obtained from publicly available trading information.
2. Source: Shareholdings and market prices obtained from September 30, 2011 account statement. We are not able to verify the market prices to third party trading data.
3. Source: Quantus Investment Corp.

NorRock Realty Finance Corporation
Fair Market Value of
Mortgage Portfolio
As at September 30, 2011

Property	Interest Rate	Face Value	Discount		Fair Market Value	
			Low	High	Low	High
Class 1 Mortgage (1)						
Centurion Apartment Properties	10.00%	\$ 4,204,687	0.0%	0.0%	\$ 4,204,687	\$ 4,204,687
Class 2 Mortgages (2)						
Four Winds Plaza	10.50%	3,100,000	5.0%	0.0%	2,945,000	3,100,000
Pioneer Square	12.00%	1,262,500	5.0%	2.0%	1,199,375	1,237,250
Pioneer Square	12.00%	3,348,036	5.0%	2.0%	3,180,635	3,281,076
Hampton Inn & Suites	10.25%	1,500,000	3.0%	0.0%	1,455,000	1,500,000
Class 3 Mortgages (3)						
Alliston Retail Land Loan (Receiver Mortgage)	11.00%	2,179,283	7.0%	4.0%	2,026,733	2,092,111
17440 Yonge Street, Newmarket (Receiver Mortgage)	11.00%	1,185,092	7.0%	4.0%	1,102,136	1,137,689
Shoppers Drug Mart, Kenora (Receiver Mortgage)	13.00%	500,000	7.0%	4.0%	465,000	480,000
Less Unearned Financing Fee Liability (4)		(14,181)			(14,181)	(14,181)
Less Principal Repayments During September, 2011 (5)		(21,160)			(21,160)	(21,160)
		<u>13,039,570</u>			<u>12,338,537</u>	<u>12,792,785</u>
Other Mortgage and Real Property						
PYMC Sailing Centre Inc. (6)	18.00%	1,352,398	3.0%	1.0%	1,311,826	1,338,874
Mortgage Receivable from 633003 N.B Inc. (Royal Oaks) (7)	5.00%	4,000,000			3,100,000	3,500,000
The Oaks Condominium Inc. (8)		362,500			362,500	362,500
		<u>5,714,898</u>			<u>4,774,326</u>	<u>5,201,374</u>
		<u>\$ 22,959,156</u>				
Fair Market Value of Mortgage Portfolio					<u>21,317,551</u>	<u>22,198,846</u>
Rounded					<u>\$ 21,320,000</u>	<u>\$ 22,200,000</u>
Midpoint					<u>\$ 21,760,000</u>	

- We categorize Class 1 mortgages as those mortgages where payments are current, the mortgage has not matured, full payout of the principal is anticipated at or shortly after the Valuation Date, and we understand there is sufficient coverage on the loan based on underlying property values and guarantees.
We apply no discount as there is no negative information to imply the value is impaired to any extent.
- We categorize Class 2 mortgages as those first mortgages that have matured, or second and third mortgages, and where we understand there is sufficient coverage based on underlying property values and guarantees. However, the borrower has not re-negotiated the mortgage or obtained alternate financing. We apply discounts ranging from 0% to 5% depending on the characteristics of each mortgage.
- We categorize Class 3 mortgages as those mortgages that have matured, and where payments are delinquent or there are concerns about the collectability of the mortgage and the financial condition of the borrower.
We categorize the *Receiver Mortgages* as Class 3 as the mortgages are currently held by a receiver.
- Source: September 20, 2011 statement of net asset value for NorRock prepared by management.
- Principal repayments subsequent to the mortgage listing prepared as at August 31, 2011. Allocation of this repayment to the individual mortgages would not be material.
- We consider this mortgage to have the characteristics of a Class 2 mortgage, we apply discounts of 1% to 3%.
- We discount the mortgage by applying estimated market interest rates to the debt of 9% to 13%. We assume that the debt would be sold independent to NorRock's equity interest in 633003, the borrower on the mortgage.
- Based on our discussions we have no information that the fair market value would differ from the carrying value.

SCHEDULE 4

**NorRock Realty Finance Corporation
Fair Market Value of
Investment in 633003 N.B. Inc. (1)
O/A Royal Oaks Golf Club
As at September 30, 2011**

	Low	High
Capitalized Value of Golf Club Asset (2)	\$ 3,500,000	\$ 3,820,000
Add Working Capital of 633003 N.B. Inc. at August 31, 2011 (3)	525,955	525,955
Add After-Tax Income for the Month Ended September 30, 2011 (4)	70,000	70,000
Less Mortgage Payable (3)	<u>(4,000,000)</u>	<u>(4,000,000)</u>
En-Bloc Value of 633003 N.B. Inc.	95,955	415,955
NorRock's Pro-Rata Share (5)	<u>75.0%</u>	<u>75.0%</u>
Value of NorRock's Investment in 633003 N.B. Inc.	<u>71,966</u>	<u>311,966</u>
Fair Market Value:		
Low - Mid-Point of Value based on Capitalized Value of Golf Club Asset (6)	<u><u>\$ 192,000</u></u>	
High - Value Based on Recent Transaction (7)		<u><u>\$ 750,000</u></u>

1. We understand this investment is held by 2246329 Ontario Limited, a subsidiary of NorRock.

2. Schedule 5.

3. Schedule 12 (\$785,069 - 259,114 = \$525,955).

4. We add the estimated after-tax income for the month of September, 2011 calculated as follows:

Budgeted Net Income for September, 2011	A	\$ 85,132
2012 Combined Federal and New Brunswick Small Business Tax Rate	B	<u>15.5%</u>
After-Tax Net Earnings	A x (1-B)	71,937
Say,		<u><u>\$ 70,000</u></u>

5. Source: 633003 Agreement of Purchase and Sale of Shares dated August 5, 2010.

6. We base our low on the midpoint of our capitalized EBITDA value of the golf club asset.

7. We base the high on the recent market transaction of the bankruptcy restructuring, which resulted in an equity value of \$750,000.

SCHEDULE 5

**NorRock Realty Finance Corporation
Investment in 633003 N.B. Inc.
Fair Market Value of Golf Club Asset
O/A Royal Oaks Golf Club
As at September 30, 2011**

	Low	High
Indicated Maintainable Pre-Tax EBITDA (1)	\$ 350,000	\$ 420,000
Capitalization Rate (2)	<i>10.00%</i>	<i>11.00%</i>
Capitalization Multiple (3)	<u>10.00</u>	<u>9.09</u>
Capitalized Value of Golf Club Asset	3,500,000	3,817,800
Rounded	<u>\$ 3,500,000</u>	<u>\$ 3,820,000</u>

1. Schedule 6.
2. Based on an analysis of comparable transactions, property appraisals, and prevailing industry, company and economic factors.
3. Calculated as the inverse of the capitalization rate.

NorRock Realty Finance Corporation
Fair Market Value of
Investment in 633003 N.B. Inc. (1)
O/A Royal Oaks Golf Club
Determination of Maintainable Earnings
As at September 30, 2011

	Year Ended December 31,				
	2013	2012	2011 Combined	2010 Extrapolated	2010 Actual (6 Months)
EBITDA (1)	\$ 346,000	\$ 336,634	\$ 372,200	\$ 364,214	\$ 182,107
Adjustments					
Compensation paid to shareholders (2)	-	-	-	-	-
Market value of non arms length services (2)	-	-	-	-	-
Property tax expense (3)	140,000	180,000	30,000	-	-
Normalized property taxes (3)	(100,000)	(100,000)	(100,000)	(100,000)	-
Professional fees (4)	-	-	(15,000)	60,000	30,000
Discretionary expenses (5)	-	-	-	-	-
Adjusted EBITDA (6)	<u>386,000</u>	<u>416,634</u>	<u>287,200</u>	<u>324,214</u>	<u>212,107</u>
	Low		High		
Range of Indicated Maintainable EBITDA	<u>\$ 350,000</u>	to	<u>\$ 420,000</u>		

1. Schedule 13. We extrapolate 2010 over a full year. 2011 is based on 8 months of actual results and 4 months of management's budget.
2. We understand that compensation paid to non-arms length parties is at market rates.
3. We adjust property taxes to the estimated annual expense.
4. We adjust professional fees to \$15,000 annually.
5. We understand that there are no discretionary expenses or other non-recurring income or expense items.
6. We have not adjusted for inflation as the amounts are not material.

NorRock Realty Finance Corporation
Fair Market Value of Preferred Shares
As at September 30, 2011

		Low	High	Average
Preferred Share Attributes				
Number of Shares Outstanding (1)	A	1,467,100	1,467,100	
Face Value (2)		\$ 25.00	\$ 25.00	
Annual Fixed Dividend (2)		6.75%	6.75%	
Required Yield (3)		6.90%	9.10%	8.00%
Market Value of Preferred Shares				
Market Price per Share (4)	B	\$ 25.00	\$ 22.44	\$ 23.72
Fair Market Value	A x B	<u>36,674,803</u>	<u>32,922,657</u>	<u>34,798,730</u>
Rounded		<u>\$ 36,670,000</u>	<u>\$ 32,920,000</u>	<u>\$ 34,800,000</u>

Discounted Cash Flow Calculations

		2011 (6)	2012	2013	2014	2015	2016	2017	2018
Annual Cash Flow (5)	C	\$ -	\$ 1.6875	\$ 1.6875	\$ 1.6875	\$ 1.6875	\$ 1.6875	\$ 1.6875	\$ 25.8438
Discount Period (Years)			0.67	1.67	2.67	3.67	4.67	5.67	6.50
Present Value Factor	D	1.000	0.956	0.895	0.837	0.783	0.732	0.685	0.648
Present Value	C x D	<u>-</u>	<u>1.61</u>	<u>1.51</u>	<u>1.41</u>	<u>1.32</u>	<u>1.24</u>	<u>1.16</u>	<u>16.75</u>

Discounted Cash Flow Value (Low) \$ 25.00

Annual Cash Flow (5)	C	\$ -	\$ 1.6875	\$ 1.6875	\$ 1.6875	\$ 1.6875	\$ 1.6875	\$ 1.6875	\$ 25.8438
Discount Period (Years)			0.67	1.67	2.67	3.67	4.67	5.67	6.50
Present Value Factor	D	1.000	0.944	0.865	0.793	0.727	0.666	0.610	0.568
Present Value	C x D	<u>-</u>	<u>1.59</u>	<u>1.46</u>	<u>1.34</u>	<u>1.23</u>	<u>1.12</u>	<u>1.03</u>	<u>14.67</u>

Discounted Cash Flow Value (High) \$ 22.44

Fair Market Value (High) (7) \$ 21.32 31,278,572
\$ 31,280,000

1. Source: Computershare October 6, 2011 confirmation letter.
2. Source: Final Prospectus for the Preferred Shares dated January 31, 2008.
3. Schedule 8.
4. Determined using the discounted cash flow approach.
5. We determine the annual cash flow based on the dividend payment date which is 15 days following the end of each quarter.
2018 includes two actual dividends and the redemption of the face value of \$25 on March 31, 2018.
6. The 2011 dividends for September 30 will be paid to the seller and the purchaser will receive their first dividend on January 15, 2012.
7. Although the Discounted Cash Flow Method indicated a value of \$22.44 at the low Preferred Share value range (the "High" range when considered from the perspective of the value of the Cals A Shares), the current and trading history of the Preferred Shares (Section 22.5) indicated a value of \$21.32, which we have determined is the low end of the Preferred Share value range.

NorRock Realty Finance Corporation
Fair Market Value of Preferred Shares using Discounted Cash Flow Method
Determination of Required Yield
As at September 30, 2011

Calculation of Preferred Share Required Yields as at September 30, 2011

	Low	High
Coupon Rate at Issue (1)	6.75%	6.75%
Change in Market Yields (2)	-0.40%	-0.40%
Change in Risk Free Rate (3)	-0.55%	-0.55%
Specific Company Credit Risk and Illiquidity (4)	<u>1.10%</u>	<u>3.30%</u>
Required Yield	<u>6.90%</u>	<u>9.10%</u>

1. Source: Final Prospectus for the Preferred Shares dated January 31, 2008.

We note that as dividends are paid quarterly the effective yield at issue actually exceeded 6.75%.

2. Source: BMO Preferred Share Statistics calculated as follows:

	2008 (5)	2011 (6)	Change
Retractable Sub-index Yield to Retraction	4.07%	3.55%	-0.52%
Straight Sub-index Current Yield	5.32%	5.00%	-0.32%
Average			-0.42%
Say,			<u>-0.40%</u>

3. Source: Bank of Canada - Government of Canada Bond Yields as at September 30, 2011

10 Year	A	2.15%
5 Year		1.39%
7 Year		1.68%
Estimated 6.5 Year	B	1.61%
	B-A	-0.54%
Say,		<u>-0.55%</u>

4. Based on our analysis of changes in NorRock between the Valuation Date and the date the Preferred Shares were issued, as well as a review of historical market yields for NorRock and similar preferred shares. We also consider industry information in determining the specific risk premium. We were particularly influenced by the 6 month volume adjusted trading price of \$21.32 at the Valuation Date.

5. Month end February 2008.

6. As at Month end August 2011. We assume no material change during September 2011.

NorRock Realty Finance Corporation
Fair Market Value of
Tax Asset
As at September 30, 2011

	Non-Capital Losses		Capital Losses	
	Low	High	Low	High
Losses per December 31, 2010 Tax Return (1)	\$ 3,461,721	\$ 3,461,721	\$ 7,586,658	\$ 7,586,658
Add Loss on Fair Market Value of Mortgage Portfolio (2)			759,156	1,639,156
Add Loss on Fair Market Value of Royal Oaks (3)			-	558,000
Less Trapped in Capital Gains on Publicly Traded Securities (4)	-	-	(1,067,920)	(1,067,920)
Less Income and Investment Gains to June 30, 2011 (5)	(82,821)	(82,821)	(4,235,113)	(4,235,113)
Less Unrealized Gain on Forward Contract at June 30, 2011 (6)			(2,440,477)	(2,440,477)
Less Estimated Income from July 1, 2011 to September 30, 2011 (7)	(386,205)	(386,205)	-	-
Subtotal	2,992,696	2,992,696	602,304	2,040,304
Capital Gains Inclusion (50%)	-	-	301,152	1,020,152
Adjusted Tax Losses Available as at the Valuation Date	2,992,696	2,992,696	301,152	1,020,152
Tax Rate (8)	40.00%	40.00%	40.00%	40.00%
Cash Value of Tax Losses	1,197,078	1,197,078	120,461	408,061
Discount For Risk of Utilization and Timing (9)	80%	75%	70%	65%
Value of Tax Losses as at Valuation Date	239,416	299,270	36,138	142,821
Total Value of Tax Losses	275,554	442,091		
Rounded	\$ 280,000	\$ 440,000		

1. Source: December 31, 2010 NorRock corporate income tax return (Schedule 4).
2. Source: Schedule 3 fair market value less outstanding mortgage principal total.
3. Source: Schedule 4 fair market value less carrying value of the investment.
4. Source: September 30, 2011 account statement from portfolio manager, plus gain on sale of marketable security on September 20, 2011.
5. Year-to-date earnings adjusted for tax treatment of income and expenses. Capital - Source: realized gain on common share basket, Schedule 11.
We assume no material difference to the Valuation Date.
6. Source: Notes to June 30, 2011 financial statements, we assume no material difference to the Valuation Date.
7. Year-to-date earnings from operations extrapolated over the three month period.
8. Approximate mutual fund corporation tax rate for 2011.
9. We discount the tax losses for timing and risk of utilization. We adjust for realized and unrealized earnings on certain assets of NorRock at the Valuation Date above. NorRock's remaining assets are not generating significant capital or non-capital earnings.
NorRock does not have a history of utilization of non-capital losses.
10. We assume that there will be no significant tax liability/gain upon unwinding the TD forward contract.

NorRock Realty Finance Corporation
Consolidated Statements of Net Assets
As at

	September 20,		December 31,		
	2011	June 30, 2011	2010	2009	2008
Assets					
Cash and cash equivalents (1)	\$ 30,663,950	\$ 28,112,293	\$ 18,360,188	\$ 4,697,266	\$ 14,265,575
Publicly traded securities (1)	7,077,782	6,725,750	6,404,024	6,525,300	1,108,128
Mortgage portfolio (2)	21,827,986	25,283,591	36,361,115	53,628,735	52,974,047
Investment in 633003 N.B. Inc.	750,000	750,000	750,000	-	-
Note receivable from manager	1,214,473	1,239,149	1,451,345	1,825,376	2,578,326
Common share basket (3)	19,573,544	38,249,134	38,701,271	44,601,029	33,161,956
Forward contract (3)	-	2,511,066	600,968	13,505,506	22,641,039
Prepaid expenses and other assets	266,026	374,595	384,981	449,283	336,793
	<u>\$ 81,373,761</u>	<u>\$ 103,245,578</u>	<u>\$ 103,013,892</u>	<u>\$ 125,232,495</u>	<u>\$ 127,065,864</u>
Liabilities and Non-Controlling Interest					
Accounts payable	\$ -	\$ 1,049,520	\$ 1,575,876	\$ 1,946,049	\$ 2,380,106
Accrued liabilities	399,229	215,799	146,104	154,683	-
Preferred shares, net of deferred issue costs	34,438,857	34,381,357	34,305,750	34,219,518	34,092,047
Preferred share distribution accrual	551,690	-	-	-	-
Forward fee accrual	77,779	-	-	-	-
Warrants	14,500	14,500	101,500	232,000	2,204,000
Non-controlling interest (3)	19,573,544	40,760,200	39,302,239	58,106,535	55,802,995
	<u>55,055,599</u>	<u>76,421,376</u>	<u>75,431,469</u>	<u>94,658,785</u>	<u>94,479,148</u>
Net Assets, Representing Class J and Class A Shareholders' Equity					
Class J shares		1	1	1	1
Class A shares		28,034,951	28,844,007	30,807,778	33,865,603
Contributed surplus		1,058,781	808,548	488,983	101,249
Deficit		(2,269,531)	(2,070,133)	(723,052)	(1,380,137)
	<u>26,318,162</u>	<u>26,824,202</u>	<u>27,582,423</u>	<u>30,573,710</u>	<u>32,586,716</u>
Net Assets/Common Share Equity	<u>\$ 81,373,761</u>	<u>\$ 103,245,578</u>	<u>\$ 103,013,892</u>	<u>\$ 125,232,495</u>	<u>\$ 127,065,864</u>
Total Liabilities and Equity	<u>\$ 81,373,761</u>	<u>\$ 103,245,578</u>	<u>\$ 103,013,892</u>	<u>\$ 125,232,495</u>	<u>\$ 127,065,864</u>
Outstanding Class A Shares	2,938,860	2,976,560	3,062,460	3,270,960	3,600,060
Book Net Assets Per Class A Share	<u>\$ 8.96</u>	<u>\$ 9.01</u>	<u>\$ 9.01</u>	<u>\$ 9.35</u>	<u>\$ 9.05</u>

1. We adjust the reported cash and marketable securities for the proceeds from sale of a marketable security subsequent to the reporting date.
2. Principal amount less unearned financing fees and the fair value adjustment determined by the external auditors.
3. The common share basket and forward contract assets are offset by the non-controlling interest as part of the Forward Contract arrangement with TD Bank.

NorRock Realty Finance Corporation
Consolidated Statements of Operations

	YTD	Years Ended December 31,		
	June 30, 2011	2010	2009	2008
Revenue				
Interest and fees from mortgage portfolio	\$ 1,709,673	\$ 5,391,858	\$ 5,429,000	\$ 3,275,652
Interest on cash balances and note receivable	146,682	140,869	189,758	498,310
Dividend income on publicly traded securities	94,822	187,034	132,120	36,734
Investment income on publicly traded securities	99,182	197,567	61,427	-
Revenue from securities lending	50,737	115,271	42,256	-
	<u>2,101,096</u>	<u>6,032,599</u>	<u>5,854,561</u>	<u>3,810,696</u>
Expenses				
Interest (1)	1,372,816	2,733,726	2,719,113	2,378,620
Management fees	432,135	869,256	884,099	604,895
Forward contract fees	157,641	401,084	361,678	250,951
Servicing fees	118,418	263,187	275,287	172,020
Administrative and other fees	236,817	150,172	125,704	35,249
Audit fees	24,112	82,956	111,193	40,000
Legal fees	174,175	49,225	20,776	17,299
Filing fees	38,449	49,429	25,162	35,914
Custodian fees	9,300	43,160	59,668	59,488
Independent review committee fees	20,237	32,700	25,700	-
Directors' fees	94,259	31,454	25,424	-
Transfer agency fees	10,417	20,000	24,658	18,975
Security holder reporting	12,727	18,883	15,219	15,671
Capital taxes	-	-	(10,997)	50,000
	<u>2,701,503</u>	<u>4,745,232</u>	<u>4,662,684</u>	<u>3,679,082</u>
Net Income/(Loss) Before Other Items	(600,407)	1,287,367	1,191,877	131,614
Other				
Net unrealized gain on publicly traded securities	321,726	435,424	578,662	-
Realized gain on sale of publicly traded securities	-	49,737	11,529	-
Unrealized fair value adjustment on mortgage portfolio	(7,718)	264,023	(531,232)	(856,244)
Realized loss on mortgage portfolio	-	(1,132,285)	-	-
Unrealized appreciation (depreciation) on common share basket	(4,687,249)	6,901,857	20,675,242	(20,449,371)
Unrealized appreciation (depreciation) on forward contract	452,137	(16,850,242)	(13,439,074)	-
Realized gain on common share basket	4,235,113	9,948,385	(7,236,168)	-
Realized appreciation on forward contract	-	-	-	20,449,371
Gains on purchase and cancellation of Series 1 preferred shares	-	13,433	26,351	338,684
Unrealized fair value adjustment on warrants	87,000	130,500	1,972,000	116,000
Net unrealized loss on investment grade securities	-	-	-	(355,178)
Net realized loss on investment grade securities	-	-	-	(13,540)
Net realized loss on securities received on exchange offering	-	-	-	(57,462)
	<u>401,009</u>	<u>(239,168)</u>	<u>2,057,310</u>	<u>(827,740)</u>
Net Increase/(Decrease) in Net Assets from Operations	(199,398)	1,048,199	3,249,187	(696,126)
Distributions Paid to Class A Shareholders	-	(2,395,280)	(2,592,102)	(684,011)
Net (Increase)/Decrease in Deficit	(199,398)	(1,347,081)	657,085	(1,380,137)
Deficit, Beginning of Year	(2,070,133)	(723,052)	(1,380,137)	-
Deficit, End of Year	<u>\$ (2,269,531)</u>	<u>\$ (2,070,133)</u>	<u>\$ (723,052)</u>	<u>\$ (1,380,137)</u>

1. Includes Preferred Share dividends.

SCHEDULE 12

**NorRock Realty Finance Corporation
Investment in 633003 N.B. Inc.
O/A Royal Oaks Golf Club
Balance Sheet
As at August 31, 2011**

Current Assets

Cash	\$ 287,037
Credit and Debit Card Receivables	236,130
Accounts Receivable	85,980
Inventory	165,062
Other	<u>10,860</u>
	785,069

Capital Assets

Golf Course	4,589,366
Equipment	<u>220,681</u>

Total Assets **\$ 5,595,116**

Current Liabilities

Accounts Payable and Accruals	\$ 151,844
Deferred Revenue and Deposits	<u>107,270</u>
	259,114

Mortgage Payable 4,000,000

Total Liabilities 4,259,114

Shareholders' Equity

Common Shares	1,000,000
Retained Earnings	<u>336,002</u>
	<u>1,336,002</u>

Total Liabilities and Shareholders' Equity **\$ 5,595,116**

1. Financial information as at September 30, 2011 is unavailable.

NorRock Realty Finance Corporation
Investment in 633003 N.B. Inc.
O/A Royal Oaks Golf Club
Historical and Forecast Summary Financial Information
As at September 30, 2011

	<u>Year Ended January 31, (1)</u>						<u>Year Ended December 31,</u>			
	2005	2006	2007	2008	2009	2010	2010 Actual (2) (6 Months)	2011 Combined (3) Actual / Budget	2012 Budget (4)	2013 Budget (4)
Revenue	\$ 1,448,898	\$ 1,610,069	\$ 1,597,241	\$ 1,397,485	O/S	O/S	1,229,888	\$ 1,924,883	\$ 2,290,000	\$ 2,373,000
Operating Expenses	<u>1,343,274</u>	<u>1,518,293</u>	<u>1,611,904</u>	<u>1,805,687</u>			<u>1,047,781</u>	<u>1,552,683</u>	<u>1,953,366</u>	<u>2,027,000</u>
EBITDA	<u>\$ 105,624</u>	<u>\$ 91,776</u>	<u>\$ (14,663)</u>	<u>\$ (408,202)</u>			<u>\$ 182,107</u>	<u>\$ 372,200</u>	<u>\$ 336,634</u>	<u>\$ 346,000</u>

1. Source: Actual financial results from the appraisal report prepared by PKF Consultants.
We do not have actual financial results for the years ended January 31, 2009 and 2010.
2. Source: Audited financial statements of 633003 N.B. Inc. for the six month period ended December 31, 2010 (post bankruptcy)
3. Source: Actual results for the period January 1 to August 31, 2011 prepared by management of the Golf Club as well as budgeted financial results for the remainder of fiscal 2011.
4. Source: Internal budget for fiscal 2012 and 2013 prepared by management of the Golf Club.

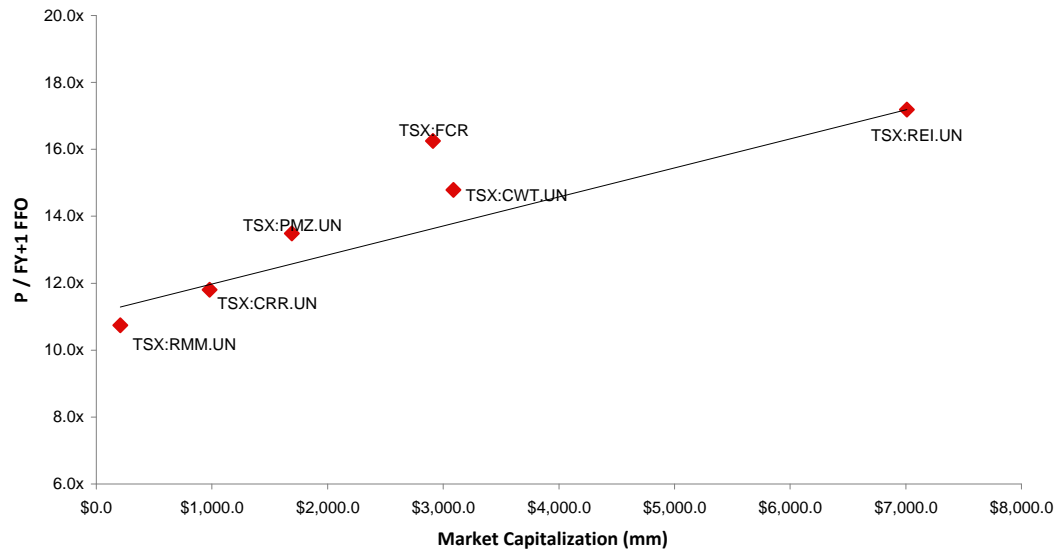
SCHEDULE 14

NorRock Realty Finance Corporation
Value of Consideration to be Paid to NorRock
As at September 30, 2011

Company	Symbol	Price	Units O/S	Mkt Cap (mm)	Ent. Value (mm)	Total Debt	Total Assets	Debt / Assets	Yield	Current FY			Next FY		
										FFO	P/FFO	FFO Payout Ratio	FFO	P/FFO	FFO Payout Ratio
RioCan REIT	TSX:REI.UN	\$26.00	269.61	\$7,009.9	\$11,658.1	\$4,578.0	\$9,507.0	48.2%	5.3%	\$1.39	18.7x	99.3%	\$1.51	17.2x	91.2%
Calloway REIT	TSX:CWT.UN	\$25.73	120.03	\$3,088.4	\$6,047.5	\$2,666.6	\$5,697.6	46.8%	6.0%	\$1.66	15.5x	93.4%	\$1.74	14.8x	89.1%
First Capital Realty Inc.	TSX:FCR	\$17.00	171.31	\$2,912.3	\$5,831.5	\$3,049.6	\$5,534.1	55.1%	4.7%	\$0.97	17.5x	82.2%	\$1.05	16.3x	76.5%
Primaris Retail Real Estate Investment Trust	TSX:PMZ.UN	\$20.50	82.54	\$1,692.1	\$3,403.4	\$1,724.1	\$3,458.0	49.9%	6.0%	\$1.43	14.4x	85.6%	\$1.52	13.5x	80.3%
Crombie Real Estate Investment Trust	TSX:CRR.UN	\$12.80	76.61	\$980.7	\$1,870.4	\$996.8	\$1,638.2	60.8%	7.0%	\$1.05	12.2x	84.8%	\$1.08	11.8x	82.1%
Retrocom Mid-Market REIT	TSX:RMM.UN	\$4.62	44.97	\$207.8	\$588.5	\$431.1	\$623.1	69.2%	9.7%	\$0.38	12.2x	118.4%	\$0.43	10.7x	104.7%
Average								55.0%	6.4%		15.1x	93.9%		14.0x	87.3%
Partners Real Estate Investment Trust	TSXV:PAR.UN	\$1.72	30.97	\$53.3	\$198.6	\$169.0	\$250.0	67.6%	9.3%	\$0.16	10.8x	100.0%	\$0.21	8.2x	76.2%

As at closing prices on September 30, 2011

Sources: Capital IQ, Bloomberg, FactSet & Company Presentation Estimates



NorRock Realty Finance Corporation
Transaction Value Reconciliation
As at Closing

	Proposed Transaction	Adjusted Valuation	
		Low	High
Cash and Marketable Securities	\$ 37,596,592	\$ 37,763,950	\$ 37,763,950
Centurion Mortgage	4,204,687	4,204,687	4,204,687
Class 2 and Class 3 Mortgages	<u>12,600,000</u>	<u>12,340,986</u>	<u>12,793,938</u>
Value of Transferred Assets	54,401,279	54,309,624	54,762,576
Less Preferred Shares (1)	<u>(33,972,534)</u>	<u>(34,843,625)</u>	<u>(34,843,625)</u>
Value of Transferred Net Assets	20,428,745	19,465,999	19,918,951
Proposed Transaction Adjustments (2)			
Expense Credit	1,380,000	1,380,000	1,380,000
Working Capital / Operating Costs to Closing	(1,375,000)	(1,375,000)	(1,375,000)
Management Termination Fee	(595,362)	(595,362)	(595,362)
Forward Termination Fee	(150,000)	(150,000)	(150,000)
SARS Payment	(123,870)	(123,870)	(123,870)
Special Committee Fees	(80,000)	(80,000)	(80,000)
Cash for Dissent Rights	(1,412,747)	-	-
Legal	(960,000)	(960,000)	(960,000)
Less Expense Overages	<u>(185,000)</u>	<u>(185,000)</u>	<u>(185,000)</u>
	(3,501,979)	(2,089,232)	(2,089,232)
Purchase Price Payable to Class A Shares	\$ 16,926,766	\$ 17,376,767	\$ 17,829,719
Class A Outstanding at Closing	2,851,641	2,851,641	2,851,641
Paid at Closing @ Deemed Price of PAR.UN: \$1.73	\$ 16,926,766		
Paid at Closing @ FMV Range of PAR.UN: \$1.68-\$1.79		\$ 16,437,553	\$ 17,513,822
Offer Price Per Class A Share	\$ 5.94	\$ 5.76	\$ 6.14
Contingent Value Rights			
Royal Oaks Mortgage		\$ 3,100,000	\$ 3,500,000
Condominium Development		\$ 362,500	\$ 362,500
Marina Mortgage		\$ 1,311,826	\$ 1,338,874
Equity in Royal Oaks		\$ 192,000	\$ 750,000
Total Value of CVR Assets (3)	\$ 5,253,299	\$ 4,966,326	\$ 5,201,374
% of Value to NorRock	80%	80%	80%
Value of Holdback Assets	\$ 4,202,639	\$ 3,973,061	\$ 4,161,100
Discounted for time/value of future payment		\$ 3,579,860	\$ 4,709,782
Class A Shares Outstanding at Closing	2,851,641	2,851,641	2,851,641
Contingent Value Rights Per Class A Share	\$ 1.47 (4)	\$ 1.26	\$ 1.65
Total Class A Value Per Share at Closing	\$ 7.41 (4)	\$ 7.02	\$ 7.79

1. We subtract the value of the Preferred Shares per the proposed transaction.
2. These amounts have been provided by NorRock and are presented for reconciliation purposes only.
We have not performed any verification or valuation procedures on these amounts.
3. We adjust the transaction amount by \$270,000 to agree with the value per share in the proposed transaction.
4. These amounts are not adjusted for time/value.

APPENDIX "H"
BROOKFIELD FAIRNESS OPINION

October 17, 2011

The Board of Trustees and the Special Committee Thereof
Partners Real Estate Investment Trust
200-710 Redbrick Street
Victoria, BC V8T 5J3

To the Board of Trustees and the Special Committee Thereof:

We understand that Partners Real Estate Investment Trust (“Partners REIT”) has proposed to acquire all the assets of NorRock Realty Finance Corp. (“NorRock”), consisting of cash, cash equivalents, mortgages and other assets from NorRock in exchange for the issuance of Partners REIT units, certain rights to acquire Partners REIT units and cash.

It is anticipated that, at closing, holders of NorRock preferred shares (“Preferred Shares”) will receive C\$23.75 per share in Partners REIT units and holders of NorRock Class A Shares (“Class A Shares”) will receive approximately C\$5.94 per share in Partners REIT units together with contingent value rights to receive additional value of approximately C\$1.47 per share (the aggregate consideration to be paid by Partners REIT is referred to herein as the “Consideration”) pursuant to a court-approved plan of arrangement under the Business Corporations Act (Ontario) (the “Proposed Transaction”). The Proposed Transaction will be carried out in accordance with the terms and conditions of an acquisition agreement dated on as of October 17, 2011 between Partners REIT and NorRock (the “Acquisition Agreement”). We understand that the terms and conditions of the Proposed Transaction will be described in an information circular of Partners REIT that will be mailed to holders of Partners REIT units (the “unitholders”).

Engagement of Brookfield Financial

Partners REIT initially contacted Brookfield Financial Corp. (“Brookfield Financial”) regarding a potential advisory assignment in early March 2011. The board of Trustees of Partners REIT (the “Board”) and the Special Committee of the Board (the “Special Committee”) has retained Brookfield Financial Corp. (“Brookfield Financial”) pursuant to an agreement dated March 31, 2011 (the “Engagement Letter”) to act as financial advisor to Partners REIT in connection with a potential acquisition of the NorRock as well as provide an opinion (the “Opinion”) as to whether the Consideration to be paid by Partners REIT pursuant to the Proposed Transaction is fair, from a financial point of view, to Partners REIT. On October 13, 2011, at the request of the Board, Brookfield Financial orally delivered the Opinion based on the scope of review and subject to the assumptions and limitations set out herein. This Opinion provides the same opinion, in writing, as of October 17, 2011.

The terms of the Engagement Letter provide that Brookfield Financial is to be paid a fee for delivery of the Opinion. Brookfield Financial is also to be paid a fee which is conditional on completion of the Proposed Transaction. Partners REIT has also agreed to reimburse Brookfield Financial for its reasonable out-of-pocket expenses and to indemnify Brookfield Financial in respect of certain liabilities that may arise out of this engagement.

Relationships with Interested Parties

Neither Brookfield Financial, nor any of its affiliates, is an insider, associate or affiliate (as those terms are defined in the Securities Act (Ontario)) of Partners REIT or NorRock, or any of their respective associates or affiliates (collectively, the “interested parties”). Neither Brookfield Financial nor any of its affiliates is an advisor to any interested party with respect to the Proposed Transaction other than to the Board and the Special Committee pursuant to the Engagement Letter.

In addition to the services being provided under the Engagement Letter, Brookfield Financial has in the past provided, or may in the future provide, traditional banking, financial advisory and investment banking services to interested parties.

An affiliate of Brookfield Financial acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had or may in the future have positions in the securities of any interested party and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation.

Credentials of Brookfield Financial

Brookfield Financial is one of Canada’s premier real estate advisory and investment banks, with operations in all facets of real estate, including debt and equity financing and mergers and acquisitions. The Opinion expressed herein represents the opinion of Brookfield Financial and the form and content herein have been approved for release by Brookfield Financials’ Trustees, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

Scope of Review

In connection with rendering the Opinion, Brookfield Financial has reviewed, relied upon, considered or carried out (as the case may be), among other things, the following:

- (a) Acquisition Agreement dated October 17, 2011;
- (b) a Support Agreement dated October 17, 2011 of the form of voting agreements to be entered into between Partners REIT and certain shareholders of NorRock (the “Support Agreements”);
- (c) an understanding that League Assets Corp. has agreed to provide Partners REIT with a mortgage realization back stop;

(d) the annual reports of Partners REIT and NorRock, including comparative audited financial statements and management's discussion and analysis of Partners REIT and NorRock for the years ended December 31, 2010, 2009 and 2008;

(e) the unaudited interim financial statements and management's discussion and analysis of Partners REIT and NorRock for the three months ended September 30, 2010, June 30, 2010, March 31, 2010, September 30, 2009, June 30, 2009 and March 31, 2009;

(f) the management information circular of NorRock dated March 25, 2011;

(g) the management information circular of Partners REIT dated May 13, 2011;

(h) certain interim financial analyses and projections or forecasts for each of Partners REIT and NorRock that were prepared or provided by management of Partners REIT or NorRock, as applicable;

(i) certain internal information (including financial models, forecasts, projections and estimates and related confidential information) prepared and provided to Brookfield Financial by management of Partners REIT or NorRock concerning their respective businesses, operations, assets, liabilities and prospects;

(j) the reported price and trading activity of the Preferred Shares, Class A Shares and Partners REIT units;

(k) appraisals and other external reports prepared for or on behalf of management of Partners REIT or NorRock;

(l) certain publicly available information relating to the businesses, operations and performance of Partners REIT, NorRock and other selected public real estate corporations and real estate investment trusts; and

(m) such other corporate, industry and financial market information, investigations and analyses as Brookfield Financial considered necessary or appropriate in the circumstances.

In addition, Brookfield Financial has participated in discussions with members of management of Partners REIT and NorRock regarding their past and current business operations, financial condition and future prospects. Brookfield Financial has also participated in discussions with Cormark Securities Inc., external financial advisor to NorRock, and Bennett Jones, external legal counsel to Partners REIT and NorRock, concerning the Proposed Transaction, the Acquisition Agreement, the Support Agreements and related matters. Brookfield Financial has not, to the best of its knowledge, been denied access by Partners REIT or NorRock to any information requested by Brookfield Financial.

Prior Valuations

NorRock and Partners REIT have informed Brookfield Financial that two third party valuations are being completed of NorRock concurrently with the Opinion. The outcome of the two valuations was not relied on in rendering the Opinion.

Assumptions and Limitations

The Opinion is subject to the assumptions, explanations and limitations set forth below.

Brookfield Financial has not been asked to prepare, nor has it prepared, a formal valuation or appraisal of Partners REIT, NorRock or any of their respective securities, assets or liabilities, and the Opinion should not be construed as such. Brookfield Financial has, however, conducted such analyses as it considers necessary in the circumstances.

Brookfield Financial has relied upon, and has assumed the completeness, accuracy and fair presentation of all such information (financial or otherwise), data, documents, opinions, appraisals, valuations or other information and materials of whatsoever nature or kind respecting Partners REIT, NorRock, their respective subsidiaries and the Proposed Transaction (collectively, the "Information") that Brookfield Financial has obtained from public sources or that has been provided to Brookfield Financial by or on behalf of Partners REIT, NorRock or their respective subsidiaries and their respective agents and advisors or otherwise obtained pursuant to our engagement. The Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested and, subject to the exercise of professional judgment, have not independently verified the completeness, fair presentation or accuracy of any such Information.

With respect to budgets, financial forecasts, projections or estimates provided to Brookfield Financial and used in its analyses, Brookfield Financial notes that projecting future results of any entity is inherently subject to uncertainty. Brookfield Financial has assumed, however, that such budgets, financial forecasts, projections and estimates were prepared on bases reflecting the most reasonable assumptions, estimates and judgments of Partners REIT or NorRock management, as applicable, as to the future financial performance of Partners REIT and NorRock having regard to their respective businesses, plans, financial condition and prospects. Brookfield Financial did not meet with the auditors of Partners REIT or NorRock nor perform any independent financial analysis with respect to such budgets, financial forecasts, projections or estimates and has assumed the accuracy and fair presentation of all such budgets, financial forecasts, projections and estimates.

In preparing the Opinion and solely for the purpose of rendering the Opinion, Brookfield Financial has made several assumptions, including with respect to securities markets, industry performance, general business, financial and economic conditions and other matters, many of which are beyond the control of Brookfield Financial and any party involved in the Proposed Transaction. Brookfield Financial expresses no opinion as to the likelihood that the conditions respecting the Proposed Transaction will be satisfied or waived or that the Proposed Transaction will be implemented. In preparing the Opinion, Brookfield Financial has assumed that all of the conditions required to implement the plan of arrangement contemplated by the Proposed Transaction will be met and that the disclosure to be provided or incorporated by reference in the management information circular of Partners REIT with respect to the Proposed Transaction will disclose all material facts relating to the Proposed Transaction and will otherwise satisfy all applicable legal requirements. Brookfield Financial has also assumed (i) that the executed Acquisition Agreement and Support Agreements will not differ in any material respect from the most recent drafts that we have examined, (ii) that the parties to the Acquisition Agreement and the Support Agreements will comply with all the material terms thereof, and (iii) that the plan of arrangement contemplated by the Proposed Transaction will be completed in accordance with all

applicable laws and the terms of the Acquisition Agreement without any adverse waiver or amendment of any material term or condition thereof.

The Opinion is rendered as of the date hereof and on the basis of securities markets, industry performance, and general business, financial and economic conditions prevailing as of the date hereof and the conditions and prospects, financial and otherwise, of Partners REIT and NorRock as they are reflected in the Information and as they were represented to Brookfield Financial in its discussions with the management of Partners REIT and NorRock.

The Opinion is for the use and benefit of the Board and the Special Committee, and may not be relied upon, reproduced, disseminated, quoted from or used (in whole or in part) by any other person for any reason without the express prior written permission of Brookfield Financial other than the reproduction of the Opinion in the information circular to be provided to unitholders, to which we provide our express consent. The Opinion does not constitute a recommendation to any unitholder as to whether to vote such unitholder's units in favour of the Proposed Transaction. In addition, Brookfield Financial has not been asked to address, and the Opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of Partners REIT or NorRock. Brookfield Financial disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Brookfield Financial after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Brookfield Financial reserves the right to change, modify or withdraw the Opinion.

The Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of Investment of the Investment Industry Regulatory Organization of Canada but Partners REIT has not been involved in preparation or review of the Opinion.

Overview of Partners REIT and NorRock

Overview of Partners REIT

Partners REIT is an open-end real estate investment trust focused on acquiring and managing a portfolio of retail and mixed-use retail community and neighbourhood centres. Partners REIT trades on the TSX Venture Exchange. As of the date hereof, Partners REIT had a portfolio of approximately 1.55 million square feet of commercial real estate assets.

Overview of NorRock

NorRock is a non-bank commercial lender providing term, bridge and mezzanine loans for all asset classes across Canada. NorRock trades on the TSX and provides investors with exposure, on a tax efficient basis to a diversified portfolio of real estate mortgages and loans in the Canadian commercial real estate sector.

Fairness Analysis

Brookfield Financial performed a number of different analyses in connection with rendering this Opinion. In arriving at our conclusion, we did not attribute any particular weight to any specific approach or analysis, but rather developed qualitative judgments on the basis of our experience in rendering such opinions.

In considering the fairness to the unitholders of Partners REIT for the Consideration to be paid to the shareholders of NorRock pursuant to the Proposed Transaction, we considered whether the expected value of the Consideration fell within a range of fair values for the Preferred Shares and Class A Shares, respectively, in the context of net realizable market value for the assets of NorRock. We considered the expected trading range of the Preferred Shares and Class A Shares on a standalone basis relative to the current and historical trading range of the Preferred Shares and Class A Shares and also considered the cost to Partners REIT of an alternative equity raise.

The forgoing analysis generated a range of fair values for the Preferred Shares and Class A Shares, in the context of the Acquisition Agreement, that are consistent with the Consideration to be given to the shareholders of NorRock in the Proposed Transaction.

Opinion

Based upon and subject to the foregoing and such other matters as we consider relevant, it is our opinion, as of the date hereof, that the Consideration to be paid by Partners REIT pursuant to the Proposed Transaction is fair, from a financial point of view, to Partners REIT Securityholders (as such term is defined in the Acquisition Agreement).

Yours truly,



BROOKFIELD FINANCIAL CORP.

APPENDIX "I"
CAPITAL CANADA VALUATION

**FORMAL VALUATION OF
NORROCK REALTY FINANCE CORPORATION**

October 17, 2011

Strictly Private and Confidential



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October 17, 2011

Special Committee of the Board of Trustees of Partners Real Estate Investment Trust
200-710 Redbrick Street
Victoria, BC V8T 5J3

Re: Formal Valuation of NorRock Realty Finance Corporation

ASSIGNMENT

1. Capital Canada Limited (“**Capital Canada**”) understands that Partners Real Estate Investment Trust (“**Partners REIT**”) is considering an acquisition (the “**Proposed Transaction**”) of certain assets of NorRock Realty Finance Corporation (“**NorRock**” or the “**Company**”). Capital Canada also understands that:
 - i. the Proposed Transaction will be effected by way of a Plan of Arrangement under Section 182 of the *Business Corporations Act* (Ontario) (the “**Arrangement**”);
 - ii. the terms of the Proposed Transaction will be more fully described in the Management Information Circular (the “**Circular**”), expected to be mailed to the unit holders of Partners REIT (“**Partners REIT Unitholders**”) on or about November 14, 2011; and
 - iii. the Proposed Transaction is subject to certain conditions precedent, including the granting of interim and final orders of the Ontario Superior Court of Justice, approval of regulatory authorities including approval of the TSX Venture Exchange and the Toronto Stock Exchange (“**TSX**”), and the approval by the shareholders of NorRock and by the Partners REIT Unitholders.
2. The Special Committee of the Board of Trustees of Partners REIT (the “**Special Committee**”) has asked Capital Canada to provide an independent formal valuation (the “**Formal Valuation**”) of the assets of NorRock proposed to be acquired by Partners REIT as of the date hereof (the “**Valuation Date**”). Capital Canada understands that Partners REIT has elected to comply with the “related party” provisions of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”),
3. Capital Canada understands that the Special Committee will consider the Formal Valuation in its evaluation of the Proposed Transaction.

ENGAGEMENT OF CAPITAL CANADA

4. Capital Canada was first contacted on behalf of the Special Committee on September 14, 2011 concerning the potential engagement of Capital Canada in connection with the Proposed Transaction. Capital Canada was retained by the Special Committee pursuant to an engagement agreement dated October 6, 2011 (the “**Engagement Agreement**”) to provide the Formal Valuation. Capital Canada will receive a fee for its services for providing the Formal Valuation and will be reimbursed for its reasonable out-of-pocket expenses. Pursuant to the Engagement Agreement, Capital Canada may receive additional fees for any additional services rendered after the delivery of the Formal Valuation. Partners REIT has agreed to indemnify Capital Canada, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from services performed by Capital Canada in connection with the Engagement Agreement. Fees payable to Capital Canada are not contingent in whole or in part on the success of the Proposed Transaction or on the conclusions reached in the Formal Valuation.
5. Subject to the terms of the Engagement Agreement, Capital Canada consents to the inclusion of the Formal Valuation in the Circular, with a summary thereof, in a form acceptable to Capital Canada, and to the filing thereof by Partners REIT with the applicable Canadian securities regulatory authorities.

CREDENTIALS OF CAPITAL CANADA

6. Established in 1975, Capital Canada is a Canadian investment banking firm that provides investment banking services in the areas of business and securities valuations, financial opinions, corporate finance, and acquisitions, divestitures and mergers of middle-market companies. Capital Canada has experience in transactions involving valuations and fairness opinions of private and publicly traded companies.
7. The Formal Valuation represents the views of Capital Canada and its form and content have been approved by senior investment banking professionals of Capital Canada, each of whom is experienced in merger, acquisition, divestiture, equity and debt capital markets, and valuation and fairness opinion matters.

INDEPENDENCE OF CAPITAL CANADA

8. Capital Canada is not (i) an associated or affiliated entity of Partners REIT or NorRock or an issuer insider (as defined in MI 61-101 and collectively referred to herein as the “**Interested Parties**”), (ii) an advisor to the Interested Parties or any of its associates or affiliates in connection with the Proposed Transaction, or (iii) an external auditor of any of the Interested Parties.
9. Capital Canada does not have a financial interest in (i) the Interested Parties, or (ii) the completion of the Proposed Transaction.
10. In the 24-month period preceding the date Capital Canada was first contacted in respect of the Formal Valuation, Capital Canada had not provided financial advisory services to any of the Interested Parties.

11. Capital Canada does not have any agreements, commitments or understandings in respect of any future business involving any of the Interested Parties. However, Capital Canada may, from time to time in the future, seek or be provided with assignments from one or more of the Interested Parties.
12. The fees paid to Capital Canada in connection with the Engagement Agreement are not contingent on the conclusions reached in the Formal Valuation or the outcome of the Proposed Transaction.
13. Capital Canada is of the view that it is independent of the Interested Parties for the purposes of MI 61-101.

CURRENCY

14. All information included in the Report is expressed in Canadian dollars unless otherwise specified.

RESTRICTIONS AND QUALIFICATIONS

15. The Formal Valuation has been prepared for the above-noted matter and, except as explicitly permitted herein (see Paragraph 5), is not to be used for any purpose other than stated and is not intended for general circulation, nor published or made available to other parties in whole or in part without Capital Canada's prior written consent. Capital Canada does not assume any responsibility for losses resulting from the unauthorized or improper use of the Formal Valuation.
16. The financial statements and other information provided by NorRock and its representatives have been accepted, without further verification, as correctly reflecting the business conditions and operating results of NorRock for the respective periods, except as noted herein.
17. In the completion of the Formal Valuation, Capital Canada has used the audited financial statements of NorRock for each of the three years ended December 31, 2008, 2009 and 2010, and interim financial statements of NorRock for the six-month period ended June 30, 2011 and statement of financial position as of September 20, 2011. Capital Canada's opinion of the value of NorRock is based on the assumption that no material changes have taken place in the operating or asset positions that have not been brought to Capital Canada's attention since the date of the financial information utilized by Capital Canada.
18. A trustee of the Board of Trustees of Partners REIT and member of the Special Committee has represented to Capital Canada that, to his actual knowledge, without independent inquiry, the information, financial or otherwise, provided to Capital Canada, was true, complete and accurate in all material respects. Management of Partners REIT has been requested to bring to Capital Canada's attention any matters that would be significant to the Formal Valuation, in addition to those matters discussed herein.
19. Capital Canada has not independently verified the accuracy and completeness of the information made available to it by management of NorRock, and does not assume any responsibility with respect to it.
20. Capital Canada does not express an opinion as to whether the results for future periods will necessarily approximate those projected as such projections are based on assumptions made regarding future events, which, by their nature, do not lend themselves to conclusive substantiation. The events and circumstances underlying the projections may not materialize and unanticipated

events may occur during the projection period. Therefore, the actual results achieved during the projection period may vary from the amounts projected.

21. Capital Canada has not made any physical inspection or independent appraisal of any of the assets of NorRock.
22. Capital Canada has not been requested to, and did not, solicit third party indications of interest to acquire any or all of the securities or assets of NorRock.
23. The Formal Valuation is rendered as of the Valuation Date on the basis of securities markets, economic, general business and financial conditions prevailing on or about the Valuation Date. The Formal Valuation has been rendered on the condition and prospects, financial and otherwise, of NorRock as they were represented to Capital Canada. Public information and industry and statistical information are from sources Capital Canada considers to be reliable. Capital Canada makes no representations as to the accuracy or completeness of such information. Capital Canada disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its estimates, which may come to Capital Canada's attention after the date hereof.
24. No opinion, counsel or interpretation is intended in matters that require legal or other appropriate professional advice. It is assumed that such opinions, counsel or interpretations have been, or will be, obtained from the appropriate professional sources.
25. Capital Canada disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion, which may come to Capital Canada's attention after the date hereof.
26. In preparing the Formal Valuation, Capital Canada has made several assumptions, including (i) that all final versions of all agreements and documents to be executed and delivered in respect of or in connection with the Proposed Transaction will not differ in any material respect from the drafts provided to Capital Canada; (ii) that all of the conditions required to complete the Proposed Transaction will be met; (iii) that the procedures being followed to implement the Proposed Transaction are valid and effective; and (iv) that all required documents will be distributed in accordance with all applicable laws.
27. Capital Canada reserves the right to make revisions and/or further support its conclusions, if Capital Canada considers it to be necessary for any reason, such as when facts existing at the date hereof become known to Capital Canada after the issue of the Formal Valuation.
28. The Formal Valuation is not, and should not be considered to be, a recommendation to Partners REIT Unitholders, or to others, to take any course of action. This Formal Valuation has been prepared solely for the purposes stated, it may not have considered issues relevant to third parties and Capital Canada shall have no responsibility whatsoever to any third party. Any use a third party makes of this Formal Valuation entirely at its own risk.
29. Capital Canada is not commenting on, nor is Capital Canada in a position to comment on, the likely trading price or marketability of the units of Partners REIT or Class A Shares and Preferred Shares of NorRock on the public markets.

30. Capital Canada was not provided with historical financial statements for [REDACTED] (“[REDACTED]”), which is 100% owned by NorRock. Based on discussions with management of NorRock, Capital Canada understands that [REDACTED] is a holding company for NorRock’s equity investment in [REDACTED], and that the company has no other assets. As set out in Paragraphs 45.ii and 136, Capital Canada has assumed that the estimated fair market value of [REDACTED] is approximated by its book value.

FAIR MARKET VALUE

31. Capital Canada has been guided by the concept of “fair market value” as defined in Section 1.1 of MI 61-101 as “the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm’s length with the other and under no compulsion to transact.”
32. Additionally, as required by Section 6.4(2)(d) of MI 61-101, Capital Canada has not made any downward adjustment to reflect the liquidity of the Class A Shares and Preferred Shares of NorRock (collectively, the “Shares”), the effect of the Proposed Transaction on the value of the Shares, or the fact that the Shares do not form part of a controlling interest.

SCOPE OF REVIEW

33. Capital Canada has been provided with information regarding NorRock made available by management of NorRock and its representatives in addition to information available from public sources.
34. In connection with the Formal Valuation, Capital Canada has made such reviews, analyses and inquiries as it has deemed necessary and appropriate under the circumstances. Capital Canada reviewed and relied upon the documentation and discussions held as set out in Appendix H.
35. To the best of its knowledge, Capital Canada has not been denied access to any information requested from Partners REIT or NorRock related to the Proposed Transaction or NorRock.

PRIOR VALUATIONS

36. Capital Canada is not aware of any prior valuations relating to NorRock, prepared within the two years prior to the Valuation Date.

GENERAL ECONOMIC CONDITIONS

37. Appendix F outlines the general economic conditions in Canada as of the second quarter of 2011, as well as certain expectations as to the future short-term economic environment in Canada during this period. Capital Canada has also examined relevant financial indicators on or about the Valuation Date. The applicability of these factors as they relate to the operations of NorRock will be considered in the appropriate parts of the Formal Valuation.

GENERAL INDUSTRY CONDITIONS

38. Appendix G outlines the general conditions of the Canadian commercial real estate market on or about the Valuation Date, in addition to an analysis for publicly-traded companies similar to NorRock and Partners REIT. The applicability of these factors as they relate to NorRock will be considered in the appropriate parts of the Formal Valuation.

GENERAL BACKGROUND

39. This overview sets out, in general terms, Capital Canada's understanding of the background of NorRock.

History and Nature of the Business

40. NorRock is a mutual fund corporation incorporated under the laws of the Province of Ontario.
41. NorRock, formerly C.A. Bancorp Canadian Realty Finance Corporation, provides investors with exposure to a diversified portfolio of real estate mortgages and loans in the Canadian commercial real estate sector.
42. NorRock is a non-bank commercial lender providing term, bridge and mezzanine loans for all asset classes across Canada. NorRock Realty Management Services Ltd. is NorRock's manager, while NorRock Realty Mortgage Inc. acts as the Company's mortgage broker.
43. NorRock was created to obtain exposure to the investment performance of an actively managed portfolio of secured loans and investments in the Canadian commercial real estate sector.

Mortgage Portfolio Summary

44. As set out in Appendix B, as of the Valuation Date, the Company's mortgage portfolio ("**Mortgage Portfolio**") consisted of the following:
- i. [REDACTED] (Retail Development Land) – first charge mortgage with an outstanding balance of approximately \$2.2 million;
 - ii. [REDACTED] (Retail Single Tenant) – first charge mortgage with an outstanding balance of \$3.1 million;
 - iii. [REDACTED] (Hotel) – second charge mortgage with an outstanding balance of \$1.5 million;
 - iv. [REDACTED] (Retail Single Tenant) – second charge mortgage with an outstanding balance of \$500,000;
 - v. [REDACTED] – first charge mortgage with an outstanding balance of approximately \$1.4 million;
 - vi. [REDACTED] (Retail Single Tenant and Power Centre) – first charge mortgage with an outstanding balance of approximately \$3.3 million and a second charge mortgage with an outstanding balance of approximately \$1.3 million;
 - vii. [REDACTED] – first charge mortgage with an outstanding balance of \$4.0 million;
- and

- viii. [REDACTED] (Retail Multi-Tenant) – second charge mortgage with an outstanding balance of approximately \$1.2 million.
45. In addition to the Mortgage Portfolio, the Company also has an indirect equity interest in:
- i. [REDACTED] (Residential Land) with a book value of approximately \$360,000; and
 - ii. [REDACTED] with a book value of approximately \$750,000.

Historical Share Price and Trading Volume

46. The Class A Shares and Preferred Shares of NorRock are listed on the TSX. The historical price and volume for the shares traded on the TSX for the periods indicated is summarized below.

Preferred Shares (TSX: RF.PR.A)				Class A Shares (TSX: RF.A)			
Period	Low	High	Volume	Period	Low	High	Volume
Oct-2010	\$20.64	\$21.50	11,788	Oct-2010	\$6.20	\$6.83	13,973
Nov-2010	\$20.80	\$21.75	20,250	Nov-2010	\$6.45	\$6.94	83,027
Dec-2010	\$20.78	\$21.25	35,922	Dec-2010	\$6.19	\$6.90	62,950
Jan-2011	\$21.01	\$22.50	24,422	Jan-2011	\$6.56	\$7.04	65,690
Feb-2011	\$21.50	\$22.48	9,270	Feb-2011	\$6.64	\$7.00	75,660
Mar-2011	\$21.80	\$23.50	28,564	Mar-2011	\$5.30	\$6.75	156,197
Apr-2011	\$21.80	\$23.00	86,374	Apr-2011	\$5.01	\$5.62	85,497
May-2011	\$21.61	\$22.30	27,160	May-2011	\$5.00	\$6.25	52,688
Jun-2011	\$20.53	\$22.40	49,199	Jun-2011	\$4.74	\$5.82	62,247
Jul-2011	\$20.23	\$21.75	29,854	Jul-2011	\$4.86	\$5.40	27,765
Aug-2011	\$19.02	\$21.75	18,350	Aug-2011	\$4.50	\$5.10	58,170
Sep-2011	\$19.02	\$20.76	38,450	Sep-2011	\$4.70	\$5.20	44,358

Source: Capital IQ

47. On October 18, 2011, the Class A Shares of NorRock closed at \$5.74, NorRock had a market capitalization of approximately \$16.9 million and approximately 2.9 million Class A Shares were outstanding, while the Preferred Shares of NorRock closed at \$22.19, had a market capitalization of approximately \$32.6 million and approximately 1.5 million shares were outstanding.
48. Based on the limited trading volume in the Class A Shares of NorRock and Preferred Shares of NorRock, Capital Canada has concluded that the trading price of the shares does not necessarily represent true investor sentiment with regard to the value of the Class A Shares of NorRock and Preferred Shares of NorRock.

DESCRIPTION OF THE PROPOSED TRANSACTION

49. The salient terms of the Proposed Transaction are as follows:
- i. At closing, Partners REIT will pay for the cash and cash equivalents held by NorRock, currently valued at approximately \$38.3 million (the “Cash at Closing Payment”). In

addition, it will pay for the non-cash assets of NorRock through an initial payment of \$12.6 million (the “**Assets at Closing Payment**”), subject to adjustment as described herein. To the extent that assets are sold prior to closing, the amount of the net proceeds will be deducted from the Assets at Closing Payment and added to the Cash at Closing Payment.

- ii. After closing, Partners REIT may retain or may sell the non-cash assets acquired from NorRock.
- iii. Partners REIT will make the Cash at Closing Payment and Assets at Closing Payment by transferring to NorRock the following units and cash (excluding the accrued dividend and payments to stock appreciation rights holders which will be funded by NorRock), which would, under the Arrangement, be distributed to NorRock shareholders on the following basis:
 - a. for each Preferred Share of NorRock, 13.72824 Partners REIT units, a number derived by dividing \$23.75 (the implied selling price of the preferred shares) by \$1.73 (the implied issue price per Partners REIT unit) together with cash equal to any accrued dividend, or, at the option of a holder, 12.71676 Partners REIT units and \$1.75 in cash together with cash equal to any accrued dividend;
 - b. for each Class A Share of NorRock, that number of Partners REIT units calculated by determining the amount of the Cash at Closing Payment and Assets at Closing Payment less an amount equal to the number of issued and outstanding NorRock preferred shares multiplied by \$23.75, and dividing the result by the number of outstanding NorRock Class A shares (the amount per share being the “**NorRock Class A Share Consideration**”) and then dividing by \$1.73 (the implied issue price per Partner unit); and
 - c. for each of the 150,000 NorRock stock appreciation rights outstanding, an amount in cash equal to the NorRock Class A Share Consideration minus \$5.11.
- iv. The Preferred Shares of NorRock will be cancelled in connection with the distribution under the Arrangement. The holders of Class A Shares of NorRock and the holder of the Class J Shares of NorRock will continue to hold their shares and be the sole shareholders of NorRock following the transaction.
- v. The number of units of Partners REIT that holders of NorRock shares will receive at closing is based on an agreed price of \$1.73 per Partners REIT unit, which issue price may be higher or lower than the market price of such units on the date of issue.
- vi. As holders of the Partners REIT units, the current holders of the Preferred Shares of NorRock and Class A Shares of NorRock will be entitled to monthly distributions on the Partners REIT units received by them. In addition, the holders of Class A Shares of NorRock and the holders of stock appreciation rights may be entitled to receive additional Partners REIT units as described below.
- vii. At closing, Partners REIT will issue non-transferable rights (“**Rights**”) to NorRock and such Rights will be distributed pro rata to the holders of Class A Shares of NorRock and stock appreciation rights as part of the Arrangement. These Rights will entitle the holder to receive Partners REIT units (or, in Partners REIT’s discretion, a cash payment in lieu of all or a

portion of such units) corresponding to that holder's pro rata share of the Deferred Payment described herein. The number of Partners REIT units to be issued will be calculated based on the five day volume weighted average trading price of the Partners REIT units determined at the time of issue.

- viii. It is expected that holders of Class A Shares of NorRock and stock appreciation rights will receive additional payments after closing pursuant to the Rights, which will be paid on a *pro rata* basis based upon the number of Class A Shares of NorRock and stock appreciation rights held by them at closing. The aggregate of such payments (the "**Deferred Payment**") will be equal to (a) the Liquidated Value, plus (b) the Retained Value, less (c) the Assets at Closing Payment less (d) 20% of the amount (if any) by which the Liquidated Value exceeds the Assets at Closing Payment.
- ix. After closing, Partners REIT may choose to sell the mortgages and other non-cash assets it has purchased from NorRock. If Partners REIT chooses to sell any of such assets before July 1, 2012, such assets will be valued at the net sale price (in the case of a sale to parties that are arm's-length to Partners REIT, or at a price equal to or above an independent valuation if such asset is sold to a party that is not arm's-length to Partners REIT) (the "**Liquidated Value**"). If Partners REIT continues to hold any such assets on July 1, 2012, it will have such assets valued as of July 1, 2012 by two independent and qualified valuers by August 1, 2012. The average valuation will be considered to be the "**Retained Value**" for such assets.
- x. In accordance with the terms of the Rights, the Deferred Payment will be made up to 90 days following the earlier of (a) the liquidation of all non-cash assets acquired by Partners REIT from NorRock and (b) August 1, 2012. If the Deferred Payment reflected the full principal amount of the mortgages and noncash assets, then it is estimated that this will result in additional net value of approximately \$1.47 per Class A Shares of NorRock and stock appreciation right. However, there can be no assurance that \$1.47 per Class A Share of NorRock will be realized.
- xi. At closing, it is expected that approximately 29,432,120 Partners REIT units will be issued (representing approximately 92% of the currently issued and outstanding Partners REIT units). In payment of the Deferred Payment (assuming the Deferred Payment is approximately \$4.4 million and assuming that in calculating the number of Partners REIT units to be issued in payment of the Deferred Payment that the five day volume weighted average trading price of the Partners REIT units is \$1.73), approximately another 2,543,352 Partners REIT units may be issued (representing approximately 8% of the currently issued and outstanding Partners REIT units).

VALUATION METHODOLOGY

General Principles

50. The fundamental premise on which all investment decisions are based is that value to a potential investor is equal to the present worth of future benefits. This basic concept can be applied to the valuation of an entire company, as well as the particular securities which comprise the capital structure of that company or the individual assets of the company. In each instance, it is a matter of identifying the future returns to the investor that the company, security or asset can be reasonably

expected to generate, and determining its present value in the context of the uncertainty associated with realizing these returns.

51. There are two bases on which to determine the value of a company: going-concern and liquidation. In the case of a company that is expected to continue operating well into the future, the prospective investor will evaluate the risks and expected returns of the investment on a going-concern basis. The investor's primary concern is not with the individual values of enterprise assets, but with their ability to generate the returns expected in the future. Only secondarily is the investor interested in individual asset values, and this is from the standpoint of security or collateral for their investment, if for any reason the company should choose to liquidate. In such a case, liquidation values for the assets as well as all costs associated with liquidation would prevail.
52. When determining the value of a business enterprise, there are three general approaches available to the valuation professional: the market approach, the income approach, and the asset approach. These are also commonly referred to as the market capitalization, discounted cash flow ("DCF"), and adjusted book value approaches, respectively. The choice of which approach to use in a particular situation will depend upon the specific facts and circumstances associated with the company, as well as the purpose for which the valuation analysis is being conducted.

Market Capitalization Approach

53. The market capitalization approach is a useful method of determining the fair market value of a company which is currently profitable and is expected to remain profitable in the future. It is particularly applicable to a subject company that is closely held because it can be used to determine what the company or security would be worth in the public market. This approach provides indications of value by studying transactions of companies or securities similar to the subject company for which a value conclusion is desired.
54. The approach is one of determining a level of earnings which is considered to be representative of the future performance of the company, and capitalizing this figure by an appropriate risk-adjusted rate. This approach provides an indication of value for the security, which corresponds with the particular earnings figure being capitalized (for example, capitalizing net earnings available to common stockholders would yield an indication of value for the common stock). There are several different forms of "earnings" used in the market capitalization approach, because each form isolates particular nuances of the company's operating performance.
55. Hence, the various "earnings" figures used throughout this report, including earnings before interest, taxes, depreciation and amortization ("EBITDA"), earnings before interest and taxes ("EBIT"), debt-free cash flow ("DFCF"), debt-free earnings ("DFE"), cash flow ("CF"), and earnings ("E"), are all just variations of the conventional net income figure determined according to generally accepted accounting principles.
56. The capitalization rate is an expression of what investors believe to be a fair and reasonable rate of return for the particular security, given the inherent risks of ownership. It incorporates expectations of growth and rests on the implicit assumption that some level of earnings will be generated by the enterprise into perpetuity. The most common means of obtaining capitalization rates is through the market comparison method, whereby companies having their stock traded in the public market are selected for comparison purposes and used as a basis for choosing reasonable capitalization rates for

the subject company. Capitalization rates obtained in this manner are generally expressed as ratios of the various earnings figures, and are referred to as “market multiples.” Another common method of obtaining such multiples is to examine companies that have recently been sold in the public marketplace. For this method, the total price paid for the company is related to earnings figures which yield implied transaction multiples. The acquired company is then compared with the subject company on the basis of risk and expected return, and the comparable transaction multiples are used as a basis for selecting appropriate multiples for the subject company.

57. Market multiples are categorized as either “leveraged” or “debt-free” depending on whether or not the earnings figures being capitalized are net of interest expense. The most common leveraged multiple is the price/earnings (“**P/E**”) ratio, which relates the price paid for the common stock of a company with that company’s earnings per share. The multiple is considered to be “leveraged” because earnings per share is net of any interest expense, and capitalization of this figure effectively incorporates the impact of any debt the company has into the final value for the equity. Another leveraged market multiple is the price/cash flow (“**P/CF**”) ratio, where cash flow equals net earnings plus depreciation expense. The P/CF multiple is used primarily in instances where the operating assets of the business, and the resulting depreciation expense, are large relative to total assets, total revenues and net earnings. This multiple tends to compensate for differences in the depreciation practices of companies, which could result in differing P/E multiples when the P/CF multiples are more comparable. A third form of leveraged market multiple, which is used in very specific instances, is the price/net book value (“**P/NBV**”) ratio. This form is typically employed for businesses which have substantial investments in tangible assets and for which operating earnings provide a reasonable return on investment. Examples of such businesses include banks, trust companies, and insurance companies, where a majority of the company’s assets are financial in nature.
58. Debt-free market multiples relate the value of the company’s enterprise value (“**EV**” or “**Enterprise Value**”) or debt plus equity, to earnings figures from which no interest expense has been deducted. The more common debt-free multiples are enterprise value/earnings before interest, taxes, depreciation and amortization (“**EV/EBITDA**”), enterprise value/earnings before interest and taxes (“**EV/EBIT**”), enterprise value/debt-free cash flow (“**EV/DFCF**”), and enterprise value/debt-free earnings (“**EV/DFE**”). The use of these multiples may be appropriate when comparing companies that have substantially different amounts of financial leverage, because the multiples are based on total company value, which is generally independent of the amount of leverage in the company’s capital structure. Their use effectively separates the issue of company valuation from the specific financing decisions that are made to operate the business. Furthermore, EV/EBITDA and EV/EBIT multiples, which are developed from pre-tax earnings figures, may be appropriate when comparing companies that have substantially different income tax situations, as well as different amounts of financial leverage. In general, these debt-free methods reduce distortions in P/CF and P/E that might be present due to differences in financial leverage or income taxes among firms. Another debt-free multiple is the enterprise value/revenue (“**EV/R**”) ratio, which may be applicable in certain situations.
59. The market comparison method may also be useful in the valuation of individual assets. However, comparable transaction values of individual assets are seldom available because individual assets typically are transferred only as part of the sale of a business, not in piecemeal transactions. Furthermore, because individual assets are unique to a particular enterprise, comparison between

enterprises is difficult. For these reasons, the market approach is seldom used and is rarely appropriate in the valuation of individual assets, unless exchanges of individual assets comparable to the subject asset can be observed.

DCF Approach

60. The DCF approach is another popular method of determining the fair market value of a company. The approach is one of estimating the present value of the projected future cash flows to be generated from the business and theoretically available (though not necessarily paid) to the capital providers of the company. In the DCF approach, the counterpart to the market multiple described above is the discount rate applied to the projected future cash flows to arrive at the present value. The discount rate is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. It can also be interpreted as the rate of return that would be required by providers of capital to the company to compensate them for the time value of their money, as well as the risk inherent in the particular investment. However, unlike the market multiple approach, the discount rate employed in the DCF approach contains no implicit expectations of growth for the cash flows. Instead, the projected cash flows themselves reveal growth expectations, while allowing for a great deal more flexibility in projecting such growth rates.
61. In contrast to the “cash flow” or “earnings” figures used in the market capitalization approach, the figure used in the DCF approach more accurately represents the true cash flow being generated by the operations of the business. In short, it incorporates cash expenditures on working capital and fixed assets, while also recognizing the non-cash expenses contained in earnings figures. The cash flows are typically projected over a limited number of years, which will depend on the planning horizon of the specific firm or asset and other factors related to the particular industry and the general economy.
62. As a result, it is necessary to compute a terminal value as of the end of the last period for which cash flows are projected. This terminal value is essentially an estimate of the value of the enterprise as of that future point in time, and it incorporates the assumptions of perpetual operations and implicit growth found in the market capitalization approach. Discounting each of the projected future cash flows and the terminal value back to the present, and summing the results, yields an indication of value for the enterprise as a whole.

Treatment of Redundant Assets in the Market Capitalization and DCF Approaches

63. When used in combination, the various forms of the market capitalization approach and the DCF approach can lead to a reasonable indication of value for the subject company. However, these approaches do not generally capture the value of assets and liabilities that are not required for the operation of the business. Examples of such “non-operating” assets and liabilities include excess cash, investments not related to the company, unnecessary land and equipment, and contingent liabilities such as an under-funded pension plan. If such items exist, they must be valued separately and used to adjust the going-concern value indications determined by the market capitalization and DCF approaches.

Adjusted Book Value Approach

64. The adjusted book value approach also provides meaningful indications of value for a company, although its applicability is generally limited to specific situations in which the market capitalization

and DCF approach are less suitable. The market capitalization and DCF approaches are appropriate in most going concern situations as the worth of a company is generally a function of its ability to earn future income or cash flow to provide an appropriate rate of return on investment. Asset values can sometimes constitute the prime determinant of corporate worth. This depends on the nature of the company's operations (such as an investment holding company), or if the outlook for a particular company's earnings is somewhat uncertain, or returns based on earnings are insufficient to justify the investment in assets.

65. The adjusted book value approach differs from the market capitalization and DCF approaches in two important ways. First, it focuses on individual asset and liability values from the company's balance sheet, which are adjusted to fair market value. In contrast, the market capitalization and DCF approaches focus on the aggregate returns generated by all the company's assets. Second, it can be applied in situations where liquidation is imminent. The market capitalization and DCF approaches have very limited applicability in a liquidation scenario.
66. The adjusted book value approach can also be used in going-concern situations to provide an additional indication of value. The approach may be appropriate in instances where the subject company has a heavy investment in tangible assets or where operating earnings are insignificant relative to the value of the underlying assets. On the other hand, it may not be the best approach in instances where the company has substantial operating earnings relative to the value of the underlying assets. In such cases, the residual equity value resulting from the adjusted book value approach may not reflect the value inherent in the company's superior cash-generating capability.

VALUATION OF NORROCK

Approach to Value

67. The Formal Valuation is based upon assumptions and approaches that Capital Canada considers appropriate in the exercise of its professional judgement for the purpose of arriving at an opinion as to the range of fair market value of NorRock. The assets of NorRock are held indirectly by NorRock, so for the purposes of this Formal Valuation, references to the "Company" refer to NorRock's indirect interests in the assets.
68. In Capital Canada's analysis of NorRock, Capital Canada has taken into consideration the income and cash-generating capability of the assets of the Company. Typically, an investor contemplating an investment in a company, similar to NorRock, with income and cash-generating capability will evaluate the risks and returns of the investment on a going-concern basis.
69. Earnings or cash flow based valuations are often used where it is assumed that the assets employed are providing, or are reasonably expected to provide, an appropriate rate of return on investment. Asset based approaches are typically favoured in most other situations.
70. In order to determine the fair market value of NorRock, it is Capital Canada's view that the adjusted book value approach should be used to determine the Company's fair market value as of the Valuation Date. The adjusted book value approach incorporates various analysis in order to determine the fair market value of each individual asset and assumed liability of the Company. Capital Canada has either added to or subtracted from the reported book value of NorRock's assets and liabilities in order to adjust each account to its fair market value.

71. For purposes of the Formal Valuation, Capital Canada's approach to value consisted of the following:
- i. reviewed the book value of all of NorRock's assets and liabilities assumed as part of the Proposed Transaction;
 - ii. reviewed the book value of the loans relative to the comparable transactions (see Appendix E) in order to establish a value for the assets;
 - iii. for mortgages in good-standing, compared the individual mortgage to market rates for similar securities; and
 - iv. for mortgages in default, receivership or foreclosure, estimated the mortgage value by assuming when the property would be sold, and applied a discount at estimated prevailing mortgage market rates.
72. Capital Canada has also assumed that there will be no income, on a net basis, earned by the subject properties during the sale period.
73. As set out on Appendix A, and for purposes of the Formal Valuation, all of NorRock's assets and assumed liabilities were valued at their book value as at the Valuation Date, except for the Mortgage Portfolio and the equity interest in [REDACTED].

Valuation of [REDACTED]

Description of Property

- [REDACTED]
- [REDACTED]
- [REDACTED]
75. An Official Plan amendment and rezoning to allow the construction of a grocery store has been completed. In May 2011, Metro agreed to build a store, subject to a certain population threshold being achieved before construction. Metro is in the process of receiving site plan approval and anticipates commencing building in spring 2012.
76. The property is located a short distance from a Honda assembly plant, but is in an undeveloped area outside of the eastern boarder of the town. In the immediate area there is competition from a Smart Centre development anchored by Wal-Mart.

Loan Details

77. As set out in Appendix B, as of the Valuation Date, the Company was the holder of a first charge mortgage with an outstanding balance of approximately \$2.2 million.
78. The maturity date of the mortgage was June 1, 2011 and the interest rate was 11.0%.
79. The borrower is currently in default on the mortgage and a receiver was appointed on August 22, 2011.

Application of Valuation Method Adopted

80. As set out in Appendix E, the average price per acre from the comparable transactions is approximately \$300,000. This results in a value for the property of approximately \$6.2 million. Based on information made available by management of NorRock, Capital Canada understands that the average price per acre could be in the range of \$150,000 to \$200,000, which would imply a value in the range of \$3.1 million to \$4.2 million. For purposes of the Formal Valuation, Capital Canada has utilized an average of \$3.6 million as the value of the property.
81. In order to determine the fair market value of the first charge mortgage outstanding on the property, Capital Canada has assumed that the Company could be able to foreclose on the property and obtain bridge financing for the sale of the property within two years on reasonable commercial terms. As the interim cash flows originating from the property during the two year sale period are uncertain, Capital Canada has assumed that interest and principal payments on the bridge financing would be satisfied from the proceeds of a sale (see Paragraph 71). Accordingly and as set out in Appendix B, Capital Canada has discounted the current outstanding balance of approximately \$2.2 million, utilizing prevailing rates for commercial mortgages on similar properties with similar loan-to-value (“LTV”) ratios in the range of 8.0% to 12.0%.

Summary and Conclusion

82. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has estimated the fair market value of the first charge mortgage interest on the property to be in the approximate range of \$1.7 million to \$1.9 million.

Valuation of [REDACTED]***Description of Property***

[REDACTED]

Loan Details

83. As set out in Appendix B, as of the Valuation Date, the Company was the holder of a first charge mortgage with an outstanding balance of \$3.1 million.
84. The maturity date of the mortgage was August 1, 2011 and the interest rate was 10.5%.
85. The mortgage was amended on May 4, 2011 and had a maturity date of August 1, 2011.

Application of Valuation Method Adopted

86. Based on information made available by management of NorRock, Capital Canada understands that rental income is approximately \$790,000. Assuming a 40% of rental income for expenses, this results in a net operating income (“NOI”) for the property of approximately \$470,000. Based on

the average capitalization rate of approximately 7.6% resulting from the comparable transactions (see Appendix E), the value the property is approximately \$6.7 million.

87. Based on information made available by management of NorRock, Capital Canada understands that the average capitalization rate could be 9.0%, which would imply a value of \$5.2 million. For purposes of the Formal Valuation, Capital Canada has utilized \$5.2 million as the value of the property.
88. Based on information made available by management of NorRock, Capital Canada understands that the Company expects full repayment of the outstanding balance prior to October 31, 2011. Accordingly and as set out in Appendix B, Capital Canada has relied on the book value of \$3.1 million as a reasonably accurate estimate of the current fair market value.

Summary and Conclusion

89. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has estimated the fair market value of the first charge mortgage interest on the property to be approximately \$3.1 million.

Valuation of [REDACTED]

Description of Property

Loan Details

91. As set out in Appendix B, as of the Valuation Date, the Company was the holder of a second charge mortgage with an outstanding balance of \$1.5 million at a 10.25% interest rate. There is a first charge mortgage on the property amounting to approximately \$5.7 million as of the Valuation Date.
92. The mortgage is currently in good standing with a maturity date of July 1, 2012.
93. Additionally, there is a second charge collateral mortgage for \$500,000 on an industrial / commercial land property located at [REDACTED] ranking behind a \$1.5 million first charge mortgage on the same property.

Application of Valuation Method Adopted

94. Given the lack of comparable transaction details (see Appendix E), Capital Canada was unable to utilize the comparable company approach in order to determine the value of the property.
95. For the twelve month period ended June 30, 2011, the NOI was approximately \$890,000, occupancy rate averaged 64.6% and the average daily rate was approximately \$106.00. Based on discussions with hoteliers and hotel financiers focused on the Ontario market, Capital Canada understands that a capitalization rate in the range of 9.0% to 11.0% is reasonable for this property. Given the NOI of approximately \$890,000, this would imply a value in the range of \$8.1 million to \$9.9 million.
96. In order to determine the fair market value of the second charge mortgage outstanding on the property, Capital Canada has assumed that the Company could be able to foreclose on the property

and obtain bridge financing for the sale of the property within two years on reasonable commercial terms. As the interim cash flows originating from the property during the two year sale period are uncertain, Capital Canada has assumed that interest and principal payments on the bridge financing would be satisfied from the proceeds of a sale (see Paragraph 71). Accordingly and as set out in Appendix B, Capital Canada has compared the current rate for the second charge mortgage of 10.25% with prevailing rates for commercial mortgages on similar properties with similar LTV ratios in the range of 12.0% to 14.0%.

Summary and Conclusion

97. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has estimated the fair market value of the second charge mortgage interest on the property to be in the approximate range of \$1.46 million to \$1.48 million.

Valuation of [REDACTED]

Description of Property

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Loan Details

100. As set out in Appendix B, as of the Valuation Date, the Company was the holder of a second charge mortgage with an outstanding balance of \$500,000. There is a first charge mortgage on the property amounting to approximately \$2.9 million as of the Valuation Date. Additionally there is a second charge collateral mortgage on the parking lands associated with [REDACTED].
101. The maturity date of the mortgage was June 1, 2011 and the interest rate was 13.0%.
102. The borrower is currently in default on the mortgage and a receiver was appointed on August 22, 2011.

Application of Valuation Method Adopted

103. Based on information made available by management of NorRock, Capital Canada understands that the NOI for the property is approximately \$340,000. Based on the average capitalization rate of approximately 7.0% resulting from the comparable transactions (see Appendix E), the value the property is approximately \$4.8 million.
104. In order to determine the fair market value of the second charge mortgage outstanding on the property, Capital Canada has assumed that the Company could be able to foreclose on the property and obtain bridge financing for the sale of the property within two years on reasonable commercial terms. As the interim cash flows originating from the property during the two year sale period are uncertain, Capital Canada has assumed that interest and principal payments on the bridge financing

would be satisfied from the proceeds of a sale (see Paragraph 71). Accordingly and as set out in Appendix B, Capital Canada has discounted the current outstanding balance of approximately \$500,000, utilizing prevailing rates for commercial mortgages on similar properties with similar LTV ratios in the range of 13.0% to 15.0%.

Summary and Conclusion

105. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has estimated the fair market value of the second charge mortgage interest on the property to be in the approximate range of \$370,000 to \$390,000.

Valuation of [REDACTED]

Description of Property

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Loan Details

108. As set out in Appendix B, as of the Valuation Date, the Company was the holder of a first charge mortgage with an outstanding balance of approximately \$1.4 million at a 18.0% interest rate.

109. Mortgage payments are month-to-month and the payment history has been sporadic with notice that the borrower has missed its last monthly interest payment.

Application of Valuation Method Adopted

110. Given the lack of comparable transactions, Capital Canada was unable to utilize the comparable company approach in order to determine the value of the property.

111. Based on information made available by management of NorRock, Capital Canada understands that the [REDACTED] may be able to be sold as seven individual lots (4 waterfront). Based on discussions with realtors in focused on properties located near the [REDACTED], Capital Canada understands that a reasonable price for waterfront lots is approximately \$500,000 and lots without waterfront access is approximately \$200,000. As such, this would imply a value of approximately \$4.2 million.

112. In order to determine the fair market value of the first charge mortgage outstanding on the property, Capital Canada has assumed that the Company could be able to foreclose on the property and obtain bridge financing for the sale of the property within two years on reasonable commercial terms. As the interim cash flows originating from the property during the two year sale period are uncertain, Capital Canada has assumed that interest and principal payments on the bridge financing would be satisfied from the proceeds of a sale (see Paragraph 71). Accordingly and as set out in Appendix B, Capital Canada has discounted the current outstanding balance of approximately \$1.4 million, utilizing prevailing rates for commercial mortgages on similar properties with similar LTV ratios in the range of 16.0% to 20.0%.

Summary and Conclusion

113. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has estimated the fair market value of the first charge mortgage interest on the property to be in the approximate range of \$920,000 to \$990,000.

Valuation of [REDACTED]

Description of Property

[REDACTED]

115. The property contains a recently constructed free-standing retail property comprising 20,171 square feet that is currently occupied by Future Shop. In addition, there is a 5,975 square foot free standing restaurant pad occupied by Boston Pizza. Further, the property has a vacant parcel of land for future development which is approximately 8.5 acres and could support up to 40,000 square feet of retail.

Loan Details

116. As set out in Appendix B, as of the Valuation Date, the Company was the holder of a first charge mortgage with an outstanding balance of approximately \$3.3 million and a second charge mortgage with an outstanding balance of approximately \$1.3 million.

117. The maturity date of both mortgages was October 1, 2011 and the interest rate of both mortgages was 12.0%.

Application of Valuation Method Adopted

118. Based on information made available by management of NorRock, Capital Canada understands that the NOI for the property is approximately \$362,000. Based on the average capitalization rate of approximately 7.0% resulting from the comparable transactions (see Appendix E), the value the income producing portion of the property is approximately \$5.2 million. In addition, approximately 8.5 acres of the property are vacant and are valued at approximate \$265,000/acre. Accordingly, the total value of the property is approximately \$7.4 million.

119. In order to determine the fair market value of the first charge mortgage outstanding on the property, Capital Canada has assumed that the Company could be able to foreclose on the property and obtain bridge financing for the sale of the property within two years on reasonable commercial terms. As the interim cash flows originating from the property during the two year sale period are uncertain, Capital Canada has assumed that interest and principal payments on the bridge financing would be satisfied from the proceeds of a sale (see Paragraph 71). Accordingly and as set out in Appendix B, Capital Canada has discounted the current outstanding balance of approximately \$3.3 million and \$1.3 million, utilizing prevailing rates for commercial mortgages on similar properties with similar LTM ratios for the first and second mortgages, respectively in the range of 8.0% to 12.0% for the first mortgage and in the range of 12.0% to 14.0% for the second mortgage.

Summary and Conclusion

120. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has estimated the fair market value of the first charge mortgage interest on the property is in the range of \$2.7 million to \$2.9 million and the fair market value of the second charge mortgage interest on the property is in the range of \$960,000 to \$1.0 million.

Valuation of [REDACTED]

Description of Property

[REDACTED]
[REDACTED]
[REDACTED]

Equity Value

122. As of the Valuation Date, the book value of the equity position was approximately \$360,000.

Application of Valuation Method Adopted

123. In the analysis of the value of the property, Capital Canada has relied upon NorRock's estimate of the fair market value on or about the Valuation Date.

Summary and Conclusion

124. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has determined that the fair market value is approximated by the book value.

Valuation of [REDACTED]

Description of Property

[REDACTED]
[REDACTED]
[REDACTED]

Loan Details

127. As set out in Appendix B, as of the Valuation Date, the Company was the holder of a first charge mortgage with an outstanding balance of \$4.0 million at a 5.0% interest rate.

128. The mortgage is currently in good standing with a maturity date of August 1, 2015.

Equity Value

129. As set out in Appendix D, as of the Valuation Date the book value of the equity position was \$750,000.

Application of Valuation Method Adopted – Debt

130. Given the lack of comparable transactions, Capital Canada was unable to utilize the valuation methodology in order to determine the value of the property.

131. Based on the average price per hole of approximately \$290,000 resulting from the comparable transactions (see Appendix E), and utilizing an approximate price per hole in the range of \$250,000 to \$300,000, the value of the property is in the approximate range of \$4.5 million to \$5.4 million.
132. In order to determine the fair market value of the first charge mortgage outstanding on the property, Capital Canada has considered the value of a similar mortgage with reasonable commercial terms. Accordingly and as set out in Appendix B, Capital Canada has compared the current rate for the first charge mortgage of 5.0% with prevailing rates for commercial mortgages on similar properties with similar LTV ratios in the range of 15.0% to 20.0%.

Application of Valuation Method Adopted - Equity

133. In the analysis of the equity value of the property, Capital Canada has relied upon NorRock's estimate of the fair market value on or about the Valuation Date.

Summary and Conclusion

134. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has estimated the fair market value of the first charge mortgage interest on the property to be in the approximate range of \$2.4 million to \$2.8 million.
135. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has determined that the fair market value of the equity position in the property is approximated by the book value.

Valuation of [REDACTED]

Description of Property

[REDACTED]

Loan Details

137. As set out in Appendix B, as of the Valuation Date, the Company was the holder of a second charge mortgage with an outstanding balance of approximately \$1.2 million at a 11.0% interest rate. There is a first mortgage on the property amounting to approximately \$6.8 million as of the Valuation Date.
138. The borrower is currently in default on the mortgage and a receiver was appointed on August 22, 2011.

Application of Valuation Method Adopted

139. Based on information made available by management of NorRock, Capital Canada understands that the NOI for the property is approximately \$670,000. Based on the average capitalization rate of approximately 6.4% resulting from the comparable transactions (see Appendix E), the value the property is approximately \$10.5 million.

140. In order to determine the fair market value of the second charge mortgage outstanding on the property, Capital Canada has assumed that the Company could be able to foreclose on the property and obtain bridge financing for the sale of the property within two years on reasonable commercial terms. As the interim cash flows originating from the property during the two year sale period are uncertain, Capital Canada has assumed that interest and principal payments on the bridge financing would be satisfied from the proceeds of a sale (see Paragraph 71). Accordingly and as set out in Appendix B, Capital Canada has discounted the current outstanding balance of approximately \$1.2 million, utilizing prevailing rates for commercial mortgages on similar properties with similar LTV ratios in the range of 12.0% to 16.0%.

Summary and Conclusion

141. As set out in Appendix A, based on the information and data reviewed and relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has estimated the fair market value of the second charge mortgage interest on the property to be in the approximate range of \$870,000 to \$940,000 million.

SUMMARY AND CONCLUSION

142. As set out in Appendix A, based on the information and data relied upon, and subject to the restrictions and qualifications, and assumptions and limitations noted herein, Capital Canada has concluded that the estimated fair market value of the assets of NorRock on or about the Valuation Date is in the approximate range of \$22.8 million to \$23.7 million, or \$7.74 per Class A share to \$8.06 per Class A share. If Capital Canada were asked to select a particular amount, it would suggest the mid-point of approximately \$23.3 million, or \$7.90 per Class A share.

143. Capital Canada trusts that the Report meets with Partners REIT's present requirements. If Capital Canada can be of any further assistance to Partners REIT in this matter, please do not hesitate to contact Capital Canada.

Sincerely,

A handwritten signature in cursive script that reads "Capital Canada Limited".

CAPITAL CANADA LIMITED

APPENDIX A – VALUATION SUMMARY*Canadian Dollars*

	<u>Low</u>	<u>High</u>
Shareholders equity, September 20, 2011	\$ 26,450,565	\$ 26,450,565
Adjustments to book value		
Mortgage portfolio		
• (see paragraphs 73 to 81)		
Book value	2,159,686	2,159,686
Less: Lower of book value and fair market value	<u>1,710,000</u>	<u>1,850,000</u>
Adjustment to book value	(449,686)	(309,686)
• (see paragraphs 82 to 89)		
Book value	3,100,000	3,100,000
Less: Lower of book value and fair market value	<u>3,070,000</u>	<u>3,070,000</u>
Adjustment to book value	(30,000)	(30,000)
• (see paragraphs 90 to 96)		
Book value	1,500,000	1,500,000
Less: Lower of book value and fair market value	<u>1,460,000</u>	<u>1,480,000</u>
Adjustment to book value	(40,000)	(20,000)
• (see paragraphs 97 to 104)		
Book value	500,000	500,000
Less: Lower of book value and fair market value	<u>370,000</u>	<u>390,000</u>
Adjustment to book value	(130,000)	(110,000)
• (see paragraphs 105 to 112)		
Book value	1,352,398	1,352,398
Less: Lower of book value and fair market value	<u>920,000</u>	<u>990,000</u>
Adjustment to book value	(432,398)	(362,398)
• (see paragraphs 113 to 119)		
Book value	3,348,036	3,348,036
Less: Lower of book value and fair market value	<u>2,650,000</u>	<u>2,860,000</u>
Adjustment to book value	(698,036)	(488,036)
• (see paragraphs 113 to 119)		
Book value	1,262,500	1,262,500
Less: Lower of book value and fair market value	<u>960,000</u>	<u>1,000,000</u>
Adjustment to book value	(302,500)	(262,500)
• (see paragraphs 120 to 123)		
Book value	362,500	362,500
Less: Lower of book value and fair market value	<u>362,500</u>	<u>362,500</u>
Adjustment to book value	-	-
• (see paragraphs 124 to 131)		
Book value	4,000,000	4,000,000
Less: Lower of book value and fair market value	<u>2,420,000</u>	<u>2,850,000</u>
Adjustment to book value	(1,580,000)	(1,150,000)
• (see paragraphs 132 to 138)		
Book value	1,183,527	1,183,527
Less: Lower of book value and fair market value	<u>870,000</u>	<u>940,000</u>
Adjustment to book value	(313,527)	(243,527)
Adjustment to book value	(3,673,648)	(2,713,648)
Adjusted book value	22,776,917	23,736,917
Number of Class A Shares	2,944,060	2,944,060
Book Value Per Share	\$ 7.74	\$ 8.06

APPENDIX B – PORTFOLIO VALUE SUMMARY*Canadian Dollars, In Thousands*

Property	Mat. Date	Assumed	Balance	Current	Est. Current	Third-Party Mortgage		NorRock Mortgage		Total	LTV		Est. Mkt. Yield		Implied Value	
	Actual	Disp. Date	30-Sep-11	Coupon ¹	Value	First	Second	First	Second		First	Second	High	Low	Low	High
1. •	N/A	30-Sep-13	\$ 2,159,686		\$ 3,600,000	\$ -	\$ -	\$ 2,159,686	\$ -	\$ 2,159,686	60.0%	N/A	12.0%	8.0%	\$ 1,710,000	\$ 1,850,000
2. •	N/A	31-Oct-11	3,100,000		5,200,000	-	-	3,100,000	-	3,100,000	59.6%	59.6%	10.5%	10.5%	\$ 3,070,000	\$ 3,070,000
3. •		1-Jul-12	1,500,000	10.25%	9,000,000	5,900,000	-	-	1,500,000	1,500,000	65.6%	82.2%	14.0%	12.0%	\$ 1,460,000	\$ 1,480,000
4. •	N/A	30-Sep-13	500,000		4,800,000	2,940,000	-	-	500,000	500,000	61.3%	71.7%	15.0%	13.0%	\$ 370,000	\$ 390,000
5. •	N/A	30-Sep-13	1,352,398		4,230,000	-	-	1,352,398	-	1,352,398	32.0%	32.0%	20.0%	16.0%	\$ 920,000	\$ 990,000
6. •	N/A	30-Sep-13	3,348,036		7,400,000	-	-	3,348,036	-	3,348,036	45.2%	45.2%	12.0%	8.0%	\$ 2,650,000	\$ 2,860,000
7. •	N/A	30-Sep-13	1,262,500		7,400,000	3,348,036	-	-	1,262,500	1,262,500	45.2%	62.3%	14.0%	12.0%	\$ 960,000	\$ 1,000,000
8. •	N/A		362,500		362,500	-	-	N/A	N/A	N/A	0.0%	0.0%	N/A	N/A	\$ 362,500	\$ 362,500
9. •	31-Aug-15	N/A	4,000,000	5.00%	4,950,000	-	-	4,000,000	-	4,000,000	80.8%	80.8%	20.0%	15.0%	\$ 2,420,000	\$ 2,850,000
10. •	N/A	30-Sep-13	\$ 1,183,527		\$ 10,500,000	6,750,000	-	\$ -	\$ 1,183,527	\$ 1,183,527	64.3%	75.6%	16.0%	12.0%	\$ 870,000	\$ 940,000
			\$18,768,648		\$ 57,442,500										\$14,792,500	\$15,792,500

¹ Excludes loans in default, receivership, foreclosure or past maturity.

APPENDIX C – NORROCK REALTY FINANCE CORPORATION FINANCIAL POSITION*Canadian Dollars, In Thousands*

	As At 31-Dec-08 ¹	As At 12/31/2009 ¹	As At 12/31/2010 ¹	As At 30-Jun-11 ²	As At 20-Sep-11 ³
ASSETS					
Cash and Cash Equivalents	\$ 14,265,575	\$ 4,697,266	\$ 18,360,188	\$ 28,112,293	\$ 23,268,987
Investment Grade Securities	1,108,128	6,525,300	6,404,024	6,725,750	7,875,309
Mortgage Portfolio	52,974,048	53,628,735	36,361,115	25,283,591	29,333,956
Investment in Private Entity	-	-	750,000	750,000	-
Note Receivable from Manager	2,578,326	1,825,376	1,451,345	1,239,149	-
Common Share Basket	33,161,956	44,601,029	38,701,271	38,249,134	-
Forward Contract	22,641,039	13,505,506	600,968	2,511,066	-
Prepaid Expenses and Other Assets	336,793	449,283	384,981	374,595	1,321,965
Total Assets	\$ 127,065,865	\$ 125,232,495	\$ 103,013,892	\$ 103,245,578	\$ 61,800,217
LIABILITIES AND NON-CONTROLLING INTEREST					
Accounts Payable and Accrued Liabilities	\$ 2,380,106	\$ 2,100,732	\$ 1,721,980	\$ 1,265,319	\$ 896,295
Preferred Shares, Net of Deferred Issue Costs	34,092,047	34,219,518	34,305,750	34,381,357	34,438,857
Warrants	2,204,000	232,000	101,500	14,500	14,500
Non-Controlling Interest	55,802,995	58,106,535	39,302,239	40,760,200	-
Total Liabilities	\$ 94,479,148	\$ 94,658,785	\$ 75,431,469	\$ 76,421,376	\$ 35,349,652
SHAREHOLDERS' EQUITY					
Class J Share	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Class A Shares	33,865,603	30,807,778	28,844,007	28,034,951	-
Contributed Surplus	101,249	488,983	808,548	1,058,781	-
Deficit	(1,380,137)	(723,052)	(2,070,133)	(2,269,531)	-
Net Assets	\$ 32,586,716	\$ 30,573,710	\$ 27,582,423	\$ 26,824,202	\$ 26,450,565
Outstanding Class A shares	3,600,060	3,270,960	3,062,460	2,976,560	2,944,060
Net Assets per Class A Share	\$ 9.05	\$ 9.35	\$ 9.01	\$ 9.01	\$ 8.98

¹ Audited financial statements.² Unaudited financial statements.³ Internally prepared by NorRock.**Source:** NorRock

APPENDIX D – NORROCK REALTY FINANCE L.P. FINANCIAL POSITION*Canadian Dollars, In Thousands*

	As At
	<u>20-Sep-11</u>¹
ASSETS	
Cash ²	\$ 10,802,123
Fair value of portfolio	
Loan portfolio principal ²	18,768,650
Fair value adjustment	(1,131,171)
Unearned financing fees	<u>(14,181)</u>
Total	17,623,299
Equity investment in Royal Oaks	750,000
Interest receivable	158,534
Other receivables	-
Total Assets	<u>\$ 29,333,956</u>
LIABILITIES	
Accrual of management fee	\$ 82,542
Accrual of service fee	17,705
Accrual of HST on mgmt & service fee	13,032
Other accruals	10,048
Deferred fee income	-
Interest reserve	-
Property tax collected	<u>9,076</u>
Total liabilities	132,403
Net Book Value of LP Fund	\$ 29,201,553
Number of partnership units	52,859,525
NAV / partnership unit	<u>\$ 0.55</u>

¹ Internally prepared by NorRock.² Adjusted for repayment of Centurian property.

Source: NorRock

APPENDIX E – COMPARABLE TRANSACTIONS*Canadian Dollars, In Millions (Except Per Share Data)*

Property	Location	Area (sf)	Sale Date	Sale Price (MM)	Cap Rate	\$PSF	Majors	Vendor	Purchaser	Type	
• Comparable Transactions											
842 Green Lane	Newmarket, ON	37.80	Apr-08	\$14.00	N/A	\$370,380	Land	Private	Developers Diversified Realty	N/A	
2116 Davis Drive	Newmarket, ON	88.45	Jun-10	\$5.50	N/A	\$62,183	Land	Private	MI Developments	N/A	
8811 Huntingdon Road	Vaughan, ON	81.69	Aug-08	\$18.00	N/A	\$220,334	Land	Private	First Industrial Realty Trust	N/A	
7429 Fifth Line	Milton, ON	74.79	Jul-08	\$9.00	N/A	\$120,331	Land	Private	Pristine Power	N/A	
8645 Hwy 25	Milton, ON	31.90	Jul-08	\$14.19	N/A	\$444,919	Land	Versus Partners	ING Real Estate Canada	N/A	
Major Mackenzie Drive	Vaughan, ON	86.83	Aug-08	\$59.45	N/A	\$684,640	Land	Cedar Fair LP	The City of Vaughan	N/A	
15-135 First Commercial Drive	Aurora, ON	73.08	Nov-07	\$33.45	N/A	\$457,786	Land	Wal-Mart Canada Corp.	Wal-Mart Canada Corp.	N/A	
1640 Sixteenth Sideroad	King, ON	46.45	Nov-09	\$3.50	N/A	\$75,244	Land	Private	Trason Holding Inc.	N/A	
Average						\$304,477					
• Comparable Transactions											
3905 Keele Street	Toronto, ON	25,839	Jun-11	\$3.60	N/A	\$140	Local Retailers	Vigor Investment Inc.	Private	Unenclosed	
800 Wilson Avenue	Toronto, ON	31,195	Jan-11	\$3.27	N/A	\$105	Local Retailers	Private	Private	Unenclosed	
Windsor Rexall Pharma Plus 3840 Howard Ave.	Windsor, ON	16,240	Jan-11	\$4.93	7.40%	\$304	Rexall Pharma Plus	1242778 Ontario Ltd.	3840 Howard Avenue	Unenclosed	
Amadale Square	Markham, ON	142,866	Aug-09	\$32.38	7.70%	\$227	Food Basics, Shoppers Drug	EGWL	Redcliff	Unenclosed	
Cherry Hill Village Mall	London, ON	181,000	Mar-11	\$24.47	N/A	\$135	Metro, Shoppers Drug	MESAM Construction	Minto	Enclosed	
600 Laurelwood	Waterloo, ON	79,326	Dec-10	\$22.70	N/A	\$286	Shoppers Drug Mart, Scot	Laurelwood Develop	Roycom (7)	Unenclosed	
McIntyre Centre	Thunder Bay, ON	60,000	Dec-10	\$9.20	N/A	\$153	Shoppers Drug Mart	Counsel	Retrocomm	Unenclosed	
Cherry Hill Village Mall	London, ON	181,000	Mar-11	\$24.47	N/A	\$135	Metro, Shoppers Drug	MESAM Construction	Minto	Enclosed	
Average						7.6%	\$186				
• Comparable Transactions											
Windsor Rexall Pharma Plus	Windsor, ON	16,240	Jan-11	\$4.93	7.40%	\$304	Rexall Pharma Plus	1242778 Ontario Ltd.	3840 Howard Avenue Inc.	Unenclosed	
Shoppers Drug Mart Pembroke	Pembroke, ON	17,035	Feb-11	\$5.10	7.11%	\$299	Shoppers Drug Mart	811 Pembroke Holdings Ltd.	RioCan Holdings Inc.	Unenclosed	
Shoppers Drug Mart Kingsville	Kingsville, ON	23,005	Mar-10	\$6.45	7.19%	\$280	Shoppers Drug Mart, Medical Clinic	Rock Developments Inc.	Private	Unenclosed	
333 Dundas Street	Woodstock, ON	17,837	Dec-08	\$6.70	6.50%	\$376	Shoppers Drug Mart	Pelican Commercial Inc.	Standard Life Inc.	Unenclosed	
Average						7.05%	\$315				
• Comparable Transactions											
570 Longworth Avenue	Clarington, ON	29,421	Feb-11	\$10.45	6.70%	\$355	SDM, TD, Pizza Pizza	Labno	ICBC	Unenclosed	
1025-1037 Wellington Rd	London, ON	85,000	Jan-11	\$10.63	N/A	\$125	Toys-r-us, Chapters, Future Shop	Toys R Us Canada	Jennum Wellington	Unenclosed	
Keswick Marketplace	Georgina, ON	350,000	Dec-10	\$22.66	7.00%	\$65	RBC, Wal-Mart, TD	Craft Development	RioCan REIT	Unenclosed	
Grande Prairie Power Centre	Grande Prairie, AB	140,152	Jun-10	\$43.70	7.40%	\$312	Future Shop, Best Buy, PetsMart, Mark's	OPUS	Artis REIT	Unenclosed	
Average						7.03%	\$214				
• Comparable Transactions											
Hamilton, Sudbury, Guelph SmartCentres	Ontario	830,000	Aug-11	\$215.00	6.50%	\$259	Walmart	SmartCentres	Calloway REIT	Power Centre	
Mégacentre Rive-Sud	Lévis, QC	270,201	Aug-11	\$48.00	6.09%	\$178	Wal-Mart, Sport Expert	Ivanhoe	RioCan	Power Centre	
Flamborough Power Centre	Hamilton, ON	186,000	May-11	\$35.50	6.15%	\$191	Zellers, Value Village	Flamborough Power Centre	RioCan REIT	Power Centre	
RioCan Wal Mart Portfolio	Hamilton, ON & Gatineau, QC	558,881	Aug-10	\$102.00	6.65%	\$183	Wal Mart, Staples, Winners, Golf Town	Smart Centres	RioCan	Unenclosed	
Average						6.35%	\$203				

Source: NorRock

Property	Location	Area (sf)	Sale Date	Sale Price			Vendor	Purchaser
				(MM)	Price/Hole	Price/Acre		
• Comparable Transactions								
Kings Links By The Sea Golf Course	Delta, BC	149.10	Feb-07	\$8.35	\$463,889	\$56,003	Boundary Shores Golf Course Ltd.	Harvie Road Investments
Eagle Creek Golf Course	Ottawa, ON	391.70	Feb-07	\$5.63	\$313,000	\$14,383	Eagle Creek Golf Club	Clublink Corp
Millcroft Golf and Country Club	Burlington, ON	131.80	Jan-06	\$4.60	\$255,556	\$34,901	Monarch Development Corporation	2079610 Ontario Ltd. (Developer)
Valley Ridge Golf Course	Calgary, AB	91.30	Jan-05	\$4.75	\$264,111	\$52,070	Century Holdings Ltd.	Valley Ridge Golf Inc. (Investor)
Pines of Georgina Golf Course	Georgina, ON	104.50	Jan-05	\$2.97	\$165,000	\$28,421	Michael Wade Construction Co. Ltd.	1175945 Ontario Ltd. (Investor)
Average					\$292,311	\$37,156		

Source: NorRock

APPENDIX F – GENERAL CANADIAN ECONOMIC CONDITIONS

1. According to RBC Economics, the Canadian economy shrank at an annualized rate of 0.4% in the second quarter of 2011 after advancing 3.6% in the first quarter of 2011. Consumer spending in the second quarter of 2011 increased by 1.6%, which followed a decrease of 0.1% in the first quarter of 2011 and an increase of 4.4% in the fourth quarter of 2010. Business investment advanced in the second quarter of 2011 by 15.5%. This followed a 12.9% increase in the first quarter of 2011. Additionally, government spending increased 1.6% in the second quarter of 2011.
2. The number of housing starts rose in the second quarter of 2011 to approximately 193,000, up from 178,000 in the first quarter of 2011, according to RBC Economics. Non-residential construction increased 2.0% in the second quarter of 2010, following a 10.7% increase in the first quarter of 2011 and 22.8% increase in the fourth quarter of 2010.
3. According to Statistics Canada, the unemployment rate was 7.5% in the second quarter of 2011, dropping from 7.8% first quarter of 2011.
4. Further, Statistics Canada reported that the core rate of inflation was 1.6% in the second quarter of 2011, an increase from the 1.3% in the first quarter of 2011 and equal to the inflation rate in the fourth quarter of 2010. The headline inflation was 3.4% in second quarter of 2011 up from 2.6% in the previous quarter.

Economic indicators

Q/Q annualized % change unless otherwise indicated

	Actual				Forecast			
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011	2012
Consumer spending	2.8	4.4	-0.1	1.6	3.0	2.6	2.1	2.4
Durables	1.6	11.0	-5.2	1.5	3.5	6.0	1.4	4.7
Non-durables	2.6	0.9	-1.3	-0.3	3.5	2.0	0.8	2.0
Government spending	0.5	2.7	0.0	1.6	0.1	0.1	1.1	0.5
Business investment	23.5	13.5	12.9	15.5	8.3	4.8	13.8	7.0
Real GDP	2.5	3.1	3.6	-0.4	2.9	2.6	2.4	2.5
Unemployment rate (quarterly average)	8.0	7.7	7.8	7.5	7.3	7.4	7.5	7.3
Headline CPI (y/y)	1.8	2.3	2.6	3.4	2.8	2.1	2.7	1.9
Core CPI (y/y)	1.6	1.6	1.3	1.6	1.7	1.7	1.6	1.7

*Source: Analyst forecasts****Interest rates***

%, end of period

	Actual				Forecast			
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011	2012
Overnight rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Three-month T-bills	0.88	0.97	1.10	0.90	1.05	1.10	1.10	2.15
Two-year GoC bonds	1.40	1.71	1.85	1.42	1.00	1.20	1.20	2.25
Five-year GoC bonds	2.04	2.46	2.65	2.06	1.50	1.80	1.80	3.00
10-year GoC bonds	2.75	3.16	3.25	2.91	2.40	2.70	2.70	3.40
30-year GoC bonds	3.34	3.55	3.80	3.42	3.10	3.30	3.30	4.00

Source: Analyst forecasts

APPENDIX G – GENERAL INDUSTRY CONDITIONS

1. According to CIBC Institutional Equity Research, as of the second quarter of 2011, Canadian REITs returned approximately +2% on an unweighted basis (approximately +9% for the large-cap-weighted S&P/TSX Canadian REIT Index) comparing favorably to an approximately -9% return for the S&P/TSX Composite Index.
2. In the first half of 2011, the REIT property sectors that have delivered the highest return include: residential REITs (approximately +12.0%), shopping centre REITs (approximately +8.1%) and diversified commercial REITs (approximately +7.4%), while hotel REITs (approximately -33.3%) and retirement/LTC REITs (approximately -12.9%) have provided the lowest total returns.
3. Large-cap Canadian REITs have Price/2011E Funds From Operations multiples averaging 13.1x compared to 16.1x for U.S. large-cap REITs, while Canadian distribution yields are approximately 5.8% on average compared to 4.0% on average for U.S. large caps.
4. Recent declines in benchmark bond yields reflect expectations of a low-growth, low-interest rate environment that could continue for an extended period of time. The immediate impact is lower borrowing costs that should benefit Canadian REITs.
5. Cap rates reported by CB Richard Ellis show flat to 75 bps declines in second quarter 2011 from the first quarter for offices in most major markets across Canada. For retail property, cap rate declines were most prominent in Montreal, Ottawa and Toronto, while Calgary, Edmonton and Vancouver remained flat.
6. Industrial property cap rates declined by approximately 25 bps in Montreal, but remained stable elsewhere. Cap rates for apartment property declined 25 bps to 75 bps in all the major markets. Hotel property cap rates continued to decline, but were less widespread than the previous quarter; declines of 25 bps to 50 bps were reported in Ottawa, Vancouver and Edmonton, but changed little in the other major markets.
7. In 2011, several U.S. retailers have made announcements or have been reported to be expanding into Canada, reflecting this market's strength relative to the U.S. market. These retailers include Marshalls (TJX-NYSE), Kohl's (KSS-NYSE), Dollartree (DLTR-NASDAQ) and J. Crew among others. In January, Target Corporation (TGT-NYSE) purchased lease rights for up to 220 Zellers locations (out of a total of 279) from Hudson's Bay Company. The expansion of these retailers should support strong demand for Canadian retail space and, in turn, support high occupancy.

APPENDIX H – SCOPE OF REVIEW

1. Capital Canada has reviewed and relied upon materials and information obtained from the documents and sources below. Capital Canada's review has consisted primarily of enquiry, review and discussion of this information. Specifically Capital Canada has reviewed and relied upon the following documents:

As pertaining to [REDACTED]:

- i. commitment letters from C.A. Bancorp Realty Finance L.P. dated May 5, 2008 and May 25, 2009;
- ii. unaudited financial statements for [REDACTED] year ending December 31, 2009 and December 31, 2010, respectively; and
- iii. mortgage summary document prepared by Fovere Capital Management Inc. dated June 15, 2011.

As pertaining to [REDACTED]:

- i. commitment letters from C.A. Bancorp Realty Finance L.P. to [REDACTED] dated March 19, 2008 and May 4, 2011;
- ii. property tax account statement for [REDACTED] dated April 29, 2011; and
- iii. mortgage summary document prepared by Fovere Capital Management Inc. dated June 15, 2011.

As pertaining to [REDACTED]:

- i. commitment letter from C.A. Bancorp Realty Finance L.P. dated September 15, 2008 with extension letters dated November 9, 2010 and February 25, 2011;
- ii. unaudited financial statements for [REDACTED] year ending December 31, 2009 and December 31, 2010, respectively;
- iii. mortgage summary document prepared by Fovere Capital Management Inc. dated June 15, 2011; and
- iv. appraisal of the [REDACTED] property conducted by the Insurance Corporation of British Columbia as of November 10, 2005.

As pertaining to the [REDACTED]:

- i. commitment letter from C.A. Bancorp Realty Finance L.P. dated June 16, 2008 with an amended letter issued August 31, 2009;
- ii. unaudited financial statements for [REDACTED] year ending February 28, 2010; and
- iii. mortgage summary document prepared by Fovere Capital Management Inc. dated June 15, 2011.

As pertaining to [REDACTED]:

- i. commitment letter from C.A. Bancorp Realty Finance L.P. regarding the first mortgage dated January 21, 2008 and an extension letter dated February 11, 2009;
- ii. unaudited financial statements for [REDACTED] year ending March 31, 2009; and
- iii. mortgage summary document for the first mortgage prepared by Fovere Capital Management Inc. dated June 15, 2011.

As pertaining to [REDACTED]:

- i. commitment letter from C.A. Bancorp Realty Finance L.P. regarding the second mortgage dated November 19, 2007 and extension letters dated September 10, 2009, April 5, 2010 and May 2, 2011, respectively;
- ii. unaudited financial statements for [REDACTED] year ending March 31, 2009; and
- iii. mortgage summary document for the second mortgage prepared by Fovere Capital Management Inc. dated June 15, 2011.

As pertaining to the [REDACTED]:

- i. commitment letter from C.A. Bancorp Realty Finance L.P. dated April 28, 2008 and a renewal letter dated July 27, 2010;
- ii. unaudited financial statements for [REDACTED] year ending July 31, 2008 and the budget for calendar year January to December 2011; and
- iii. mortgage summary document prepared by Fovere Capital Management Inc. dated June 15, 2011.

As pertaining to [REDACTED]:

- i. renewal commitment letter from C.A. Bancorp Realty Finance L.P. dated September 23, 2010;
- ii. unaudited balance sheet for [REDACTED] year ending December 31, 2009 and December 31, 2010 and unaudited financial statements of [REDACTED] year ending December 31, 2010; and
- iii. mortgage summary document prepared by Fovere Capital Management Inc. dated June 15, 2011.

As pertaining to NorRock Realty Finance Corporation

- iv. corporate organizational chart as of May 12, 2011;
- v. audited consolidated financial statements for NorRock Realty Finance Corporation (formerly C.A. Bancorp) year ending December 31, 2008, 2009 and 2010;
- vi. unaudited interim financial statements for 6 months ending June 30, 2011;
- vii. unaudited internally prepared balance sheet as of September 20, 2011;

- viii. most recent draft of the Circular;
- ix. press releases related to NorRock going concern;
- x. draft press release related to the Transaction prepared by NorRock and Partners REIT; and
- xi. conducted other such studies, analysis and inquiries as Capital Canada has deemed appropriate.

APPENDIX "J"
INTERIM ORDER

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST



THE HONOURABLE
JUSTICE MORAWETZ

)
)
)

WEDNESDAY, THE 16TH
DAY OF NOVEMBER, 2011

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF
THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, C. B.16, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF
CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
INVOLVING NORROCK REALTY FINANCE CORPORATION

INTERIM ORDER

THIS MOTION made by the Applicant, NorRock Realty Finance Corporation ("NorRock"), for an interim order for advice and directions pursuant to section 182(5) of the Business Corporations Act (Ontario), R.S.O. 1990, c. B.16., as amended, (the "OBCA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on November 14, 2011, and the Affidavit of Gordon Pridham, sworn November 14, 2011 (the "**Pridham Affidavit**"), and the exhibits thereto, including the Acquisition Agreement, the Plan of Arrangement, and the draft management information circular of NorRock (the "**Circular**"), which Circular is attached as Exhibit "A" to the Pridham Affidavit, and on hearing the submissions of counsel for NorRock,

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that NorRock is permitted to call, hold and conduct a special meeting (the "**Meeting**") of the holders of NorRock Class A Shares, and Preferred Shares, Series 1 and the holder of the NorRock Class J share (the "**Shareholders**") to be held at the offices of Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario M5X 1A4, on December 15, 2011 at 10:00 a.m. (Toronto time) in order for the Shareholders to consider and, if determined advisable, pass, special resolutions authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "**Arrangement Resolutions**").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Circular (the "**Notice of Meeting**"), and the articles and by-laws of NorRock, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the "**Record Date**") for determination of the shareholders entitled to notice of, and to vote at, the Meeting shall be November 7, 2011.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective proxyholders;

- b) the officers, directors, auditors and advisors of NorRock;
- c) representatives and advisors of NorRock and Partners Real Estate Investment Trust ("**Partners REIT**"); and;
- d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that NorRock may transact such other business at the Meeting as is contemplated in the Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by NorRock and that the quorum at the Meeting shall be the number of Shareholders present either in person or by proxy holding or representing by proxy not less than 20% of the number of issued and outstanding NorRock Shares, on a class by class basis, entitled to vote at the Meeting.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that NorRock is authorized to make, subject to the terms of the Acquisition Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraph 12 hereof, and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolutions.

Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the applicable Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as NorRock may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that NorRock is authorized to make such amendments, revisions and/or supplements to the draft Circular as it may determine and the Circular, as so amended, revised and/or supplemented, shall be the Circular to be distributed in accordance with paragraph 12.

Adjournments and Postponements

11. **THIS COURT ORDERS** that NorRock, if it deems advisable and subject to the terms of the Acquisition Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as NorRock may determine

is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, NorRock shall send the Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as NorRock may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "**Meeting Materials**"), to the following:

- a) the Registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - i) by pre-paid ordinary or first class mail at the addresses of the Registered Shareholders as they appear on the books and records of NorRock, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Chief Executive Officer of NorRock;
 - ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - iii) by facsimile or electronic transmission to any Registered Shareholder, who is identified to the satisfaction of NorRock, who requests such

transmission in writing and, if required by NorRock, who is prepared to pay the charges for such transmission;

- b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- c) Partners REIT, and the directors and auditors of NorRock, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that accidental failure or omission by NorRock to give notice of the Meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of NorRock, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of NorRock, it shall use reasonable efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

14. **THIS COURT ORDERS** that NorRock is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as NorRock may determine in accordance with the terms of the Acquisition Agreement ("**Additional Information**"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as NorRock may determine.

15. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraph 12 of this Interim Order shall constitute notice of the Meeting and good and sufficient service and notice of the within Application upon the persons described in paragraph 12 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

16. **THIS COURT ORDERS** that NorRock is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Circular, with such amendments and additional information as NorRock may determine are necessary or desirable, subject to the terms of the Acquisition Agreement. Each of NorRock, and Partners REIT is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as they may determine.

NorRock may waive generally, in its discretion, the time limits set out in the Circular for the deposit or revocation of proxies by Shareholders, if NorRock deems it advisable to do so.

17. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) and 110(4.1)(a) of the OBCA (except as the procedures of those sections are varied by this paragraph) provided that any such instrument must be received by NorRock not later than 5:00 p.m. (Toronto time) on the business day immediately preceding the Meeting (or any adjournment or postponement thereof).

Voting

18. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolutions, or such other business as may be properly brought before the Meeting, shall be the Shareholders as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the applicable NorRock Arrangement Resolutions.

19. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per share, on a class-by-class basis, and that, in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the applicable NorRock Arrangement Resolutions must be passed, with or without variation, at the Meeting by, as applicable:

- (i) an affirmative vote of: (a) not fewer than two-thirds of the votes cast by the holders of NorRock Class A Shares present (in person or by proxy) and entitled to vote at the NorRock Meeting; and (b) not fewer than a majority of the votes

cast by Minority NorRock Class A Shareholders present (in person or by proxy) and entitled to vote at the NorRock Meeting; and

- (ii) an affirmative vote of: (a) not fewer than two-thirds of the votes cast by the holders of NorRock Preferred Shares present (in person or by proxy) and entitled to vote at the NorRock Meeting; and (b) not fewer than a majority of the votes cast by the Minority NorRock Preferred Shareholders present (in person or by proxy) and entitled to vote at the NorRock Meeting; and
- (iii) the affirmative vote of the NorRock Class J shareholder.

Such votes shall be sufficient to authorize NorRock to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

20. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting NorRock (other than in respect of the NorRock Arrangement Resolutions), each Shareholder is entitled to one vote for each share held on a class-by-class basis.

Dissent Rights

21. **THIS COURT ORDERS** that each Registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolutions in accordance with section 185 of the OBCA (except as the procedures of that section are varied by this Interim Order and the

Plan of Arrangement) provided that, notwithstanding subsection 185(6) of the OBCA, any Registered Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the applicable Arrangement Resolution to NorRock in the form required by section 185 of the OBCA and the Acquisition Agreement, which written objection to the applicable Arrangement Resolution by 5:00 p.m. (Toronto time) on the Business Day immediately preceding the date of the NorRock Meeting (or any adjournment or postponement thereof), and must otherwise strictly comply with the requirements of the OBCA. For purposes of these proceedings, the "court" referred to in section 185 of the OBCA means this Honourable Court.

22. **THIS COURT ORDERS** that NorRock, shall be required to offer to pay fair value, as of the day prior to approval of the Arrangement Resolutions, for NorRock Shares held by Registered Shareholders who duly exercise Dissent Rights, and to pay the amount to which such Registered Shareholders may be entitled pursuant to the terms of the Plan of Arrangement.

23. **THIS COURT ORDERS** that any Registered Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

- i) is ultimately determined by this Honourable Court to be entitled to be paid fair value for their NorRock Shares, will be paid an amount that is equal to the fair value of such NorRock Shares determined as of the close of business on the day prior to the adoption of the Arrangement Resolution at the Meeting, and are not entitled to any other payment or consideration, including any payment or consideration that would have been payable under the Arrangement had such

Dissenting Shareholders not exercised Dissent Rights in respect of their NorRock Shares; or

- ii) becomes an Unperfected Dissenter or are ultimately not entitled, for any reason, to be paid fair value for their NorRock Shares, will be deemed to have participated in the Arrangement with respect to such NorRock Shares, as of the Effective Time, on the same basis as a holder of NorRock Shares that did not exercise Dissent Rights;

but in no case shall NorRock, Partners REIT or any other person be required to recognize such Registered Shareholders as holders of NorRock Shares at or after the Effective Time, and the names of such Registered Shareholders shall be removed from NorRock's register of holders of NorRock Shares as at the Effective Time, except in the case of a registered holder of NorRock Shares who is deemed to have participated in the Arrangement who will then be deemed to have held NorRock Shares on the same basis as any non-dissenting NorRock Shareholder.

Hearing of Application for Approval of the Arrangement

24. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, NorRock may apply to this Honourable Court for final approval of the Arrangement.

25. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Circular, when sent in accordance with paragraph 12 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 26.

26. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for NorRock, with a copy to counsel for Partners REIT, as soon as reasonably practicable, and, in any event, no less than three days before the hearing of this Application at the following addresses:

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Derek J. Bell / Michael J. Paris
Tel: (416) 777-4638/6251
Fax: (416) 863-1716

Lawyers for the Applicant,
NorRock Realty Finance Corporation

MCCARTHY TETRAULT LLP
Box 48, Suite 5300
Toronto Dominion Bank Tower
66 Wellington Street
Toronto, ON M5K 1E6

David B. Tennant / Geoff R. Hall / K. Vanessa A. Grant
Tel: (416) 601-7777
Fax: (416) 868-0673

Lawyers for Partners REIT

27. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) NorRock;
- ii) Partners REIT; and

iii) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

28. **THIS COURT ORDERS** that any materials to be filed by NorRock in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

29. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 26 shall be entitled to be given notice of the adjourned date.

Precedence

30. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the NorRock Shares or the articles or by-laws of NorRock, this Interim Order shall govern.

Extra-Territorial Assistance

31. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

32. **THIS COURT ORDERS** that NorRock shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

Bulk Sales Act Relief

33. **THIS COURT ORDERS** that NorRock's application for an exemption order pursuant to section 3(1) of the *Bulk Sales Act*, R.S.O. 1990, c. B.14 shall be heard by this Honourable Court at the same hearing for the final approval of the Arrangement.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

NOV 16 2011

PER/PAR:



Cv 11-9461-5022

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE BUSINESS CORPORATIONS ACT, R.S.O. 1990, C. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL PROCEDURE AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING NORROCK REALTY FINANCE CORPORATION

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

INTERIM ORDER

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto ON M5X 1A4

Derek J. Bell (LSUC #43420J)
Tel: (416) 777-4638

Michael J. Paris (LSUC #57226K)
Tel: (416) 777-6251
Fax: (416) 863-1716

Lawyers for the Applicant / Moving Party

APPENDIX "K"

NOTICE OF APPLICATION FOR THE FINAL ORDER



Court File No. CV11-9461-00CL

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF
THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, C. B.16, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF
CIVIL PROCEDURE***

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
INVOLVING NORROCK REALTY FINANCE CORPORATION**

NORROCK REALTY FINANCE CORPORATION

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on about Wednesday, December 16, 2011 or such later date as the Court may direct at 10:00 a.m., or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario.


IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2:00 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Patrick McKenzie
Registrar, Superior Court of Justice

Date: November ^{16th} 14, 2011

Issued by 
Local registrar

Address of 330 University Avenue, 7th Floor
court office: Toronto, Ontario M5G 1R7

AND TO: ALL HOLDERS OF CLASS A SHARES OF NORROCK REALTY FINANCE CORPORATION

AND TO: ALL HOLDERS OF PREFERRED SHARES, SERIES 1 OF NORROCK REALTY FINANCE CORPORATION

AND TO: THE HOLDER OF THE CLASS J SHARE OF NORROCK REALTY FINANCE CORPORATION

AND TO: ALL DIRECTORS OF NORROCK REALTY FINANCE CORPORATION

AND TO: DELOITTE AND TOUCHE LLP
Brookfield Place, Suite 1400
181 Bay Street
Toronto, ON M5J 2V1

The Auditors for NorRock Realty Finance Corporation

AND TO: PARTNERS REAL ESTATE INVESTMENT TRUST

AND TO: MCCARTHY TETRAULT LLP
Box 48, Suite 5300
Toronto Dominion Bank Tower
66 Wellington Street
Toronto, ON M5K 1E6

David B. Tennant / Geoff R. Hall
K. Vanessa A. Grant
Tel: (416) 601-7777
Fax: (416) 868-0673

Lawyers for Partners Real Estate Investment Trust

APPLICATION

1. **THE APPLICANT, NORROCK REALTY FINANCE CORPORATION, MAKES APPLICATION FOR:**

- (a) an interim order for advice and directions under section 182(5) of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "**OBCA**"), in connection with the proposed plan of arrangement (the "**Arrangement**") of NorRock Realty Finance Corporation ("**NorRock**"), involving, among other things, the acquisition by Partners Real Estate Investment Trust ("**Partners REIT**") of substantially all of the assets of NorRock, consisting of cash, cash equivalents, mortgages and other assets from NorRock, in exchange for the issuance of Partners REIT units, certain rights to acquire Partners REIT units and cash;
- (b) an order under section 182(5)(f) of the OBCA approving the Arrangement;
- (c) an exemption order under section 3(1) of the *Bulk Sales Act*, RSO 1990, c B.14 ("**BSA**") to be issued at the same time as the order approving the Arrangement;
- (d) an order abridging the time for service for this application and validating such service, if necessary; and
- (e) such further and other relief as this Honourable Court may deem just.

2. **THE GROUNDS FOR THE APPLICATION ARE:**

- (a) NorRock is a corporation governed by the OBCA, with its head office located in Toronto, Ontario;
- (b) the Arrangement is an "arrangement" as defined in section 182(1) of the OBCA;
- (c) all statutory procedures under the OBCA have been met or will be met by the date of the return of this Application;
- (d) the Arrangement is put forward in good faith;
- (e) the Arrangement is fair and reasonable;

- (f) the directions set out and shareholder approvals required pursuant to any interim order this Honourable Court may grant have been followed and obtained, or will be followed and obtained, by the date of the return of this Application;
- (g) certain of the holders of securities are resident outside of Ontario and will be served at their addresses as they appear on the books and records of NorRock pursuant to rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure* and the terms of any interim order for advice and directions granted by this Honourable Court;
- (h) an exemption order under the BSA is appropriate because the Arrangement is advantageous to NorRock and will not impair its ability to pay its creditors in full;
- (i) Section 182 of the OBCA;
- (j) Section 3(1) of the BSA;
- (k) Rules 2.03, 3.02, 14.05(2), 14.05(3), 17.02(n), 17.02(o) and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and,
- (l) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

- (a) the Affidavit of Gordon Pridham, sworn November 14, 2011, with exhibits thereto, outlining the basis for an interim order for advice and directions;
- (b) the further Affidavit(s), with exhibits thereto, including an Affidavit outlining the basis for the final order approving the Arrangement, and reporting as to compliance with any interim order and the results of any meeting conducted pursuant to such interim order; and
- (c) such further and other material as counsel may advise and this Honourable Court may permit.

November ^{16th} ~~14~~, 2011

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Derek J. Bell / Michael J. Paris
LSUC No. 43420J / 57226K
Tel: (416) 777-6251
Fax: (416) 863-1716

Lawyers for the Applicant,
NorRock Realty Finance Corporation

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, C. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE* AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING NORROCK REALTY FINANCE CORPORATION
Court File No. CV11-9461-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

NOTICE OF APPLICATION

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto ON M5X 1A4

Derek J. Bell (LSUC #43420J)
Tel: (416) 777-4638

Michael J. Paris (LSUC #57226K)
Tel: (416) 777-6251
Fax: (416) 863-1716

Lawyers for the Applicant

APPENDIX "L"

SECTION 185 OF THE OBCA

Rights of dissenting shareholders

185. (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3), a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185 (1).

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6). R.S.O. 1990, c. B.16, s. 185 (2).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares. 2006, c. 34, Sched. B, s. 35.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185 (3).

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11).

Note: On a day to be named by proclamation of the Lieutenant Governor, subsection (11) is amended by striking out "the certificates representing" and substituting "the certificates, if any, representing". See: 2011, c. 1, Sched. 2, ss. 1 (9), 9 (2).

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee. R.S.O. 1990, c. B.16, s. 185 (14).

Note: On a day to be named by proclamation of the Lieutenant Governor, subsection (14) is amended by striking out "and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee" at the end. See: 2011, c. 1, Sched. 2, ss. 1 (10), 9 (2).

Note: On a day to be named by proclamation of the Lieutenant Governor, section 185 is amended by adding the following subsections:

Same

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

- (a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
- (b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,
 - (i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and
 - (ii) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

Same

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

- (a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and
- (b) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

See: 2011, c. 1, Sched. 2, ss. 1 (11), 9 (2).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c. B.16, s. 185 (17).

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s. 185 (21).

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s. 185 (26).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c. B.16, s. 185 (29).

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24)

Any questions and requests for assistance may be directed to the
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