Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada*. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Northern Property Real Estate Investment Trust and NorSerCo Inc. at 110, 6131 – 6th Street SE, Calgary, Alberta, T2H 1L9, telephone (403) 531-0720, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

New Issue May 19, 2011

Northern Property
Real Estate Investment Trust

NORTHERN PROPERTY REAL ESTATE INVESTMENT TRUST

AND

NORSERCO INC.

$50,745,000
1,700,000 Stapled Units

This short form prospectus qualifies the distribution of 1,700,000 Stapled Units (described below) at a price of $29.85 per Stapled Unit (the "**Offering**").

A "**Stapled Unit**" consists of one trust unit (a "**REIT Unit**") of Northern Property Real Estate Investment Trust (the "**REIT**") and one common share (a "**NorSerCo Share**") of NorSerCo Inc. ("**NorSerCo**"), and each Stapled Unit will trade together under a single trading symbol prior to a Separation Event (as defined herein under the heading "Recent Developments — Stapled Unit Agreement").

The REIT and NorSerCo are collectively referred to herein as "**NPR**".

Price: $29.85 per Stapled Unit

	Price to the Public	Underwriters' Fee[(1)]	Net Proceeds to NPR[(2)]
Per Stapled Unit	$29.85	$1.194	$28.656
Total Offering[(3)]	$50,745,000	$2,029,800	$48,715,200

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Notes:

(1) Pursuant to the terms and conditions of the Underwriting Agreement, NPR has agreed to pay a cash fee to the Underwriters (the "**Underwriters' Fee**") equal to 4.0% of the gross proceeds of the Offering.

(2) Before deducting expenses of the Offering estimated at $480,000. The Underwriters' Fee and the other expenses of the Offering will be paid out of the general funds of the REIT and NorSerCo (directly or by their respective subsidiaries) in proportion to their allocation of net proceeds. See "Use of Proceeds".

(3) NPR has granted to the Underwriters an option (the "**Over-Allotment Option**") exercisable at any time, in whole or in part, for a period of 30 days following the closing of this Offering, to purchase up to the lesser of an additional 255,000 Stapled Units or the over-allocation position determined as at the closing of this Offering, at the same price per Stapled Unit as set forth above. A purchaser who acquires Stapled Units forming part of the Underwriters' over-allocation position acquires those units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of Stapled Units issuable upon exercise of the Over-Allotment Option. If the maximum Over-Allotment Option is exercised in full, the total price to the public, the total Underwriters' Fee and the total net proceeds to NPR will be $58,356,750, $2,334,270 and $56,022,480 respectively, before deducting expenses of the Offering. See "Plan of Distribution".

Underwriters' Position	Maximum Size or Number of Securities Held	Exercise Period	Exercise Price
Over-Allotment Option	Option to acquire up to 255,000 Stapled Units	30 days from closing of the Offering	$29.85

The Stapled Units are being offered pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated May 11, 2011 between NPR and a syndicate of underwriters led by CIBC World Markets Inc., and including BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Dundee Securities Ltd., GMP Securities LP, Macquarie Capital Markets Canada Ltd. and TD Securities Inc. (collectively, the "**Underwriters**" and each an "**Underwriter**").

The Underwriters, as principals, conditionally offer the Stapled Units, subject to prior sale, if, as and when issued by NPR and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of NPR by Borden Ladner Gervais LLP and on behalf of the Underwriters by Torys LLP. In connection with the Offering, the Underwriters may, subject to applicable laws, effect transactions intended to stabilize or maintain the market price for the Stapled Units at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters propose to offer the Stapled Units initially at the offering price specified above. **After a reasonable effort has been made to sell all of the Stapled Units at the prices specified above, the Underwriters may subsequently reduce the selling prices to investors from time to time in order to sell any of the Stapled Units remaining unsold. Any such reduction will not affect the proceeds received by NPR. See "Plan of Distribution".**

Subscriptions for the Stapled Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about May 27, 2011 or such later date as NPR and the Underwriters may agree, but in any event not later than May 31, 2011. Registration and transfers of Stapled Units will be effected only through the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). Beneficial owners of Stapled Units will not, except in limited circumstances, be entitled to receive a physical certificate evidencing their ownership of Stapled Units.

The outstanding Stapled Units are listed on the Toronto Stock Exchange ("**TSX**") under the symbol "NPR.UN". On May 5, 2011, the closing price of the Stapled Units on the TSX, immediately prior to the announcement of the Offering. was $30.15. NPR has applied to list the Stapled Units issuable pursuant to the Offering on the TSX. Such listing will be subject to NPR fulfilling all of the listing requirements of the TSX. Closing of the Offering is conditional on such Stapled Units being conditionally approved for listing on the TSX.

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Upon a Separation Event (as defined herein under the heading "Recent Developments — Stapled Unit Agreement") the REIT Units would be listed and posted on the TSX in substitution for the Stapled Units and the NorSerCo Shares may be de-listed or separately listed and posted for trading on the TSX. See "Risk Factors — Potential Delisting of NorSerCo Shares on Separation Event".

Four of the Underwriters, CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc., are subsidiaries of Canadian chartered banks which are lenders to the REIT. A portion of the net proceeds of this Offering will be used by the REIT to repay indebtedness to such banks. Consequently, the REIT may be considered to be a connected issuer of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc. under applicable securities regulations. See "Plan of Distribution".

Investing in the Stapled Units involves risks. The risk factors identified under the heading "Risk Factors" in this short form prospectus should be carefully reviewed and evaluated by prospective purchasers before purchasing the securities being offered hereunder.

The REIT is an unincorporated open-ended investment trust governed by its declaration of trust, as amended from time to time, and the laws of the Province of Alberta (and the federal laws of Canada applicable therein). NorSerCo is a corporation that was incorporated in Alberta on October 18, 2010 under the *Business Corporation Act* (Alberta) (the "**ABCA**").

Although NPR intends to make distributions of a portion of its available cash to holders of Stapled Units ("**Stapled Unitholders**"), these cash distributions are not assured. A return on an investment in REIT Units, NorSerCo Shares or Stapled Units is not comparable to the return on an investment in a fixed-income security. The ability of NPR to make cash distributions and the actual amount distributed will be dependent upon numerous factors, including the financial performance of NPR, seasonal fluctuations in operating results, NPR's debt covenants and obligations, NPR's working capital requirements, NPR's future capital requirements, the redemption of REIT Units and NorSerCo Shares, if any, and the REIT's ability to maintain its status as a "real estate investment trust", as defined in the *Income Tax Act* (Canada) (the "**Tax Act**"). The market value of the REIT Units, NorSerCo Shares or Stapled Units may deteriorate if NPR is unable to maintain current levels of cash distributions in the future, and that deterioration may be material. See "Risk Factors".

The return on a REIT Unit or NorSerCo Share (including such a unit or share held as part of a Stapled Unit) is subject to Canadian income tax. The Canadian income tax consequences to Stapled Unitholders who are Canadian residents will depend, in part, on the composition for tax purposes of distributions paid by NPR, portions of which may be fully or partly taxable or may constitute tax deferred distributions which are not subject to tax at the time of receipt but reduce a Stapled Unitholders's adjusted cost base in the REIT Units (including any such units held as part of a Stapled Unit) for Canadian income tax purposes. That composition may change over time, thus affecting a Stapled Unitholder's after-tax return. Subject to the application of the SIFT Rules (as defined herein) discussed under the heading "Certain Canadian Federal Income Tax Considerations", distributions of the net income of the REIT are generally taxed in the hands of a Stapled Unitholder as ordinary income while distributions in excess of the net income of the REIT are generally tax-deferred (and reduce the Stapled Unitholder's adjusted cost base in the REIT Unit for tax purposes). Prospective holders of Stapled Units should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their circumstances.

The registered and head office of both the REIT and NorSerCo is located at 110, 6131 – 6th Street SE, Calgary, Alberta, T2H 1L9.

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PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere in this short form prospectus or in the documents incorporated by reference herein. All dollar amounts in this short form prospectus are in Canadian dollars unless otherwise indicated. Capitalized terms used in this summary and not otherwise defined herein shall have the meaning ascribed to such terms in this short form prospectus.

Issuer:	The REIT and NorSerCo (together, "**NPR**")
Issue:	1,700,000 Stapled Units (each Stapled Unit consists of one REIT Unit and one NorSerCo Share)
Price:	$29.85 per Stapled Unit
Amount:	$50,745,000
Over-Allotment Option:	NPR has granted to the Underwriters the Over-Allotment Option, exercisable at any time, in whole or in part, for a period of 30 days following the closing of this Offering, to purchase up to the lesser of an additional 255,000 Stapled Units or the over-allocation position determined as at the closing of this Offering, at the same price per Stapled Unit as set forth above.
Use of Proceeds:	The estimated net proceeds to NPR from this Offering, after deducting the Underwriters' Fee and the expenses of the Offering, estimated to be $480,000, will be approximately $48.2 million. This amount will be allocated between the REIT and NorSerCo as to $47.7 million to the REIT and $0.5 million to NorSerCo. If the Over-Allotment Option is exercised in full, the net proceeds to NPR of the Offering will be $55.5 million, after deducting expenses of the Offering, and will be allocated as to $54.9 million to the REIT and $0.6 million to NorSerCo. NPR intends to use the net proceeds of the Offering to: (i) fund the Iqaluit Acquisitions; and (ii) repay the Lines of Credit. See "Use of Proceeds."
Pro Forma Debt Ratio:	The pro forma debt ratio of NPR as at December 31, 2010, after giving effect to this Offering, the exercise in full of the Over-Allotment Option and the intended use by NPR of the net proceeds of the Offering, will be approximately 47.2% of Gross Book Value. See "Summary Description of the Business — Material Debt".
Portfolio Composition:	As of May 18, 2011, NPR owns 296 properties. NPR's residential portfolio consists of 6,972 multi-family units, 344 execusuite units and 1,514 units in seniors' properties. In addition, NPR has 32 multi-family units under development in Iqaluit, Nunavut. NPR's commercial portfolio is comprised of 964,661 square feet. Seventy-seven of NPR's properties are located in the Northwest Territories, 31 properties in Newfoundland and Labrador, 99 properties in Nunavut, 38 properties in Alberta and 51 properties in British Columbia. See "Summary Description of the Business — Properties".

Cash Distributions:	The first cash distribution to which purchasers of Stapled Units under the Offering will be entitled to receive will be for the month of May, with a record date of May 31, 2011 and a payment date of June 15, 2011. NPR's current monthly cash distribution is $0.1275 per Stapled Unit. See "Description of the Stapled Units — Distributions on Stapled Units".

MEANING OF CERTAIN REFERENCES

In this short form prospectus, references to the REIT, NorSerCo or NPR include their respective subsidiaries where the context requires. References to dollars or "$" are to Canadian currency.

NON-GAAP MEASURES

In this short form prospectus and in the documents incorporated by reference herein, NPR uses the terms "**distributable income**" and "**funds from operations**" as an indicator of financial performance. Distributable income and funds from operations are not measures recognized by Canadian generally accepted accounting principles ("**GAAP**") and do not have standardized meanings prescribed by GAAP. However, distributable income and funds from operations are widely accepted supplemental measures of a Canadian real estate investment trusts' performance and management of NPR considers distributable income and funds from operations to be relevant measures of NPR's ability to earn and distribute cash returns to Stapled Unitholders. Investors are cautioned that distributable income and funds from operations should not be construed as an alternative to net earnings, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP. NPR defines distributable income as net earnings excluding certain expenses viewed by management of NPR as either non-cash or non-operating (specifically depreciation, amortization, future income taxes and payments attributable to prepaid equity leases). Funds from operations is calculated in accordance with the Real Property Association of Canada White Paper on funds from operations, as revised on February 1, 2007. A reconciliation of NPR's distributable income and funds from operations to the most directly comparable measures calculated in accordance with GAAP is included in the Annual Financial Statements (as defined below) incorporated by reference in this short form prospectus. In addition, certain of NPR's documents, such as the Annual Financial Statements, the Annual MD&A and the Annual Report, contain references to net operating income, which is a non-GAAP measure. Distributable income and funds from operations, as defined by NPR, may not be comparable to similar measures presented by other issuers.

CERTAIN FINANCIAL INFORMATION

As previously reported by NPR, in connection with the conversion to International Financial Reporting Standards ("**IFRS**"), NPR has elected to revalue investment properties to fair value. NPR expects that the impact of this election will be an increase in the carrying value of its investment properties to approximately $1.1 billion on its opening balance sheet as at January 1, 2010.

The changes to NPR's opening combined statement of financial position as at January 1, 2010 will include corresponding tax asset or liability based on the differences between the carrying value of assets and liabilities under Canadian GAAP and their value under IFRS. A deferred tax provision will be recorded in the opening combined statements of financial position due primarily to the increased carrying value of investment property.

NPR is a 50% joint venture partner in two jointly controlled entitles that were proportionately consolidated under Canadian GAAP. NPR will report these jointly controlled entities using the equity method of consolidation in its opening combined statement of financial position under IFRS. This will result in an increase of approximately $5.0 million to equity accounted investments.

NPR's financial performance and financial position presented under Canadian GAAP may be significantly different when presented in accordance with IFRS.

FORWARD LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein contain forward-looking statements that reflect the current expectations of management of the REIT and NorSerCo, respectively, about the REIT and NorSerCo's respective uses of proceeds from this Offering, occupancy rates at NPR's properties, future growth, results of operations, performance, prospects and opportunities. Prospective investors are cautioned not to place undue reliance on such forward-looking statements. Such forward-looking statements are typically, although not always, identified by using words such as "may", "will", "expect", "anticipate", "believe", "intend", "plan", "estimate", "potentially" and similar expressions. By its nature, such forward-looking information necessarily involves known and unknown risks and uncertainties that may cause NPR's actual results, performance, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks related to: real property ownership; availability of cash flow; restriction on redemption; interest rate variability; tenant receivables; general uninsured losses; environmental matters; tax-related matters; debt financing; utility costs; concentrations of tenants; closing of acquisitions; possible unitholder liability; potential conflicts of interest; dilution; delisting of the NorSerCo Shares; expenses associated with a Separation Event and property tax expenses. Prospective investors are cautioned that this list of factors is not exhaustive. Although the forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein are based upon what management of NPR believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this short form prospectus and the documents incorporated by reference herein are qualified by these cautionary statements. Forward-looking statements are made as of the date hereof, or such other date specified in such statements, and NPR does not assume any obligation to update or revise any such forward-looking statements to reflect new information, events or circumstances, other than as required by the continuous disclosure requirements of applicable securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT and NorSerCo at 110, 6131 – 6th Street SE, Calgary, Alberta, T2H 1L9, telephone (403) 531-0720, and are also available electronically at www.sedar.com.

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

(i) the annual information form of the REIT dated March 30, 2011 for the year ended December 31, 2010 (the "**AIF**");

(ii) the audited annual combined financial statements of NPR as at and for the financial year ended December 31, 2010, together with the notes thereto and the independent auditor's report thereon (the "**Annual Financial Statements**");

(iii) management's discussion and analysis of the combined financial condition and results of operations of NPR for the year ended December 31, 2010 (the "**Annual MD&A**");

(iv) the management information circular of the REIT dated March 30, 2010 prepared in connection with the REIT's annual and special meeting of all voting unitholders of the REIT held on May 11, 2010;

(v) the management information circular of the REIT dated November 1, 2010 (the "**Circular**") prepared in connection with the REIT's special meeting of all voting unitholders of the REIT held on November 25, 2010 (the "**2010 Special Meeting**");

(vi) the joint management information circular of NPR dated May 5, 2011, prepared in connection with the REIT's annual general and special meeting of Unitholders, and NorSerCo's annual general meeting of its shareholders, each to be held on May 31, 2011;

(vii) the material change report of the REIT dated January 7, 2011 in respect of the completion of the Arrangement (as defined herein);

(viii) the material change report of the REIT dated May 6, 2011 in respect of the Offering;

(ix) the notice of NorSerCo dated March 9, 2011, filed in accordance with the decision document dated November 12, 2010 issued to NPR by the Alberta Securities Commission, as principal regulator, under Multilateral Instrument 11-102 – *Passport System* and National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* (the "**Exemptive Relief Decision**"), indicating that NorSerCo intends to rely on certain continuous disclosure documents, including combined financial statements, management's discussion and analysis, annual information forms, material change reports and statements of executive compensation (the "**CD Documents**"), filed by the REIT; and

(x) the summary financial information of NorSerCo dated March 9, 2011, filed by NorSerCo in accordance with the Exemptive Relief Decision.

Any documents of the type referred to above (excluding confidential material change reports), business acquisition reports and other documents as may be required under applicable securities legislation which are filed by the REIT or NorSerCo with a securities commission or similar authority in any of the provinces or territories of Canada after the date of this short form prospectus and prior to the termination of the distribution of the Stapled Units pursuant to this Offering shall be deemed to be incorporated by reference into this short form prospectus. Any statement herein or 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 short form prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact, or an admission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

QUALIFICATION FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to NPR, and Torys LLP, counsel to the Underwriter, provided that the REIT qualifies as a "mutual fund trust" as defined under the Tax Act, or that REIT Units are listed on a designated stock exchange (which currently includes the TSX) in Canada on the date of closing of the Offering, and that NorSerCo Shares are so listed on that date, the REIT Units and NorSerCo Shares included in Stapled Units will be qualified investments under the Tax Act for any trust governed by a "registered retirement savings plan" ("**RRSP**"), "registered retirement income fund ("**RRIF**"), "deferred profit sharing plan", "registered education savings plan", "registered disability savings plan", or "tax-free savings account" ("**TFSA**"), as those terms are defined in the Tax Act (collectively, "**Plans**").

Notwithstanding that REIT Units and NorSerCo Shares may be qualified investments for Plans at a particular time, a holder of a TFSA will be subject to penalty tax under the Tax Act if a REIT Unit or NorSerCo Share held in the TFSA is a "prohibited investment" for the TFSA at that time for the purposes of the Tax Act. Generally a REIT Unit or NorSerCo Share held in a TFSA will not be a prohibited investment for the TFSA provided that, for the purposes of the Tax Act, the holder of the TFSA deals at arm's length with both the REIT and NorSerCo, and does not have a "significant interest" (as defined in the Tax Act) in either the REIT or NorSerCo, in a person or partnership with which the REIT or NorSerCo, as applicable, does not deal at arm's length.

The federal budget released on March 22, 2011 proposes to extend the prohibited investment rules to RRSPs and RRIFs and their annuitants. The proposed rules, if enacted, will apply to REIT Units and NorSerCo Shares acquired by an RRSP or RRIF after March 22, 2011 and, in certain circumstances, to such securities held in an RRSP or RRIF on March 22, 2011. There can be no assurance that these proposals will be enacted as proposed or at all.

Individuals who hold or intend to hold REIT Units or NorSerCo Shares in a TFSA, RRSP or RRIF should consult their own tax advisers regarding the potential application of the prohibited investment rules to their particular circumstances.

NORTHERN PROPERTY REAL ESTATE INVESTMENT TRUST AND NORSERCO INC.

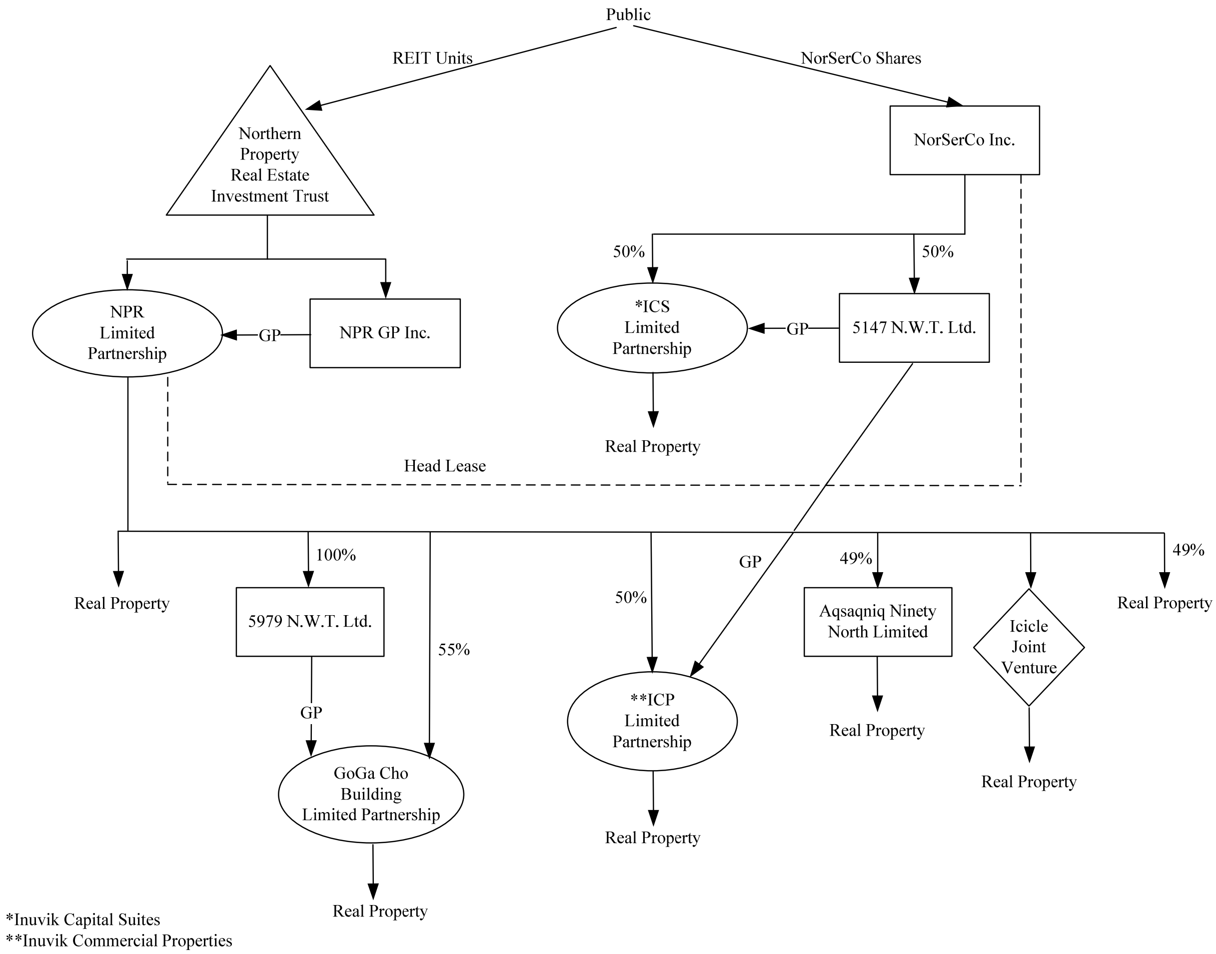
The REIT is an unincorporated "open-end" real estate investment trust that is governed by the laws of the Province of Alberta (and the federal laws of Canada applicable therein), and it was created pursuant to a declaration of trust dated January 2, 2002, as amended and restated on April 11, 2002, May 17, 2002, September 26, 2005, August 4, 2010 and December 31, 2010 (the "**Declaration of Trust**"). The principal and head office of the REIT is located at Suite 110, 6131 – 6th Street S.E., Calgary, Alberta T2H 1L9. The REIT specializes primarily in residential rental properties. It is the largest residential landlord in the Northwest Territories, Nunavut and Newfoundland and Labrador, and it has an increasing presence in key growth markets in northern Alberta and British Columbia.

The board of trustees (the "**Trustees**") of the REIT is responsible for supervising the activities and managing the business and affairs of the REIT. The Trustees have powers, responsibilities and duties analogous to those of a board of directors of a corporation governed by the *Canada Business Corporations Act* ("**CBCA**"). Seven of the eight current Trustees are independent within the meaning of Multilateral Instrument 52-110 — *Audit Committees*. An investment committee, currently consisting of all eight Trustees, participates extensively in the investment process. Management of the REIT is carried out by employees and officers of the REIT.

NorSerCo Inc. was incorporated under the ABCA on October 18, 2010, and its head and registered office is located at Suite 110, 6131 – 6th Street S.E., Calgary, Alberta T2H 1L9. Following the completion of the Arrangement (as defined below), NorSerCo entered into lease agreements with the REIT relating to the REIT's three execusuite properties located in Yellowknife, Northwest Territories, Iqaluit, Nunavut, and St. John's, Newfoundland and Labrador, and also became a 50% joint venture partner in the execusuite property located in Inuvik, Northwest Territories. Accordingly, NorSerCo carries out the real estate-related services businesses that were formerly carried out by the REIT prior to the Arrangement.

The board of directors of NorSerCo is responsible for supervising the activities and managing the business and affairs of NorSerCo. The powers, responsibilities and duties of the board of directors are set out in the ABCA and in NorSerCo's by-laws. The board of directors of NorSerCo currently consists of the same eight individuals that are Trustees of the REIT, as well as one independent director.

The following diagram illustrates the primary ownership relationships among the REIT, NorSerCo, their respective principal subsidiaries and certain third parties as of May 18, 2011:



SUMMARY DESCRIPTION OF THE BUSINESS

General

NPR invests in a portfolio of high quality income-producing properties with attractive capitalization rates, low vacancy rates and strong rental covenants from a stable tenant base. NPR's property portfolio consists mainly of residential income-producing properties located in high growth areas of the country. Most investments are in non-metropolitan secondary markets where capitalization rates are relatively high and competition somewhat restrained. NPR's current investment areas are the Northwest Territories, Nunavut, Alberta, Newfoundland and Labrador, and British Columbia. NPR's multi-family portfolio focuses on long term leases to governments and large corporations to meet staff housing needs. NPR also invests in non-residential commercial premises in Canada that are leased to government and corporate interests.

NPR is the largest private-sector residential landlord and private-sector owner of income-producing properties in the Northwest Territories, Nunavut and Newfoundland and Labrador. Commencing in 2006, NPR began investing in seniors' housing in Alberta, British Columbia and Newfoundland and Labrador. With respect to seniors' housing, NPR owns the land and buildings and leases the premises to operating businesses which provide shelter, meals and other care services to elderly residents.

The objectives of NPR are: (a) to provide Stapled Unitholders with stable and sustainable cash distributions, payable monthly and, to the maximum extent reasonably possible, tax deferred, from investments in a portfolio of mainly residential rental properties located primarily in northern Canada, British Columbia, Alberta and Newfoundland and Labrador; and (b) to maximize Stapled Unit value through the effective management of NPR's portfolio of properties and the acquisition of additional residential and commercial rental properties.

Properties

As of May 18, 2011, NPR owns 296 properties. NPR's residential portfolio consists of 6,972 multi-family units, 344 execusuite units and 1,514 units in seniors' properties. NPR's commercial portfolio is comprised of 964,661 square feet. In addition, NPR has 32 multi-family units under development in Iqaluit, Nunavut.

As of May 18, 2011, the geographic breakdown of NPR's portfolio of properties was as set out in the following table.

Geographic Breakdown of Portfolio

Location	No. of Properties	No. of Multi-family Residential Units	Execusuite Units	Seniors' Properties' Units	Commercial Square Footage
					(Sq. Ft.)
Alberta	38	2,097	-	746	78,460
British Columbia	51	1,555	-	214	124,417
Newfoundland and Labrador	31	1,268	142	554	75,510
Northwest Territories	77	1,305	160	-	537,219
Nunavut	99	747	42	-	149,055
Total:	**296**	**6,972**	**344**	**1,514**	**964,661**

Material Debt

It is the objective of NPR over time to be conservatively levered at 60% of the gross book value of the assets held by the REIT and its consolidated subsidiaries, plus the amount of accumulated depreciation and amortization of the REIT as set out in NPR's most recent combined balance sheet, or, if approved by a majority of the Trustees, the appraised value of the real property held directly or indirectly by the REIT ("**Gross Book Value**"). Notwithstanding this general objective, the Declaration of Trust only limits the REIT from incurring or assuming any indebtedness if, after giving effect to the incurrence or assumption of the indebtedness, the total consolidated indebtedness of the REIT, including amounts advanced under any operating and acquisition facility, would be more than 70% of the aggregate amount of the Gross Book Value.

As at December 31, 2010, the total indebtedness of NPR and its consolidated subsidiaries was equivalent to 52.6% of Gross Book Value. The weighted average interest rate of this indebtedness was 4.77%.

As at December 31, 2010, the weighted average interest rate of NPR's total indebtedness and outstanding mortgage debt was 4.77% and 4.80%, respectively.[1] The following table summarizes certain aspects of NPR's mortgage maturities:

	Principal Repayments During the Year ($000's)	Principal on Maturity ($000's)	Total ($000's)	% of Total	Weighted Average Interest Rate
2011 (remainder of year)	17,252	38,849	56,101	10.6%	4.80%
2012	14,309	37,526	51,835	9.8%	4.82%
2013	12,657	81,192	93,849	17.7%	4.51%
2014	10,562	69,415	79,977	15.0%	4.06%
2015	9,566	31,365	40,931	7.7%	4.72%
2016	6,676	47,671	54,347	10.2%	5.14%
2017	6,047	10,771	16,818	3.2%	4.99%
2018	5,043	34,386	39,429	7.4%	4.76%
2019	4,651	10,053	14,704	2.8%	4.48%
2020	4,406	14,966	19,372	3.6%	4.61%
Thereafter	5,274	58,923	64,197	12.0%	5.51%
	96,443	**435,117**	**531,560**	**100.0%**	**4.80%**

Note:

(1) NPR's outstanding mortgage debt is subject to both fixed and floating interest rates.

Most of the mortgages on NPR's residential buildings are insured by Canada Mortgage and Housing Corporation ("**CMHC**"). Pursuant to standard mortgage terms, each mortgagee has a first position security interest in the specified property funded with mortgage proceeds. In addition, there are some buildings that are cross-securitized providing the lender with preferential rights to that property.

Management of NPR expects that the renewal of outstanding mortgages will not adversely impact the REIT's distributable income, unless interest rates increase significantly above NPR's weighted average interest rate of 4.80% on its mortgage debt as at December 31, 2010. In addition to mortgage financing of NPR's properties, the REIT has a revolving line of credit (the "**Syndicated Credit Line**") with four Canadian chartered banks of up to $50 million for the purposes of funding future acquisitions and operating expenses. The Syndicated Credit Line bears interest at prime plus 1.50% (or bankers acceptance rates plus 2.50%) and has a maturity of May 21, 2011. The REIT is currently in negotiations to renew the Syndicated Line of Credit. The REIT expects to renew this facility on substantially similar to existing terms.

The REIT also has a revolving line of credit (the "**Swing Line**", and together with the Syndicated Credit Line, the "**Lines of Credit**") with a Canadian chartered bank of up to $7.5 million for the purposes of funding future acquisitions and operating expenses, bearing interest at prime plus 1.50% (or bankers acceptance rates plus 2.50%) with a maturity of July 31, 2011. Funds available under the Swing Line may be increased to $30 million if the REIT posts additional security. Thirty-nine properties have been pledged as security for the Lines of Credit. The banks have a first security position over 22 of these properties. The banks are in second position to the first mortgage holders for the balance of the properties. As at May 17, 2011, NPR had utilized in aggregate approximately $19.8 million of the Lines of Credit. The REIT is currently in compliance in all material respects with the respective terms of the Lines of Credit.

Management of NPR believes that the Lines of Credit enable it to negotiate property acquisitions on favourable terms, without the additional constraints and expenses associated with raising equity financing prior to an acquisition. Periodic equity financing subsequent to the acquisition of a property or properties, including proceeds from this Offering, will be used, in whole or in part, to pay down the Lines of Credit. Four of the Underwriters, CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc. are subsidiaries of the Canadian chartered banks that provide the Syndicated Credit Line. See "Plan of Distribution — Relationship between the REIT and the Underwriters."

No covenants have been provided by NPR to third party lenders or creditors which would enable them to restrict the regular payment of distributions by the REIT. Should NPR become in default of its mortgage obligations or covenants provided in support of the Lines of Credit, sufficient liquidity may not exist to enable the payment of monthly distributions.

RECENT DEVELOPMENTS

The following is a summary of significant developments in the operations and affairs of NPR.

The SIFT Reorganization

Pursuant to proposals that were first announced on October 31, 2006 by the federal Minister of Finance, a new tax regime (the "**SIFT Rules**") now applies to "SIFT trusts" and "SIFT partnerships" (as defined in the Act) and their investors. Under this regime, SIFT trusts are taxed as corporations, at a rate comparable to the general combined federal/provincial corporate income tax rate. "Real estate investment trusts" (as defined under the Act) ("**Tax REITs**") are excluded from the definition of a SIFT trust and are therefore not subject to the new tax regime (the "**Tax REIT Exemption**").

Over time the REIT, through various acquisitions and business initiatives, acquired a complex structure of subsidiary entities (together with the REIT, the "**NP Group**"), the assets of which, on a consolidated basis, consist of "real or immoveable property" for the purposes of section 122.1 of the Tax Act ("**Real Property**"). Certain Real Property owned or operated by the NP Group was deployed in businesses (primarily renting premises with some hotel-like services) that generated sufficient non-qualifying revenue for the purposes of the Tax Act to disqualify NPR as a Tax REIT. Accordingly, the REIT's board of trustees (the "**Trustees**") considered strategic alternatives available to ensure that the REIT would qualify for the Tax REIT Exemption before the implementation of the new tax regime relating to SIFT Trusts. The Trustees decided that, in order to ensure that the REIT qualified for the Tax REIT Exemption on January 1, 2011, it was in the best interests of unitholders for the REIT to undertake an internal reorganization by way of a plan of arrangement (the "**Arrangement**") pursuant to section 193 of the ABCA. The Trustees concluded that the Arrangement would maintain unitholder value by adopting an efficient structure, from both an operational and tax perspective, that would allow the REIT to continue to flow through its income to unitholders without being subject to tax under the SIFT Rules.

At the 2010 Special Meeting, the Arrangement was approved by the requisite majority of unitholders, and on November 29, 2010, the Court of Queen's Bench of Alberta granted its final order approving the Arrangement. On December 16, 2010, the federal Minister of Finance announced draft changes to the new tax regime relating to SIFT trusts which relaxed certain definitions relating to the Tax REIT Exemption. While such proposed changes were positive, they did not address all of the issues relevant to the REIT's ability to qualify for the Tax REIT Exemption. Accordingly, the Arrangement was completed immediately before the end of December 31, 2010. The Arrangement resulted in:

(a) the consolidation of the beneficial ownership of all the REIT's Real Property and other REIT-eligible assets in NPR Limited Partnership ("**New Partnership**"), a new limited partnership that was formed under the laws of the Province of Alberta on October 18, 2010, and that is wholly-owned by the REIT;

(b) the acquisition of all of the REIT's non-REIT-eligible assets by NorSerCo;

(c) the conversion of all outstanding Class B limited partnership units ("**Class B LP Units**") of Northern Property Limited Partnership into REIT Units;

(d) the distribution of all issued NorSerCo Shares on a 1:1 basis to all holders of REIT Units and former holders of Class B LP Units, and the "stapling" of those NorSerCo Shares with all issued and outstanding REIT Units to form Stapled Units that would trade together on the TSX under a single trading symbol; and

(e) the simplification of the REIT's corporate structure through the elimination or amalgamation of certain of the REIT's wholly owned subsidiaries.

The REIT Units and NorSerCo Shares were separately listed on the TSX on the date of distribution. The Stapled Units were listed on the TSX and posted for trading in substitution for the REIT Units on January 6, 2011.

Immediately after the Arrangement was completed, NorSerCo leased certain Real Property from the REIT that NorSerCo requires to carry on the real estate-related services businesses that, prior to the Arrangement, had been carried out by the REIT.

Investors are encouraged to review the Circular, which is incorporated herein by reference, for more information regarding the Arrangement.

Stapled Unit Agreement

On December 31, 2010, in connection with the Arrangement, the REIT and NorSerCo entered into a stapled unit agreement (the "**Stapled Unit Agreement**") which provides for, among other things:

- the co-ordination of the declaration and payment of all distributions in respect of REIT Units, and all dividends in respect of NorSerCo Shares, so as to provide for simultaneous record dates and payment dates;
- co-ordination between the two entities so as to enable and permit the REIT to perform its obligations pursuant to the Declaration of Trust, its unit option plan and its long term incentive plan;
- the REIT to take all such actions and do all such things as are necessary or desirable to enable and permit NorSerCo to perform its obligations or exercise its rights under its articles and by-laws;
- the REIT to issue REIT Units simultaneously (or as close to simultaneously as possible) with NorSerCo in accordance with the provisions of the Declaration of Trust and to otherwise ensure at all times that each holder of a particular number of NorSerCo Shares holds an equal number of REIT Units;
- the REIT to immediately notify NorSerCo upon receiving a notice requiring the REIT to redeem REIT Units;
- NorSerCo to take all such actions and do all such things as are necessary or desirable to enable and permit the REIT to perform its obligations arising under any security issued by the REIT (including securities convertible, exercisable or exchangeable into Stapled Units); and
- NorSerCo to take all such actions and do all such things as are necessary or desirable to issue NorSerCo Shares simultaneously (or as close to simultaneously as possible) with the issue by the REIT of REIT Units and to otherwise ensure at all times that each holder of a particular number of REIT Units holds an equal number of NorSerCo Shares, including participating in and cooperating with any public or private distribution of Stapled Units by, among other things, prospectuses or other offering documents.

In addition, under the terms of the Stapled Unit Agreement, the Stapled Units will trade together until a "**Separation Event**" occurs, being when either (a) holders of REIT Units vote in favour of the unstapling of REIT Units and NorSerCo Shares; or (b) at the sole discretion of the Trustees or the directors of NorSerCo, upon an event of bankruptcy or insolvency of either the REIT or NorSerCo and/or their respective subsidiaries.

RECENT ACQUISITIONS

Cavell Apartments – Jasper, Alberta

On February 15, 2011, NPR acquired 230 residential units in Jasper, Alberta at an approximate cost of $16.8 million. The acquisition was funded by $11.2 million of mortgage financing at an interest rate of 4.3% and maturing in February 2021, and a draw of $5.7 million from the Lines of Credit.

Townsite and Riverbend Terrace Apartments – Nanaimo, British Columbia

On March 31, 2011, NPR acquired 151 residential units in Nanaimo, British Columbia at an approximate cost of $11.5 million. The acquisition was funded by $7.5 million of mortgage financing at an interest rate of 5.12% and maturing in March 2021and a draw of $4.2 million from the Lines of Credit.

Sullivan Commercial Portfolio – St. John's, Newfoundland and Labrador

On April 15, 2011, NPR acquired 65,510 square feet of commercial space in three separate warehouse buildings in St. John's, Newfoundland for an approximate cost of $4.7 million. The properties are tenanted by smaller retail and warehouse businesses. The acquisition was funded by $1.1 million of mortgage financing maturing in May 2014 and a draw of $3.5 million from the Lines of Credit.

Iqaluit Acquisitions – Iqaluit, Nunavut

On April 15, 2011, NPR entered into an agreement to acquire a portfolio of properties located in Iqaluit, Nunavut, comprised of 159 residential units, a newly developed office building, a hotel, several strategically located residential and commercial development properties and an older hotel which will ultimately be demolished and re-developed. The purchase price of the Iqaluit portfolio is approximately $71.3 million. Approximately $19.0 million of existing debt is being assumed at rates between 3.40% and 5.25% and with maturities ranging from November 2012 to April 2016.

The completion of the acquisition of one of the properties comprising the Iqaluit portfolio occurred on May 16, 2011 at an approximate cost of $975,000. The building on the property is a two-storey six-plex, with wood frame structure on steel pilings, built in 2006. The building is fully leased to a corporate tenant as staff housing until the end of 2011. The acquisition was funded by a draw of $975,000 from the Lines of Credit.

The acquisitions of the remaining properties comprising the Iqaluit portfolio (the "**Iqaluit Acquisitions**") are subject to customary due diligence and closing conditions, and are expected to close on various dates between the date of this short form prospectus and June 15, 2011.

The Iqaluit Acquisitions consist of the following properties:

- three-bedroom duplexes of wood frame construction on steel pilings. These duplexes are fully leased, with one unit leased to the Government of Nunavut and the second leased to a residential tenant;

- a two-storey single family home that is leased to the end of 2011;

- a two-storey eight plex wood frame structure on steel pilings, built in 2005. It consists of three one-bedroom units and five two-bedroom units. Five of the units are leased to government agencies, and three are leased to residential tenants;

- two identical 29 unit, three-storey wood frame structures on steel pilings built in 2005. All units are leased to the Nunavut Housing Corporation. One of the 29 unit buildings was destroyed by fire during the purchase negotiations and will be replaced by a 39 unit wood frame structure on steel pilings. The purchase price will be adjusted by half the negotiated price for this property. The vendor will receive the building insurance proceeds and NPR will receive the rental loss insurance proceeds. Nunavut Housing Corporation has indicated that they would lease the expanded new building upon completion of construction;

- a 15 unit four-storey wood frame building built on steel pilings. The building has an elevator and 13 of the 15 units are leased to the Nunavut Housing Corporation. The remaining two units are leased to residential tenants;

- three-storey wood frame structures on steel pilings. Each building has four two-bedroom and two one-bedroom units. Three of the buildings are leased to Nunavut Housing Corporation and the fourth is leased to a corporate tenant for staff housing;

- a 24 unit row house complex of wood frame construction on steel pilings, built in 2008. Eighteen of the units are leased to corporate tenants for staff housing. The remaining six units are leased to the Government of Nunavut;

- an eight plex which consists of eight one-bedroom units of wood frame construction on steel pilings, built in 2008. Seven of the units are leased to a corporate tenant for staff housing. The remaining unit is leased to a residential tenant;

- a two-storey ten plex of wood frame construction on steel pilings, built in 2009. All units are leased to Nunavut Housing Corporation;

- a single family residence that is leased and occupied;

- duplexes that are fully leased and occupied;

- a 32,000 square foot, four-storey office building in downtown Iqaluit with elevators. This newly constructed building is 66% leased;

- a 75 room full service hotel with the food and beverage concessions leased to third parties. The property will be operated by NorSerCo Inc.;

- an older 45 room fully service hotel with the food and beverage concessions leased to third parties. The rental of rooms in the hotel will be operated by NorSerCo. The site will eventually be re-developed; and

- eight sites of approximately 233,250 square feet of residential and commercial development land.

The proposed Iqualuit Acquisitions also include development materials and equipment.

COMBINED CAPITALIZATION

Since December 31, 2010, the following changes have occurred to the capital of the REIT and NorSerCo, on a combined basis:

- On January 12, 2011, the REIT issued 11,213 Stapled Units at an issue price of $18.32 per unit in exchange for unit rights granted under the REIT's long term incentive plan; and

- On January 17, 2011, the REIT issued 21,778 Stapled Units at an issue price of $28.92 per unit in exchange for unit rights granted under the REIT's long term incentive plan.

The following table sets forth the capitalization of NPR, as at December 31, 2010, and as at such date, after giving effect to this Offering (including exercise in full of the Over-Allotment Option). This table should be read in conjunction with the Annual Financial Statements which are incorporated by reference in this short form prospectus.

	Authorized	Outstanding as at December 31, 2010[1]	Outstanding as at December 31, 2010 after giving effect to this Offering (including exercise in full of the Over-Allotment Option)
		($000's)	**($000's)**
Indebtedness			
Cash	N/A	$(3,216)	$(50,861)
Credit Facilities	N/A	$7,898	$0
Mortgages payable	N/A	$512,544	$512,544
Total Indebtedness:		$517,226	$461,683
Unitholders' equity			
Stapled Units	Unlimited	$431,695	$487,238
		(27,442,306 Stapled Units)	(29,397,306 Stapled Units)
Total Capitalization:		$431,695	$487,238
		948,921	$948,921

Note:

(1) The above figures are based on the financial results for the fiscal year ended December 31, 2010, and therefore, such figures do not contemplate the impact of NPR's transition to IFRS.

USE OF PROCEEDS

The estimated net proceeds to NPR from this Offering, after deducting the Underwriters' Fee and the expenses of the Offering, estimated to be $480,000, will be approximately $48.2 million. This amount will be allocated between the REIT and NorSerCo as to $47.7 million to the REIT and $0.5 million to NorSerCo. If the Over-Allotment Option is exercised in full, the net proceeds to NPR of the Offering will be $55.5 million, after deducting expenses of the Offering, and will be allocated as to $54.9 million to the REIT and $0.6 million to NorSerCo. NPR intends to use the net proceeds of the Offering to: (i) fund the Iqaluit Acquisitions; and (ii) repay the Lines of Credit; each as further described below.

Iqaluit Acquisitions

As described above in the section entitled, "Recent Developments – Recent Acquisitions", NPR has entered into an agreement to acquire a portfolio of properties located in Iqaluit, Nunavut. The acquisition of one of the properties comprising this portfolio was completed on May 16, 2011 for a purchase price of $975,000. The aggregate purchase price for the remaining properties in the portfolio is $70.3 million. A mortgage facility of $19 million will be obtained by NPR in respect of the acquisitions, leaving the amount required to be funded at $51.3 million. NPR intends to apply the net proceeds of the Offering toward paying this amount. In the event that the Over-Allotment Option is not exercised, the remaining balance of the purchase price will be paid via a draw on the Lines of Credit. If the Over-Allotment Option is exercised in full, NPR intends to apply $51.3 million of the net proceeds of the Offering toward the purchase price for the Iqaluit Acquisitions, and to use the remaining funds to pay down the Lines of Credit.

Lines of Credit

As described above in the section entitled, "Summary Description of the Business — Material Debt", NPR has access to Lines of Credit of up to $57.5 million. As at December 31, 2010, NPR had utilized in aggregate approximately $7.9 million of the Lines of Credit for purposes that included the acquisitions of the Valleyview

Terrace property in Nanaimo, British Columbia and the Three Lakes Village property in Yellowknife, Northwest Territories, as well as for the injection of $3.1 million of seed capital into NorSerCo. During the first quarter of 2011, NPR utilized a further $13.4 million of the Lines of Credit for the acquisitions of the Cavell Apartments in Jasper, Alberta, the Townsite and Riverbend Terrace Appartments in Nanaimo, British Columbia and the Sullivan Commercial Portfolio in Newfoundland. In addition, NPR has drawn $4.1 million on the Lines of Credit in order to fund the purchases of construction materials required in connection with certain planned reconstruction/development relating to the Iqaluit Acquisitions. As at May 17, 2011, the outstanding balance on the Lines of Credit is $19.8 million.

DESCRIPTION OF THE STAPLED UNITS

As described above in the section entitled "Recent Developments — SIFT Reorganization", on December 31, 2010, NPR completed the Arrangement, pursuant to which each holder of REIT Units received, for and in addition to each REIT Unit held, one NorSerCo Share. Each issued and outstanding REIT Unit now trades together with a NorSerCo Share as a Stapled Unit on the TSX under the symbol "NPR.UN".

The Declaration of Trust contains a number of provisions to achieve the "stapling" of the REIT Units and the NorSerCo Shares. In particular, at any time during which the REIT Units and the NorSerCo Shares are "stapled together" as Stapled Units (a "**Stapled Time**"):

(a) each REIT Unit may be transferred only together with a NorSerCo Share;

(b) no REIT Unit may be issued by the REIT to any person unless

  (i) a NorSerCo Share is simultaneously issued by NorSerCo to such person, or

  (ii) the REIT has arranged, subject to applicable regulatory approval, for the REIT Units to be consolidated immediately after such issuance, such that each Stapled Unitholder will hold an equal number of REIT Units and NorSerCo Shares immediately following such consolidation;

(c) a REIT Unitholder may require the REIT to redeem any particular number of REIT Units only if it also requires, at the same time, and in accordance with the provisions of the articles of NorSerCo, NorSerCo to redeem the same number of NorSerCo Shares; and

(d) the REIT may not purchase any REIT Units for cancellation unless NorSerCo purchases a corresponding number of NorSerCo Shares for cancellation.

If NorSerCo subdivides, redivides, reduces, combines, consolidates, reclassifies or makes other changes to the NorSerCo Shares during a Stapled Time, the REIT will be required, subject to applicable regulatory approvals, to simultaneously make a corresponding change to the REIT Units (other than in respect of changes that do not result in a REIT Unitholder holding an unequal number of REIT Units and NorSerCo Shares or a change that is followed immediately by a subdivision or consolidation after which each REIT Unitholder holds an equal number of REIT Units and NorSerCo Shares).

Apart from attributes necessary to achieve such "stapling", each REIT Unit and NorSerCo Share retains its own separate identity and is separately listed, but not posted for trading, on the TSX. The following is a summary of the material attributes and characteristics of the REIT Units and the NorSerCo Shares comprising the Stapled Units.

REIT Units

General

An unlimited number of REIT Units may be created and issued pursuant to the Declaration of Trust. Each REIT Unit represents an equal undivided beneficial interest in any distributions from the REIT, and in any of the net assets of the REIT in the event of termination or winding-up of the REIT. All REIT Units are of the same class with equal rights and privileges and are not subject to future calls or assessments. Each REIT Unit entitles the holder of record thereof to one vote for each whole REIT Unit held at all meetings of REIT Unitholders. Except as set out under “Redemption Rights” below, the REIT Units have no conversion, retraction, redemption or pre-emptive rights.

The REIT Units should not be viewed by potential investors as shares in the REIT. A REIT Unitholder has substantially all of the same protections, rights and remedies as a shareholder would have under the CBCA, except that REIT Unitholders will not have the statutory rights normally associated with ownership of shares of a CBCA corporation including, for example, “dissent rights” in respect of certain corporate transactions and fundamental changes, rights to submit shareholder proposals at shareholder meetings, or the right to bring “derivative” or “oppression” actions. The Trustees of the REIT have powers, responsibilities and duties analogous to those of a board of directors of a corporation governed by the CBCA. The protections, rights and remedies available to a REIT Unitholder are contained in the Declaration of Trust.

Transfer of REIT Units

Pursuant to the Declaration of Trust, during a Stapled Time, a REIT Unit may only be transferred by a holder thereof in conjunction with the transfer of a NorSerCo Share. At any time that is not a Stapled Time (for instance, upon the occurrence of a Separation Event whereby the REIT Units and the NorSerCo Shares become unstapled), the REIT Units are freely transferrable.

Purchase of REIT Units

Pursuant to the Declaration of Trust, the REIT may from time to time purchase REIT Units in accordance with applicable securities regulatory laws, regulations or policies or the policies of any applicable stock exchange, provided that if such time is a Stapled Time, the REIT shall not purchase for cancellation any outstanding REIT Units unless NorSerCo purchases for cancellation an equal number of NorSerCo Shares in accordance with its articles. Any such purchases will constitute an “issuer bid” for each of the REIT and NorSerCo under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Redemption Rights

REIT Units are redeemable at any time on demand by the holders thereof provided that, if the time is a Stapled Time, the REIT Unitholder must simultaneously tender to NorSerCo for retraction an equal number of the holder’s NorSerCo Shares in accordance with the articles of NorSerCo (see “NorSerCo Shares — Retraction Rights of NorSerCo Shareholders” below). A REIT Unitholder not otherwise holding a fully registered Stapled Unit certificate who wishes to exercise the redemption right is required to obtain a written redemption notice (the “**Redemption Notice**”) from his or her investment dealer who is then required to deliver the completed Redemption Notice to the REIT. Upon receipt by the REIT of the Redemption Notice, the REIT Unitholder shall thereafter cease to have any rights with respect to the REIT Units tendered for redemption (other than to receive the redemption payment therefor) including the right to receive any distributions thereon which are declared payable to the REIT Unitholders of record on a date which is subsequent to the day of receipt by the REIT of such notice. REIT Units shall be considered to be tendered for redemption on the date that the REIT has, to the satisfaction of the Trustees, received the Redemption Notice and all other required documents or evidence.

Upon receipt of the Redemption Notice by the REIT, the holder of the REIT Units tendered for redemption shall be entitled to receive a price per REIT Unit (the “**Redemption Price**”) equal to the lesser of:

(a) 90% of the “market price” of the REIT Units on the principal market on which the units are quoted for trading during the 20 trading day period commencing immediately subsequent to the day on which the units were surrendered to the REIT for redemption (the “**Redemption Date**”); and

(b) 100% of the “closing market price” on the principal market on which the REIT Units are quoted for trading on the Redemption Date.

If the Redemption Date occurs during a Stapled Time, the above references to REIT Units must be read as "Stapled Units", and the Redemption Price will be reduced by the retraction price of a NorSerCo Share (as calculated in accordance with NorSerCo's articles) on that date.

For the purposes of calculating the Redemption Price, "market price" shall be an amount equal to the weighted average of the closing price of the REIT Units for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the REIT Units traded on a particular day, the "market price" shall be an amount equal to the average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 20 trading days, the "market price" shall be the weighted average of the following prices established for each of the 20 trading days: (i) the weighted average of the last bid and last asking prices of the REIT Units for each day there was no trading; (ii) the closing price of the REIT Units for each day that there was trading if the exchange or market provides a closing price; and (iii) the weighted average of the highest and lowest prices of the REIT Units for each day that there was trading if the market provides only the highest and lowest prices of such units traded on a particular day. Where the holder of REIT Units tendered for redemption is entitled to receive a price per unit equal to 100% of the "closing market price" on the principal market on which the units are quoted for trading on the Redemption Date, the "closing market price" shall be (i) an amount equal to the closing price of the REIT Units if there was a trade on the date and the exchange or market provides a closing price; (ii) an amount equal to the weighted average of the highest and lowest prices of the REIT Units if there was trading and the exchange or other market provides only the highest and lowest prices of REIT Units traded on a particular day; or (iii) the weighted average of the last bid and last asking prices of those units if there was no trading on that date.

The aggregate Redemption Price payable by the REIT in respect of any REIT Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment no later than the last day of the calendar month following the month in which the 20 trading day period referred to above ended, provided that there is no entitlement for REIT Unitholders to receive cash upon the redemption of their REIT Units if:

(a) the total amount payable by the REIT in respect of such REIT Units and all other units tendered for redemption in the same calendar month exceeds $50,000, provided that the Trustees may, in their sole discretion, waive such limitation in respect of all REIT Units tendered for redemption in any particular calendar month;

(b) at the time such REIT Units are tendered for redemption, the outstanding units are not listed on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the REIT Units; or

(c) the normal trading of outstanding REIT Units is suspended or halted on any stock exchange on which the REIT Units are listed for trading (or, if not listed on a stock exchange, on any market on which the REIT Units are quoted for trading) on the Redemption Date or for more than five trading days during the 20 day trading period commencing immediately after the Redemption Date.

If a REIT Unitholder is not entitled to receive cash upon the redemption of REIT Units as a result of any one of the foregoing limitations, then the Redemption Price for such REIT Units shall be the fair market value thereof as determined by the Trustees and shall, subject to any applicable regulatory approvals, be paid out and satisfied by way of a distribution *in specie* consisting of such assets of the REIT as determined by the Trustees.

NorSerCo Shares

General

NorSerCo's authorized share capital consists of an unlimited number of NorSerCo Shares, and an unlimited number of special shares ("**NorSerCo Special Shares**"), each without par value.

NorSerCo Shareholders are entitled to: (i) one vote per NorSerCo Share at all meetings of NorSerCo Shareholders; (ii) receive *pari passu* with holders of NorSerCo Special Shares any dividends as and when declared by the directors of NorSerCo; and (iii) receive *pari passu* with holders of NorSerCo Special Shares (as applicable) the remaining assets of NorSerCo available for distribution to NorSerCo's shareholders in the event of the liquidation, dissolution or winding-up of NorSerCo.

Redemption of NorSerCo Shares by NorSerCo

Pursuant to its articles of incorporation NorSerCo can redeem some or all of the outstanding NorSerCo Shares at any time, and the redemption price for each NorSerCo Share that must be paid by NorSerCo in this regard is the lesser of $100 or the fair market value of a NorSerCo Share, plus any declared but unpaid dividends on such shares.

Retraction Rights of NorSerCo Shareholders

Pursuant to NorSerCo's articles of incorporation, at a Stapled Time, a NorSerCo Shareholder can require NorSerCo to redeem such shareholder's NorSerCo Shares, provided that the shareholder simultaneously tenders to the REIT for redemption, in accordance with the Declaration of Trust, an equivalent number of the REIT Units held by the shareholder. A NorSerCo Shareholder will be entitled to be paid, in respect of each NorSerCo Share tendered for retraction, the lesser of $100 or the fair market value of a NorSerCo Share, plus any declared but unpaid dividends on such shares.

Distributions on Stapled Units

The REIT currently intends, in accordance with the terms of the Declaration of Trust, to make cash distributions to Stapled Unitholders equal to, on an annual basis, an amount not less than the REIT's taxable income for that year. Distributions in respect of a month will be paid to Stapled Unitholders of record as of the close of business on the last business day of each month of each year, except for the month of December where such date shall be December 31. The distribution for any month will be paid on or about the 15th day of the following month. In addition, the Declaration of Trust provides that, if necessary, on December 31 of each year, the REIT will, at the discretion of the Trustees, distribute an additional amount such that the REIT will not be liable for ordinary income taxes for such year.

If the Trustees determine that the REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional REIT Units (and a corresponding number of NorSerCo Shares to be issued in order to form Stapled Units in accordance with the Stapled Unit Agreement) having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution. The value of each REIT Unit so issued will be the redemption price thereof. Immediately after any such distribution of REIT Units (and the corresponding number of NorSerCo Shares), the number of outstanding Stapled Units will be consolidated such that each Stapled Unitholder will hold after the consolidation the same number of Stapled Units as the Stapled Unitholder held before the distribution of additional REIT Units (and NorSerCo Shares).

In accordance with the articles of NorSerCo, the board of directors of NorSerCo has the discretion to declare dividends on the NorSerCo Shares. As of the date of this short form prospectus, no dividends have been declared on the NorSerCo Shares.

Historical Distributions

The following table sets forth, for the period from the inception of the REIT to December 31, 2010, the per REIT Unit amount of monthly cash distributions paid by the REIT to REIT Unitholders and, for the period from January 1, 2011 to April 30, 2011, the per Stapled Unit amount of monthly cash distributions paid by NPR to Stapled Unitholders, in each case as of record as at the last business day for each of the months set out below (except for the months of December, which are as at December 31).

Period	Monthly cash distribution
REIT Units	
May 2002	$0.0063
June 2002 – November 2003	$0.0958
December 2003 – November 2004	$0.0987
December 2004 – November 2005	$0.1042
December 2005 – November 2006	$0.1094
December 2006 – October 2007	$0.1150
November 2007 – July 2010	$0.1233
August 2010 – December 2010	$0.1275
Stapled Units	
January 2011 – April 2011	$0.1275

The historical distribution payments described above may not be reflective of future distribution payments, which will be subject to review by the Trustees taking into account the prevailing financial circumstances of NPR at the relevant time.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, NPR has agreed to issue and sell and the Underwriters have agreed to purchase on the Closing Date, subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, 1,700,000 Stapled Units at a price of $29.85 per unit for an aggregate price of $50,475,000. The Underwriting Agreement provides that NPR will pay to the Underwriters an aggregate fee of $2,029,800 in consideration for their services in connection with this Offering.

The obligations of the Underwriters under the Underwriting Agreement are several, but not joint, and may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Stapled Units offered hereby if any are purchased under the Underwriting Agreement.

Each of the REIT and NorSerCo has agreed to severally, and jointly with the other, indemnify and hold harmless the Underwriters, the Underwriters; affiliates and their respective directors, officers and employees against certain losses, claims, costs, expenses, actions, damages and liabilities, including civil liabilities under Canadian provincial and territorial securities legislation, or to contribute to any payments the Underwriters may be required to make in respect thereof.

The distribution price of the Stapled Units was determined by negotiation between NPR and the Underwriters with reference to the market price of the Stapled Units.

NPR has granted to the Underwriters an Over-Allotment Option exercisable at any time, in whole or in part, for a period of 30 days following the Closing Date, to purchase up to 255,000 Stapled Units at the same price as set forth above. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of Stapled Units issuable upon exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public, the total Underwriters' Fee and the total net proceeds to NPR will be $58,356,750, $2,334,270 and $56,022,480, respectively.

The Underwriters propose to offer the Stapled Units offered hereby to the public at a price of $29.85 per unit. After the Underwriters have made a reasonable effort to sell all of the Stapled Units offered hereby at that price, the offering price may be decreased, and further changed from time to time to an amount not greater than $29.85 per Stapled Unit, and the compensation realized by the Underwriters will accordingly also be reduced.

Pursuant to policy statements of the Ontario Securities Commission and Autorité des marchés financiers du Québec, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase any Stapled Units. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules of Market Regulation Services Inc. relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with this Offering and subject to the foregoing, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Stapled Units at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Stapled Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or applicable state securities laws, and may not be offered, sold or delivered, directly or indirectly, within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and state securities laws, they will not offer or sell any of such securities within the United States. The Underwriting Agreement permits the Underwriters to offer and sell the Stapled Units purchased by them outside the United States in compliance with Regulation S under the U.S. Securities Act. The Underwriting Agreement also enables the Underwriters to offer and resell the Stapled Units that they have acquired pursuant to the Underwriting Agreement in the United States to persons who are "qualified institutional buyers," as such term is defined in Rule 144A under the U.S. Securities Act, where such offers and sales are made in compliance with Rule 144A under the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Stapled Units in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Stapled Units offered hereby within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer is made pursuant to an exemption from registration under the U.S. Securities Act.

The Stapled Units will be "restricted securities" within the meaning of Rule 144(a)(3) promulgated under the U.S. Securities Act. Certificates representing any securities that are offered, sold or issued in the United States will bear a legend to the effect that the securities represented thereby have not been registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws.

NPR has agreed that it will not, without the prior consent of CIBC World Markets Inc. (such consent not to be unreasonably withheld) offer, sell or otherwise dispose of any Stapled Units, REIT Units, NorSerCo Shares or any securities convertible into or exchangeable for Stapled Units, REIT Units or NorSerCo Shares (other than the Stapled Units offered hereby, the REIT Units issued pursuant to the REIT's unit option plan or long-term incentive plan, issuable pursuant to property acquisitions, convertible securities or outstanding commitments, or any conversion or reorganization of NPR for tax purposes) for a period of 90 days following the Closing Date.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

NPR has applied to list the Stapled Units offered under this short form prospectus on the TSX. Listing will be subject to NPR fulfilling all of the listing requirements of the TSX.

Relationship between the REIT and the Underwriters

Four of the Underwriters, CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc., are subsidiaries of Canadian chartered banks (the "**Affiliated Banks**") which are the lenders to the REIT under the Lines of Credit. As at April 30, 2011, the REIT was indebted to the Affiliated Banks under the Lines of Credit in an aggregate amount of approximately $21 million. The REIT is currently in compliance in all material respects with the terms of the Lines of Credit. Specific properties of NPR have been pledged as collateral security for the Lines of Credit. There has been no material adverse change in the financial position of the REIT and the value of the properties pledged as collateral security for the Lines of Credit has not materially changed since the Lines of Credit were established. Approximately $17 million of the net proceeds of this Offering will be used to repay the indebtedness of the REIT under the Syndicated Line of Credit. Consequently, the REIT may be considered a connected issuer of CIBC World Markets Inc., BMO Nesbitt Burns Inc. and Scotia Capital Inc. for the purposes of Canadian securities regulations. The decision of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc. to participate in the Offering was made independently of the Affiliated Banks. The terms, structure and pricing of the Offering were determined solely by negotiation among the REIT and the Underwriters. The Affiliated Banks did not play a role in those determinations or decisions. Other than as described above, none of the proceeds of the Offering, except for that portion payable to the Underwriters for their fees and expenses, will be applied for the benefit of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the REIT, and Torys LLP, counsel to the Underwriter, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Stapled Units.

In this summary, any uncapitalized term in quotation marks that is not otherwise defined herein means that term as defined in the Tax Act.

Comment is restricted to prospective investors each of whom, at all relevant times for the purposes of the Tax Act,

(a) is an individual or corporation,

(b) is resident solely in Canada,

(c) will hold all Stapled Units solely as capital property,

(d) deals at arm’s length and is not affiliated with either the REIT or NorSerCo,

(e) is not a “financial institution” for the purposes of the mark-to-market rules, or a “specified financial institution”,

(f) is not an entity an interest in which is a “tax shelter investment”, and

(g) has not elected to determine its Canadian tax results in accordance with a “functional currency”,

(each such prospective investor in this summary, a “**Holder**”).

A Holder’s REIT Units and NorSerCo Shares included in the Holder’s Stapled Units generally will be capital property unless the Holder holds them in the course of carrying on a business or as an adventure in the nature of trade. A Holder whose REIT Units or NorSerCo Shares might not otherwise be capital property may, in certain circumstances, irrevocably elect pursuant to subsection 39(4) of the Tax Act that those securities, together with all of the Holder’s other “Canadian securities”, be capital property.

This summary further assumes, based in part on certain matters certified to counsel by senior management of the REIT, that the REIT will be a “mutual fund trust” at all material times. The Canadian federal income tax consequences to Holders of an investment in Stapled Units could be materially different from those summarized below if this assumption is untrue.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency to the date hereof. This summary assumes that the Tax Proposals will be enacted as proposed and that there will be no other material change to any applicable law or practice, although no assurance can be given in these respects. This summary does not take into account any provincial, territorial or foreign tax law or treaty, which may result in different considerations from those discussed herein.

This summary is of a general nature and is not, and is not to be construed as, tax advice to any particular Holder or to any other holder of Stapled Units. Each Holder should consult his, her or its own tax advisers with respect to the legal and tax consequences of an investment in Stapled Units applicable to his, her or its particular circumstances.

SIFT Rules

General

The Tax Act provides for a special taxation regime (the "**SIFT Rules**") applicable to "SIFT trusts" (each a "**SIFT Trust**") and "SIFT partnerships", and their investors.

A SIFT Trust is a Canadian resident trust, other than a "real estate investment trust" as defined in the Tax Act (as so defined, a "**Tax REIT**"), whose units are publicly listed or traded and which owns one or more "non-portfolio properties".

For this purpose, a SIFT Trust's non-portfolio property includes

(a) its Canadian real and immovable properties (or resource properties) if their total fair market value is greater than 50% of the equity value of the SIFT Trust,

(b) property that the SIFT Trust (or a person or partnership with which it does not deal at arm's length) uses in the course of carrying on a business in Canada, and

(c) "securities" of a "subject entity" if the fair market value of the subject entity's securities that are held by the SIFT Trust have a total fair market value that is more than 10% of the entity's equity value, or if the fair market value of the securities of the subject entity and of entities affiliated with it and that are held by the SIFT Trust have a total fair market value that is more than 50% of the SIFT Trust's equity value. (A "subject entity" includes any corporation or trust that is resident in Canada, any "Canadian resident partnership" and certain non-resident persons and partnerships other than Canadian resident partnerships. "Securities" is broadly defined, and generally includes any liability of a corporation, trust or partnership, share of a corporation, interest in a trust or partnership, and any right to acquire a security).

Under the SIFT Rules a SIFT Trust is not permitted to deduct any of its "non-portfolio earnings" (which includes its income from its "non-portfolio properties") for a taxation year that it pays or is payable in the taxation year to its unitholders. Such undeductible income is subject to tax in the SIFT Trust at rates that approximate the combined federal and provincial corporate income tax rates. Distributions to the SIFT Trust's unitholders of such undeductible income are deemed to be taxable dividends from a taxable Canadian corporation, and unitholders are taxed accordingly.

The SIFT Rules do not apply to a trust that is a Tax REIT, and accordingly neither a Tax REIT nor its investors are as such subject to tax under the SIFT Rules (the "**Tax REIT Exemption**").

Tax REIT Exemption

To qualify as a Tax REIT for a taxation year, and therefore for the Tax REIT Exemption for the year, the REIT must satisfy each of the following criteria throughout the taxation year:

(a) it must not at any time in the taxation year hold "non-portfolio property" (other than "qualified REIT properties") which at that time represent in aggregate 10% or more of the fair market value of all of its "non-portfolio property";

(b) 90% or more of its "gross REIT revenues" (including capital gains and gains from the disposition of "eligible re-sale properties") for the taxation year must be derived from "rent from real or immovable properties", interest, capital gains from dispositions of "real or immovable property", gains from eligible re-sale properties, dividends, and royalties;

(c) 75% or more of its gross REIT revenues for the taxation year must be derived from "rent from real or immovable properties", interest from mortgages or hypothecs secured on "real or immovable property", and capital gains from dispositions of "real or immovable property";

(d) the total fair market value of its "real or immovable property", cash (including bank deposits, deposits with credit unions and bankers' acceptances), and certain debt obligations issued by a Canadian federal or provincial government or certain other public bodies must throughout the taxation year be equal to 75% or more of the equity value of the REIT; and

(e) investments in the REIT must be listed or trade on a stock exchange or other public market at any time in the year (together with the four preceding tests, the "**Tax REIT Rules**").

The REIT's "qualified REIT property" will include its "real or immovable property", its securities of any "subject entity" that is a nominee holder of legal title of its real or immovable property, and its property that is ancillary to its earning rent from, or capital gains from the disposition of, its "real or immovable property". In addition, securities of a subsidiary of the REIT may qualify as "qualified REIT property" if the subsidiary itself satisfies the first four of the Tax REIT Rules described above. For the foregoing purposes, "rent from real or immovable properties" does not include rent that is based on profits, payments for the occupation or use of a hotel room, and certain other proscribed forms of revenue.

Senior management of the REIT has advised counsel that it anticipates that the REIT will satisfy the Tax REIT Rules and all other requirements for the Tax REIT Exemption throughout the REIT's 2011 taxation year and thereafter. The balance of this summary therefore assumes that the REIT will satisfy the Tax REIT Exemption at all material times with the result that neither the REIT nor Holders should be subject to tax under the SIFT Rules in respect of their investment in the REIT. Holders are cautioned, however, that the Tax REIT Exemption does not provide any grace period for the correction of a temporary breach of the Tax REIT Rules during a taxation year. There also can be no assurance that the Tax Act will not be amended to restrict or eliminate the REIT's ability to qualify for the Tax REIT Exemption. **Given these considerations, the exacting nature of the Tax REIT Rules and the requirement that they be satisfied throughout the taxation year by the REIT and each of its direct and indirect subsidiaries, there is a risk that the REIT will not qualify under the Tax REIT Exemption for one or more taxation years. Were this to occur, the level of monthly cash distributions on the REIT Units could be negatively affected.**

Taxation of the REIT and NorSerCo

The REIT

The REIT's taxation year is the calendar year. In each taxation year, the REIT will be subject to tax under the Tax Act on its income for the year, including net realized taxable capital gains, computed in accordance with the detailed provisions of the Tax Act, less any portion thereof that the REIT deducts in respect of amounts paid or payable or deemed to be paid or payable in the year to the Holders. An amount will be considered to be payable to a Holder in a taxation year if it is paid to the Holder in the year by the REIT or if the Holder is entitled in that year to enforce payment of the amount. Losses incurred by the REIT cannot be allocated to Holders, but may be deducted by the REIT in future years in accordance with the Tax Act.

The REIT's income for a taxation year will include its share of the income of New Partnership (which will also have a calendar taxation year) for its corresponding taxation year. New Partnership's income for a taxation year will include the rent paid or payable to it by NorSerCo pursuant to the master lease (the **"New Master Lease")** between them. New Partnership will be entitled to deduct from its income capital cost allowance in respect of its depreciable property. If New Partnership were to incur losses for the purposes of the Tax Act, the REIT's ability to deduct such losses may be limited by certain rules under the Tax Act.

In general, the REIT will not be subject to tax on any amount that it receives as a distribution from New Partnership, and will be required to reduce the adjusted cost base of its units in New Partnership by the amount, if any, by which any such distribution in a taxation year exceeds its allocated share of the income of New Partnership for the year. The REIT will be deemed to have realized a capital gain in a taxation year equal to the amount, if any, by which the adjusted cost base of its units in New Partnership at the end of the taxation year would otherwise be negative, and the adjusted cost base of its units in New Partnership at the beginning of the next taxation year will then be nil.

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

The REIT will be entitled, in each taxation year in which it would otherwise be liable for tax on its net realized taxable capital gains, to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of REIT Units during the year (a "**Capital Gains Refund**"). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the REIT's tax liability in respect of its capital gains for the taxation year arising as a result of the REIT's distributing non-cash assets of the REIT in satisfaction of the redemption price for REIT Units redeemed in the year. The REIT's Declaration of Trust therefore provides that the Trustees may allocate any capital gain so realized by the REIT in connection with the redemption of a REIT Unit by a Holder in the year to the Holder. The Holder would then be required to include in the Holder's income the taxable portion of the capital gain so allocated to the Holder.

NorSerCo

The normal Canadian federal income tax rules applicable to a "public corporations" will apply to NorSerCo. Accordingly, NorSerCo will generally be subject to corporate income tax at normal rates on its taxable income computed in accordance with normal rules under the Tax Act.

In computing its income NorSerCo will be entitled to deduct reasonable rent that it pays to New Partnership pursuant to the New Master Lease. Senior management of NPR has advised counsel that it expects that such rent will be reasonable and therefore deductible.

Taxation of Holders

Stapled Units

Each Stapled Unit of a Holder will represent the Holder's ownership of the REIT Unit and the NorSerCo Share that make up the Stapled Unit, and the Canadian federal income tax considerations applicable to the Holder will differ for each such security.

Distributions on REIT Units

A Holder will generally be required to include in income for the Holder's taxation year in which a taxation year of the REIT (the "**REIT's Taxation Year**") ends the aggregate amount of the REIT's income for the REIT's Taxation Year that was paid or payable to the Holder in the REIT's Taxation Year.

Provided that the REIT makes appropriate designations as permitted under the Tax Act, such portion of the REIT's net taxable capital gains, taxable dividends, and income from foreign sources for the REIT's Taxation Year that may reasonably be considered to be so included in the Holder's income will retain their character as such for tax purposes in the Holder's hands, and be taxed accordingly. Taxable dividends so designated to a Holder will be taxed in the manner described below under "Taxation of Holders – Dividends on NorSerCo Shares". The amount of a taxable dividend so designated to the Holder will be an eligible dividend provided that the corporation that paid the dividend made the necessary designation required under the Tax Act. Net taxable capital gains so designated to the Holder will be deemed to be a taxable capital gain of the Holder and be taxed in the manner described below under "Taxation of Holders – Taxable Capital Gains and Other Investment Income". The non-taxable portion of any net capital gains of the REIT for the REIT Taxation Year that is paid or payable to the Holder ("**Non-taxable Capital Gains Distributions**") will not be included in computing the Holder's income. Provided further that the REIT makes an appropriate designation as permitted under the Tax Act, the Holder will not be required to include in income that portion ("**Capital Dividend Distribution**") of any "capital dividend" received by the REIT in the REIT Taxation Year that may reasonably be considered to have become payable to the Holder in the year.

The Holder will be required to reduce the adjusted cost base of the Holder's REIT Units by the amount, if any, by which all amounts that were paid or payable to the Holder on the Holder's REIT Units in the REIT's Taxation Year (excluding the Holder's Non-taxable Capital Gains Distributions and Capital Dividend Distributions, if any, for the year) exceeds the portion thereof that the Holder is required to include in the Holder's income. The Holder will realize a capital gain to the extent that the adjusted cost base of the Holder's REIT Units would thereby become negative. In that case, the usual rules applicable to capital gains and losses would apply to the capital gain (see "Taxation of Holders — Taxable Capital Gains and Other Investment Income" below), and the adjusted cost base of the Holder's REIT Units would then be restored to nil.

Dividends on NorSerCo Shares

A Holder who is an individual will be required to include in income any dividend that he or she receives or is deemed to receive on his or her NorSerCo Shares, and will be subject to the usual dividend gross-up and tax credit rules (including, where applicable, the enhanced rules in respect of "eligible dividends") applicable to taxable dividends received from a taxable Canadian corporation.

A Holder that is a corporation will be required to include in income any dividend that it receives or is deemed to receive on its NorSerCo Shares, and generally will be entitled to deduct an equivalent amount in computing its taxable income. A Holder that is a "private corporation" as defined in the Tax Act, or any other corporation controlled or deemed to be controlled by or for the benefit of an individual or one or more related individuals, may be liable to pay a refundable tax of 33⅓% on any dividend that it receives or is deemed to receive on its NorSerCo Shares. Any such tax will generally be refundable to it at the rate of $1 for every $3 of taxable dividends that it pays on its shares.

Disposition of Stapled Units

A Holder who disposes of a Stapled Unit will be required to allocate the proceeds of disposition reasonably between the REIT Unit and the NorSerCo Share that make up the Stapled Unit. The tax implications of such a disposition will then be determined as if the Holder had separately disposed of the REIT Unit and the NorSerCo Share for proceeds of disposition as so allocated.

A Holder who disposes of a REIT Unit that is a component of a Stapled Unit (including on a redemption or repurchase thereof by the REIT) will generally realize a capital gain (capital loss) equal to the amount by which that portion of the proceeds of disposition of the Stapled Unit that is reasonably allocated to the REIT Unit, less reasonable costs of disposition, exceeds (or is exceeded by) the REIT Unit's adjusted cost base. For these purposes, if the Holder disposes of the REIT Unit on the redemption or repurchase thereof by the REIT, the allocated proceeds of disposition will not include any amount payable by the REIT that is otherwise required to be included in the Holder's income (such as any portion of the proceeds that the REIT deducts in computing its income as described above). The Holder will be required to include one half of any resulting capital gain in income as a taxable capital gain, and be entitled to deduct one half of any resulting capital loss as an allowable capital loss, in accordance with the usual rules applicable to capital gains and losses. See "Taxation of Holders — Taxable Capital Gains and Other Investment Income" below.

A Holder who disposes of a NorSerCo Share that is a component of a Stapled Unit (other than on a redemption or repurchase thereof by NorSerCo) will generally realize a capital gain or capital loss equal to the amount by which that portion of the proceeds of disposition of the Stapled Unit that is reasonably allocated to the NorSerCo Share, less reasonable costs of disposition, exceeds, or is exceeded by the NorSerCo Share's adjusted cost base. The Holder will be required to include one half of any resulting capital gain in income as a taxable capital gain, and be entitled to deduct one half of any resulting capital loss as an allowable capital loss, in accordance with the usual rules applicable to capital gains and losses. See "Taxation of Holders — Taxable Capital Gains and Other Investment Income" below.

If the disposition occurs on a redemption or repurchase of the NorSerCo Share by NorSerCo, the Holder generally will be deemed to have received a taxable dividend equal to the amount by which the amount paid on the redemption or repurchase of the share exceeds the "paid-up capital" of the share, as computed for the purposes of the Tax Act, and a capital gain or capital loss equal to the amount by which the paid-up capital of the share exceeds, or is exceeded by, its adjusted cost base. The usual rules applicable to the taxation of taxable dividends will apply to the deemed dividend, if any, and the usual rules applicable to capital gains and losses will apply to any capital gain or loss so arising. See "Taxation of Holders – Dividends on NorSerCo Shares" above and "Taxation of Holders — Taxable Capital Gains and Other Investment Income" below respectively.

A Holder whose REIT Units or NorSerCo Shares are redeemed or repurchased by the transfer of property of the REIT or NorSerCo other than cash will acquire the property so transferred to the Holder by the REIT or NorSerCo, as applicable, at a cost equal to the fair market value of the transferred property at the time of the redemption or repurchase.

A capital loss realized by a Holder that is a corporation in respect of a NorSerCo Share may, to the extent and under the circumstances specified in the Tax Act, be reduced by the amount of certain dividends that it received or was deemed to receive on the NorSerCo Share. Similar rules may apply to NorSerCo Shares that are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

For the purpose of determining a Holder's adjusted cost base of REIT Units or NorSerCo Shares acquired by the Holder pursuant to the Offering, the Holder's cost of the REIT Units or NorSerCo Shares, as applicable, acquired on the Offering generally will be averaged with the adjusted cost base of any other REIT Units and NorSerCo Shares, as applicable, held by the Holder at the closing of the Offering.

Taxable Capital Gains and Other Investment Income

Each Holder will be required to include in income for a taxation year one half of any capital gain ("taxable capital gain") that the Holder realizes or is deemed to realize in the taxation year (including as a consequence of having a negative adjusted cost base in the REIT Unit, any capital gain or loss in respect of the REIT Unit and NorSerCo Share on the disposition of a Stapled Unit, and the amount of any net taxable capital gains that the REIT designates to the Holder in the taxation year). The Holder will generally be entitled to deduct one half of any capital loss (allowable capital loss) that the Holder realizes or is deemed to realize in the taxation year against taxable capital gains realized or deemed to be realized in the year of disposition and, to the extent not so deductible, against taxable capital gains in any of the three preceding taxation years or any subsequent year, to the extent and under the circumstances described in the Tax Act.

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be required to pay an additional 6⅔% refundable tax on certain investment income for the year, including net taxable capital gains.

Alternative Minimum Tax

The Tax Act imposes an alternative minimum tax in some circumstances on individuals, including certain specified types of trusts. Such Holders should consult their own tax advisers with respect to the potential application of alternative minimum tax to their particular circumstances as a consequence of holding or disposing of Stapled Units.

PRIOR SALES

The following table summarizes the issuances by NPR of REIT Units, NorSerCo Shares and Stapled Units within the 12 months prior to the date of this short form prospectus:

Date of Issue	Type of Securities	No. of Securities	Issue or Exercise Price per Security	Description of Transaction
May 3, 2010	REIT Units	39,016	N/A	Exchange of Class B LP Units for REIT Units
May 20, 2010	REIT Units	15,000	N/A	Exchange of Class B LP Units for REIT Units
May 25, 2010	REIT Units	800	$15.05	Exercise of options under the REIT's unit option plan
June 7, 2010	REIT Units	15,000	N/A	Exchange of Class B LP Units for REIT Units
June 18, 2010	REIT Units	15,000	N/A	Exchange of Class B LP Units for REIT Units
June 18, 2010	REIT Units	400	$15.05	Exercise of options under the REIT's unit option plan
July 7, 2010	REIT Units	3,700	$15.05	Exercise of options under the REIT's unit option plan
July 12, 2010	REIT Units	300	$15.05	Exercise of options under the REIT's unit option plan
July 16, 2010	REIT Units	15,000	N/A	Exchange of Class B LP Units for REIT Units
August 5, 2010	REIT Units	20,000	N/A	Exchange of Class B LP Units for REIT Units
September 22, 2010	REIT Units	1,941,500	$25.50	Short form prospectus offering of REIT Units
October 1, 2010	REIT Units	35,341	$15.05	Exercise of options under the REIT's unit option plan
October 1, 2010	REIT Units	270,000	$23.12	Exercise of options under the REIT's unit option plan
November 2, 2010	REIT Units	25,000	N/A	Exchange of Class B LP units for REIT Units
November 4, 2010	REIT Units	1,278	N/A	Exchange of Class B LP units for REIT Units
November 26, 2010	REIT Units	3,000	$23.12	Exercise of options under the REIT's unit option plan
December 3, 2010	REIT Units	12,000	$23.12	Exercise of options under the REIT's unit option plan
December 8, 2010	REIT Units	2,200	$23.12	Exercise of options under the REIT's unit option plan
December 21, 2010	REIT Units	7,500	$23.12	Exercise of options under the REIT's unit option plan
December 31, 2010	REIT Units	1,872,705	N/A	Exchange of Class B LP Units for REIT Units as per the Arrangement
December 31, 2010	NorSerCo Shares(1)	27,442,306	$0.29	Distribution to REIT unitholders on a 1:1 basis

Date of Issue	Type of Securities	No. of Securities	Issue or Exercise Price per Security	Description of Transaction
				under Arrangement
January 12, 2011	Stapled Units	11,213	18.32	Exchange of unit rights granted under the REIT's LTIP
January 17, 2011	Stapled Units	21,778	28.92	Exchange of unit rights granted under the REIT's LTIP

Notes:

(1) Issued to the REIT as part of the Arrangement. These NorSerCo Shares were distributed by the REIT to its unitholders immediately prior to the completion of the Arrangement on December 31, 2010.

TRADING PRICE AND VOLUME

The following table sets forth, for the periods indicated, the reported high and low daily trading prices and the aggregate volume of trading of the REIT Units and the Stapled Units on the TSX. On January 6, 2011, the Stapled Units were listed and posted for trading on the TSX under the symbol "NPR.UN" in substitution for the REIT Units.

	Trading of REIT Units and Stapled Units		
Period	**High ($)**	**Low ($)**	**Volume**
2010 (REIT Units)			
May	24.91	21.21	1,284,014
June	24.30	22.70	718,808
July	25.10	22.26	418,599
August	25.94	24.01	598,954
September	26.09	25.29	1,490,585
October	27.46	25.54	1,192,667
November	27.88	26.25	757,144
December	29.39	26.74	883,454
2011 (Stapled Units)			
January	30.50	27.32	825,898
February	29.50	27.52	989,931
March	30.66	26.47	751,969
April	30.57	28.29	764,333
May 2 – 18	30.42	29.35	680,311

Source: Toronto Stock Exchange

RISK FACTORS

There are certain risks inherent in an investment in the Stapled Units and in the activities of NPR, including the following.

Real Property Ownership

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

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and upon the vacancy rates of the property portfolio. NPR's distributable income would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties in which NPR has acquired an interest were not able to be leased on economically favourable lease terms. In addition, the distributable income of NPR would be adversely affected by increased vacancies in NPR's property portfolio. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to NPR than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting NPR's investment may be incurred. Furthermore, at any time, a tenant of any of NPR's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenants lease and thereby cause a reduction in the cash flow available to NPR. The ability to rent unleased space in the properties in which NPR has acquired an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on NPR's financial condition.

Governments and their agencies represent a significant portion of the tenant base of NPR's properties, with lease terms ranging from month-to-month up to 20 years.

Certain significant expenditures, including property taxes, utility payments, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If NPR is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

Real property investments tend to be relatively illiquid, particularly in NPR's targeted geographical markets, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. If NPR were to be required to liquidate its real property investments, the proceeds to NPR might be significantly less than the aggregate carrying value of its property portfolio.

NPR will be subject to the risks associated with debt financing, including the risk that the existing mortgages secured by its properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. In order to minimize this risk, NPR will attempt to appropriately structure the timing of the renewal of significant tenant leases on the properties in relation to the time at which mortgage indebtedness on such properties becomes due for refinancing.

Failure to Complete the Proposed Iqaluit Acquisitions

NPR expects to complete the proposed Iqaluit Acquisitions on June 15, 2011, subject to the satisfactory completion of due diligence and customary closing conditions. However, there can be no assurance that all conditions will be satisfied or waived or that the acquisition will be completed.

If the proposed Iqaluit Acquisitions are not completed, NPR may be subject to a number of risks, including: (i) the price of the Stapled Units may decline to the extent that the relevant current market price reflects a market assumption that the acquisition will be completed and (ii) certain costs related to the transaction, such as legal, accounting and consulting fees, must be paid even if the proposed Iqaluit Acquisitions are not completed.

Availability of Cash Flow

Distributable income may exceed actual cash available from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures and redemption of Units, if any. NPR may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. NPR anticipates temporarily funding such items, if necessary, through an operating line of credit in expectation of refinancing long-term debt on its maturity.

Restriction on Redemption

At a Stapled Time, Stapled Unitholders are entitled to have their REIT Units and NorSerCo Shares redeemed at any time on demand (provided that if a Stapled Unitholder requires the REIT to redeem its REIT Units, the Stapled Unitholder will concurrently submit its NorSerCo Shares to NorSerCo for redemption, and *vice versa*).

The entitlement of Stapled Unitholders to receive cash upon the redemption of their REIT Units at a Stapled Time is subject to the limitations that: (i) the total amount payable by the REIT in respect of such REIT Units and all other REIT Units tendered for redemption in the same calendar month shall not exceed $50,000 (provided that such limitations may be waived at the discretion of the Trustees); (ii) at the time such REIT Units are tendered for redemption, the outstanding REIT Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Stapled Units; and (iii) the normal trading of Stapled Units is not suspended or halted on any stock exchange on which the Stapled Units are listed (or, if not listed on a stock exchange, on any market on which the Stapled Units are quoted for trading) on the redemption date or for more than five trading days during the 20-day trading period commencing immediately after the redemption date.

The entitlement of Stapled Unitholders to receive cash upon the redemption of their NorSerCo Shares at a Stapled Time is subject to the limitations that: (i) the total amount payable by NorSerCo in respect of such NorSerCo Shares and all other NorSerCo Shares tendered for redemption in the same calendar month shall not exceed $50,000 (provided that such limitations may be waived at the discretion of the board of directors of NorSerCo); and (ii) the normal trading of Stapled Units is not suspended or halted on any stock exchange on which the Stapled Units are listed (or, if not listed on a stock exchange, on any market on which the Stapled Units are quoted for trading) on the redemption date or for more than five trading days during the 20-day trading period commencing immediately after the redemption date.

Interest Rate Risk

NPR is exposed to interest rate risk on mortgages payable and does not hold any financial instruments to mitigate that risk. In the current economic environment, it is difficult to predict what future interest rates will be and as such, NPR may not be able to continue to renew mortgage loans with interest rates that are lower than those currently in place. NPR utilizes both fixed and floating rate debt. Interest rate risk related to floating interest rates is limited primarily to the utilization of operating facilities. Management mitigates interest rate risk by utilizing fixed rate mortgages, ensuring access to a number of sources of funding and staggering mortgage maturities with the objective of achieving relatively even annual debt maturities. To the extent possible, NPR maximizes the amount of mortgages on residential rental properties where it is possible to lower interest rates through Canada Mortgage and Housing Corporation mortgage insurance.

A sensitivity analysis on floating rate debt has been completed based on the exposure to interest rates at the balance sheet date. Floating rate debt includes all mortgages payable which are not subject to fixed interest rates and the credit facilities. A 0.50% change in interest rates, keeping all other variables constant, would change NPR's net earnings for the twelve months ended December 31, 2010 by $245,000.

Credit Risk

NPR's credit risk primarily arises from the possibility that tenants may not be able to fulfill their lease commitments. Tenant receivables are comprised of a large number of tenants spread across the geographic areas in which NPR operates. There are no significant exposures to single tenants with the exception of AgeCare Investments Ltd. ("**AgeCare**"), which leases seniors' properties in Alberta and BC and the Governments of Canada, the Northwest Territories and Nunavut, which lease a large number of residential units and commercial space in the Northwest Territories and Nunavut. NPR mitigates credit risk through conducting credit checks on prospective tenants, requiring rental payments on the first of the month, obtaining security deposits approximating one month's rent from tenants where legislation permits, and geographic diversification in its portfolio. NPR records a specific bad debt provision on balances owed from past tenants and provides an allowance for receivables, net of security deposits, from current tenants where the expected amount to be collected is less than the actual accounts receivable.

General Uninsured Losses

NPR carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. NPR has insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, NPR could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but NPR would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Environmental Matters

As an owner of real property, NPR is subject to various federal, provincial, territorial and municipal laws and other requirements relating to environmental matters. Under such requirements, NPR could be liable for the costs of removal of certain hazardous substances (such as, asbestos) and remediation of certain hazardous substances (including spilled or otherwise released petroleum products). The failure to remove or remediate such substances, if any, could adversely affect NPR's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in NPR incurring expenses, including in connection with orders or claims against NPR. NPR is not aware of any material non-compliance with environmental requirements at any of the properties or otherwise affecting NPR or its business. NPR is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or otherwise affecting NPR or its business or any pending or threatened claims relating to environmental conditions at its properties or otherwise affecting NPR or its business. NPR has policies and procedures to review, monitor and manage environmental exposure.

NPR plans to make the necessary capital and operating expenditures to facilitate compliance with environmental laws and other requirements. Although there can be no assurances, NPR does not believe that costs relating to environmental matters will have a material adverse effect on NPR's business, financial condition or results of operations. Moreover, environmental laws and other requirements can change and NPR may become subject to more stringent environmental laws and other requirements in the future, including those related to greenhouse gas emission reduction. Compliance with more stringent environmental laws and other requirements could have an adverse effect on NPR's business, financial condition or results of operation.

Tax Related Risk Factors

There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts and taxable Canadian corporations will not be changed in a manner which adversely affects Stapled Unitholders. If the REIT ceases to qualify as a "mutual fund trust" or a "registered investment" under the Tax Act or if Stapled Units cease to be listed on a designated stock exchange in Canada, the Stapled Units may cease to be qualified investments for various types of registered plans under the Tax Act (each a "**Plan**"). Property distributed to a Stapled Unitholder on an *in specie* redemption of Stapled Units may not be qualified investments for Plans. The Tax Act imposes penalties in respect of a Plan's acquisition or holding of non-qualified investments.

The Declaration of Trust provides that a sufficient amount of the REIT's net income and net realized taxable capital gains will be distributed each year to REIT Unitholders or otherwise in order to eliminate the REIT's liability for tax under Part I of the Tax Act. Where the net income and net realized taxable capital gains of the REIT in a taxation year exceeds its cash available for distribution in the year, such excess net income or net realized taxable capital gains will be distributed to REIT Unitholders in the form of additional REIT Units. REIT

Unitholders will generally be required to include an amount equal to the fair market value of those REIT Units in their income.

Although NPR is of the view that all expenses claimed by any member of the NP Group (including payments from NorSerCo to New Partnership under the new master lease between NorSerCo and the New Partnership), are or will be reasonable and deductible, and that the cost amount and capital cost allowance claims of such entitles have been correctly determined, there can be no assurance that the CRA will agree.

The extent to which distributions will be tax-deferred in the future will depend in part on the extent to which New Partnership is able to deduct capital cost allowance relating to properties directly held by it.

The Tax Act was amended to impose the SIFT Rules on certain specified investment flow-through entities, including certain publicly listed income trusts and publicly listed partnerships ("SIFTs"), and their unitholders. The SIFT Rules in general effectively tax SIFTs as corporations (at a rate comparable to the general combined federal/provincial corporate income tax rate) and certain distributions to unitholders as taxable dividends. The SIFT Rules do not apply to "real estate investment trusts" ("**Tax REITs**") as defined in the Tax Act (the "**Tax REIT Exemption**").

The REIT undertook the Arrangement (see "Recent Developments — The SIFT Reorganization") to ensure that it would be a Tax REIT on January 1, 2011, and therefore would qualify for the Tax REIT Exemption at that time. However, there can be no assurance that the REIT will qualify for the Tax REIT Exemption at all times thereafter. If the REIT ceases to be a Tax REIT and therefore becomes subject to the SIFT Rules, the impact on holders of REIT Units will depend on the status of the holder and, in part, on the amount of income distributed which would not be deductible by the REIT in computing its income in a particular year, and which portion of the REIT's distributions constitute "non-portfolio earnings", other income and returns of capital.

Debt Financing

NPR has outstanding mortgage indebtedness of approximately $531.6 million as at December 31, 2010. A portion of the cash flow generated by NPR's properties will be devoted to servicing such debt, and there can be no assurance that NPR will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If NPR is unable to obtain additional equity, debt or other financing, NPR is also subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of such financing may not be as favourable as the terms of its existing indebtedness.

NPR has been able to continue its mortgage financing program for multi-family properties at lower interest rates than were previously in place. It is not possible to predict whether the low interest rate environment will continue to enable NPR to reduce its weighted average interest rates.

Utility Risk Factors

Residential real estate generally requires landlords to pay the cost of some building utilities most notably the cost of heat, water, sewage and garbage removal. Building heating costs have risen significantly since 2002 as a result of the rising price of oil and natural gas. In Yellowknife, NPR continues to reduce its exposure to the price volatility of fuel oil. At April 30, 2011, NPR had installed wood pellet boilers that service 378 residential units. Approximately 50% of NPR's residential units in Yellowknife will be serviced by wood pellet boilers when NPR completes its wood pellet boiler conversion program, which is anticipated to be completed by the end of 2012. NPR's commercial property portfolio and a portion of its residential portfolio in Nunavut are somewhat protected from heating oil risk by virtue of being leased subject to conditions which permit recovery of heating fuel increases from government or corporate lessees. Although increases in utility costs can generally be recovered by way of periodic increases to residential tenants, operating margins may still decline as a result of rapid utility rate increases, as there are certain legislative and market driven considerations which may delay NPR's ability to implement such rent increases.

Potential Conflicts of Interest

NPR may be subject to various conflicts of interest because of the fact that certain subsidiaries, affiliates, and their respective directors, officers and associates, as well as the Trustees and management, are engaged in a wide range of real estate and other business activities. NPR may become involved in transactions which conflict with the interests of the foregoing. Certain members of management of the NPR have entered into non-competition agreements which address certain of these conflicts of interest.

The Trustees, management and their associates or affiliates may from time to time deal with persons, firms, institutions or corporations with which NPR may be dealing, or which may be seeking investments similar to those desired by NPR. The interests of these persons could conflict with those of NPR. In addition, from time to time, these persons may be competing with NPR for available investment opportunities.

The Declaration of Trust contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and refrain from voting.

Dilution

The REIT is authorized to issue an unlimited number of REIT Units, and NorSerCo is authorized to issue an unlimited amount of NorSerCo Shares. Accordingly, NPR is authorized to issue an unlimited number of Stapled Units, and any issuance of additional Stapled Units may have a dilutive effect on Stapled Unitholders.

Potential Delisting of NorSerCo Shares on Separation Event

Upon a Separation Event, the NorSerCo Shares may be de-listed from the TSX and consequently, there may be no market through which a holder of NorSerCo Shares can liquidate its investment in NorSerCo. In such circumstances, there can be no assurance that the NorSerCo Shares will be re-listed and posted for trading on the TSX or any other stock exchange, or that a market for the NorSerCo Shares will develop.

Potential Expenses and Difficulties in Effecting a Separation Event

As a result of changes in applicable tax laws, or otherwise, it may become desirable to separate the REIT Units and the NorSerCo Shares such that the two securities trade separately. There can be no assurance that such a separation will be accomplished in a timely manner, or at all, and the REIT and/or NorSerCo may incur significant expenditures related to administrative expenses, legal and tax advice, holding a meeting of holders of REIT Units or otherwise to effect a separation of the REIT Units and the NorSerCo Shares. The market value of the Stapled Units may decline significantly if the separation of the REIT Units and the NorSerCo Shares upon a Separation Event cannot be effected in a timely manner or at all.

Property Tax Risk

Over the past few years, property tax expense has increased as a result of re-evaluations of properties by municipalities and the tax rates applied to the valuations. NPR, in conjunction with outside consultants, regularly reviews these re-evaluations and appeals where warranted. If property tax expenses increase materially, the distribution paid out per Unit may, all other things being equal, be decreased.

EXEMPTIONS FROM NATIONAL INSTRUMENT 44-101

Pursuant to the Exemptive Relief Decision, NPR is relying on certain exemptions from requirements under National Instrument 44-101 – *Short Form Prospectus Distributions* ("**NI 44-101**") and certain other applicable securities laws in connection with the Offering. In particular:

(i) NorSerCo is designated as a reporting issuer under the applicable legislation of each of the provinces and territories of Canada (other than jurisdictions where such relief is not applicable);

(ii) NorSerCo is exempted from the requirements contained in subparagraphs (d) and (e) of section 2.2 of NI 44-101 that it have filed current annual financial statements and an annual information form and that the NorSerCo Shares be separately posted for trading on a "short form eligible exchange" (as defined in NI 44-101) in order for NorSerCo to be qualified to file a prospectus in the form of a short form prospectus, provided that, among other conditions, each NorSerCo Share is stapled to a REIT Unit and trades as a Stapled Unit and each Stapled Unit is listed and posted for trading on a short form eligible exchange;

(iii) the REIT is exempted from the requirement contained in subsection 2.2(e) of NI 44-101 that REIT Units be separately posted for trading on a short form eligible exchange in order for the REIT to be qualified to file a prospectus in the form of a short form prospectus, provided that, among other conditions, each REIT Unit is stapled to an NorSerCo Share and trades as a Stapled Unit and each Stapled Unit is listed and posted for trading on a short form eligible exchange; and

(iv) NorSerCo is relying on certain of the CD Documents filed by the REIT incorporated herein by reference. Pursuant to the Exemptive Relief Decision, NorSerCo is not required to file the CD Documents if, among other conditions: (a) its financial statements are combined with those of the REIT; (b) it files a notice under its SEDAR profile indicating that it is relying on the CD Documents filed by the REIT and directing readers to refer to the REIT's SEDAR profile; and (c) NorSerCo does not issue or have outstanding any securities other than NorSerCo Shares (which must trade together with REIT Units as Stapled Units), the special shares of NorSerCo issuable, from time to time, in consideration for property acquisitions in tandem with units of New Partnership that are ultimately exchangeable for REIT Units, and debt securities that are "stapled" to debt securities of the REIT. Notwithstanding the notice filed on March 9, 2011 by NorSerCo in respect of its reliance on the CD Documents filed by the REIT, NorSerCo is required to issue a press release and file a material change report in compliance with the requirements of applicable securities laws upon the occurrence of a material change in respect of the affairs of NorSerCo that is not also a material change in the affairs of the REIT. Although NorSerCo expects to comply with the conditions of the Exemptive Relief Decision, failure to so comply will result in the loss of the relief granted under the Exemptive Relief Decision.

A copy of the Exemptive Relief Decision is available at www.albertasecurities.com.

EXPERTS

Opinions

The matters referred to under "Qualification for Investment", "Canadian Federal Income Tax Considerations" and certain other legal matters relating to the Stapled Units offered under this short form prospectus will be passed upon at the Closing Date by Borden Ladner Gervais LLP, on behalf of NPR, and by Torys LLP, on behalf of the Underwriters.

Interest of Experts

As of May 18, 2011, the partners and associates of Borden Ladner Gervais LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Stapled Units of NPR. Mr. Douglas H. Mitchell, Q.C., O.C., who is the National Co-Chairman of Borden Ladner Gervais LLP, is a Trustee and a director of NorSerCo. As of May 18, 2011, the partners and associates of Tory LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Stapled Units of NPR.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of NPR are Deloitte & Touche LLP at their principal offices in Calgary, Alberta. Deloitte & Touche LLP has advised NPR that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

The transfer agent and registrar for the Stapled Units is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a short form prospectus and any amendment thereto. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the short form prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

AUDITOR'S CONSENT

We have read the short form prospectus of Northern Property Real Estate Investment Trust (the "**REIT**") and NorSerCo Inc. ("**NorSerCo**", and together with the REIT, "**NPR**") dated May 19, 2011 qualifying the distribution of 1,700,000 Stapled Units, each consisting of one trust unit of the REIT and one common share of NorSerCo (the "**Prospectus**"). 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 Prospectus of our independent auditor's report to the unitholders of the REIT and the shareholders of NorSerCo on the combined balance sheets of NPR as at December 31, 2010 and 2009; and the combined statements of earnings and comprehensive earnings, equity and cash flows for the years then ended and the notes to the financial statements. Our report is dated March 9, 2011.

(Signed) DELOITTE & TOUCHE LLP
Chartered Accountants
Calgary, Alberta
May 19, 2011

CERTIFICATE OF NORTHERN PROPERTY REAL ESTATE INVESTMENT TRUST

Dated: May 19, 2011

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

(Signed) B. JAMES BRITTON President and Chief Executive Officer	(Signed) DAVID LEIMAN Chief Financial Officer

On behalf of the Board of Trustees

(Signed) DOUGLAS H. MITCHELL Trustee	(Signed) DENNIS J. HOFFMAN Trustee

CERTIFICATE OF NORSERCO INC.

Dated: May 19, 2011

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

(Signed) B. JAMES BRITTON President and Chief Executive Officer	(Signed) DAVID LEIMAN Chief Financial Officer

On behalf of the Board of Directors

(Signed) DOUGLAS H. MITCHELL Director	(Signed) DENNIS J. HOFFMAN Director

CERTIFICATE OF THE UNDERWRITERS

Dated: May 19, 2011

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

CIBC WORLD MARKETS INC.

By: (Signed) ALLAN S. KIMBERLEY
Vice-Chairman and Managing Director

BMO NESBITT BURNS INC.

By: (Signed) DEREK DERMOTT
Managing Director

RBC DOMINION SECURITIES INC.

By: (Signed) CAROLYN A. BLAIR
Managing Director

SCOTIA CAPITAL INC.

By: (Signed) STEPHEN SENDER
Managing Director

DUNDEE SECURITIES LTD.

By: (Signed) ONORIO LUCCHESE
Managing Director

GMP SECURITIES LP

By: (Signed) ANDREW KIGUEL
Managing Director, Investment Banking

MACQUARIE CAPITAL MARKETS CANADA LTD.

By: (Signed) JOHN BARTKIW
Managing Director

TD SECURITIES INC.

By: (Signed) DAVID BLOOMSTONE
Vice President and Director

Northern Property

Real Estate Investment Trust