

## QUESTIONS AND ANSWERS

The following are some questions that you, as a Unitholder, may have relating to the Meeting, and the answers to those questions. These questions and answers do not provide all the information relating to the Meeting or the matters to be considered at the Meeting and are qualified in their entirety by the more detailed information contained elsewhere in this Circular.

**Unitholders are urged to read this Circular in its entirety before making a decision related to your Units.**

**1. Q: Why did I receive this package of information?**

**A:** On February 14, 2018, the REIT, CREIT GP and Choice Properties entered into the Arrangement Agreement pursuant to which Choice Properties will, among other things, acquire all of the REIT's assets and assume all of its liabilities, including long-term debt and all residual liabilities (other than certain credit facilities of the REIT that will be repaid in connection with the Transaction). The REIT will then redeem all of its outstanding Units for an aggregate of \$22.50 in cash and 2.4904 Choice Properties Units per Unit, on a fully prorated basis. Unitholders will have the ability to choose whether to receive \$53.75 in cash or 4.2835 Choice Properties Units for each Unit held, subject to proration.

One of the conditions of the Transaction is that Unitholders approve the Special Resolution at the Meeting.

**2. Q: When and where is the Meeting?**

**A:** The Meeting will be held at 1 King Street West, 2<sup>nd</sup> Level, Grand Banking Hall, Toronto, Ontario M5H 1A1 on April 11, 2018 at 10:00 a.m. (Toronto time).

**3. Q: What am I voting on?**

**A:** At the Meeting, Unitholders will be asked to pass the Special Resolution approving the Transaction, including the Plan of Arrangement. The full text of the Special Resolution is set out in Appendix "A" to this Circular.

**4. Q: Does the Board support the Transaction?**

**A:** Yes. The Board (other than Trustees who did not vote due to the reasons set out below) is unanimously recommending that Unitholders vote **FOR** the Special Resolution approving the Transaction.

The Board diligently considered the terms of the Transaction and its impact on the REIT and the REIT's stakeholders. As part of that process, the REIT and Choice Properties negotiated the terms of the Arrangement Agreement. After considering a number of factors as described in this Circular under the heading "*Background to the Transaction – Reasons for the Recommendation*", including the Fairness Opinion, the Board (other than Trustees who did not vote due to the reasons set out below) unanimously determined that the Transaction is in the best interests of the REIT and its Unitholders.

Stephen E. Johnson serves as a member of senior management of the REIT and, as a result, abstained from voting and Anthony Fell abstained from voting and recused himself from all discussions in connection with the Transaction due to his historical relationship with Loblaw, including his past tenure as a member of the Loblaw board of directors.

**5. Q: Have any Unitholders committed to voting for the Transaction?**

**A:** Each of the Trustees and certain executive officers of the REIT, who collectively hold approximately 1.2% of the Units, have entered into voting and support agreements with Choice Properties in support of the Transaction and intend to vote their Units **FOR** the Special Resolution approving the Transaction.

**6. Q: What will I receive in exchange for my Units on closing of the Transaction?**

**A:** Unitholders will have the ability to choose whether to receive \$53.75 in cash or 4.2835 Choice Properties Units for each Unit held, subject to proration. Subject to proration, a Unitholder may elect to receive Cash Consideration for any whole number of Units held by such Unitholder at the Effective Date and Non-Cash Consideration for the remaining whole number of Units held by such Unitholder at the Effective Date. See "*The Transaction – Treatment of REIT Securities – Units*".

If you are a Registered Unitholder, to make a valid election as to the form of Consideration that you wish to receive under the Transaction, you must sign the Letter of Transmittal and Election Form and make a proper election thereunder and return it with accompanying certificate(s) representing the Units to the Depository prior to 5:00 p.m. (Toronto time) on April 9, 2018 (or if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Toronto time) on the date that is two Business Days prior to the date of the adjourned or postponed Meeting, unless otherwise agreed in writing by Choice Properties and the REIT).

If you are a Beneficial Unitholder, you will not receive a Letter of Transmittal and Election Form. Your broker, investment dealer or other intermediary is required to seek your instructions as to how to vote your Units with respect to the Special Resolution and your election with respect to the Consideration. Please follow the instructions provided by such broker, investment dealer or other intermediary for assistance in making an election with respect to the form of Consideration you wish to receive. Each intermediary has its own signing and return instructions, which you should follow carefully to ensure your Units are voted and you receive your preferred Consideration. If you are a Beneficial Unitholder, your intermediary may require that you complete your election at a date and time earlier than on or before 5:00 p.m. (Toronto time) on April 9, 2018.

For further details of the Transaction, see "*The Transaction*".

**7. Q: What if I do not submit a Letter of Transmittal and Election Form?**

**A:** Registered Unitholders who do not make a valid election (or, in the case of Beneficial Unitholders, Beneficial Unitholders who fail to provide valid election instructions to their broker, investment dealer or other intermediary) will be deemed to have elected to receive Cash Consideration only, subject to proration (except for holders of Restricted Units, in respect of such Restricted Units).

**8. Q: What are the Canadian federal income tax consequences of the Transaction?**

**A:** The Transaction has been structured such that:

- (a) Resident Holders who receive Choice Properties Units as consideration for Units will receive such Choice Properties Units on a tax-deferred "roll-over" basis for Canadian federal income tax purposes; and
- (b) Resident Holders who receive cash consideration for Units will generally be considered to have realized a capital gain or capital loss equal to the amount by

which the cash consideration received on the redemption of their Units exceeds or is less than the adjusted cost base of such Units.

Non-Resident Holders who receive cash consideration for Units will be subject to Canadian withholding tax on the full amount of the cash consideration received. Non-Resident Holders who receive Choice Properties Units as consideration for Units will generally not be subject to Canadian tax on that exchange. **Non-Resident Holders should consult their own advisors regarding the U.S. or other foreign tax consequences of the Transaction.**

For further details, see “*Certain Canadian Federal Income Tax Considerations*”.

**9. Q: Is the completion of the Transaction subject to any other conditions?**

**A:** Yes. In addition to the approval of the Special Resolution by Unitholders, the completion of the Transaction requires the approval of the Plan of Arrangement by the Court, the approval of the TSX, the Competition Act Approval being obtained and that the other conditions specified in the Arrangement Agreement be satisfied or, where permitted, waived. See “*The Arrangement Agreement*”.

**10. Q: When will the Transaction become effective?**

**A:** Subject to obtaining Court approval and the satisfaction or, where permitted, waiver of all other conditions specified in the Arrangement Agreement, if Unitholders approve the Special Resolution, it is expected that closing will be completed in the second quarter of 2018.

**11. Q: Can I sell my Units on the TSX for cash?**

**A:** Generally speaking, Unitholders are free to sell their Units through the facilities of the TSX for cash at any time prior to the Unitholder electing his or her preferred form of Consideration. However, a valid election must be accompanied by the deposit of Units. If you are a Registered Unitholder, you will have to deposit your certificate(s) representing your Units with your Letter of Transmittal and Election Form when you elect your preferred form of Consideration. If you are a Beneficial Unitholder, this will be coordinated by your broker, investment dealer or other intermediary upon your instruction. Accordingly, after a valid election, you will not be entitled to sell your Units on the TSX. If you fail to make a valid election prior to the Election Deadline (or, if you are a Beneficial Unitholder, the time by which you are required to provide instructions to your broker, investment dealer or other intermediary), you will be deemed to have elected to receive Cash Consideration and you will also continue to be able to sell your Units on the TSX for cash at any time prior to the Effective Time. Any purchaser of such Units will also be deemed to have elected to receive Cash Consideration for those Units, in each case subject to proration. See “*Procedure for the Delivery of Securities and Payment of Consideration – Letter of Transmittal and Election Form*”.

**12. Q: Are Choice Properties Units listed on a stock exchange?**

**A:** Yes. Choice Properties Units are currently listed on the TSX under the symbol “CHP.UN”. Application has been made for the listing on the TSX of the Choice Properties Units to be issued in connection with the Transaction, which listing will be conditional on the satisfaction of certain standard conditions.

**13. Q: Are there risks I should consider in deciding whether to vote for the Special Resolution?**

**A:** Yes. There are a number of risks you should consider in connection with the Transaction, which are described in this Circular under the heading “*Risk Factors*”.

**14. Q: Who is soliciting my proxy?**

**A:** Management of the REIT is soliciting your proxy with respect to matters to be considered at the Meeting. The cost of soliciting proxies will be borne by the REIT. The solicitation of proxies will primarily be by mail but proxies may also be solicited by telephone, fax or personally by the Trustees, officers, employees or agents of the REIT. In the case of Beneficial Unitholders, the REIT will provide proxy materials to CDS and request that such materials be forwarded to brokers, investment dealers and other intermediaries and request that such materials are, in turn, promptly forwarded on to the Beneficial Unitholders. In addition, the REIT has retained the services of Laurel Hill to solicit proxies.

Unitholders with questions about the procedures for voting or completing your Letter of Transmittal and Election Form can contact Laurel Hill by telephone at 1-877-452-7184 toll-free in North America or at 416-304-0211 for collect calls outside of North America or by e-mail at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

**15. Q: Will I be able to vote if the ownership of my Units has been transferred after the Record Date?**

**A:** Pursuant to the Declaration of Trust, only Unitholders registered on the Record Date are entitled to vote at the Meeting.

**16. Q: Am I a Registered Unitholder or a Beneficial Unitholder?**

**A:** You are a Registered Unitholder if your name appears on your certificate(s) representing your Units. You are a Beneficial Unitholder if you beneficially own Units held in the name of an intermediary such as a broker, investment dealer, bank, trust company, trustee, clearing agency (such as CDS) or other nominee. For example, you are a Beneficial Unitholder if you hold your Units in a brokerage account of any type.

**17. Q: How can I vote if I am a Registered Unitholder?**

**A:** If you are a Registered Unitholder, you may vote in person at the Meeting. Alternatively, if you would prefer not to attend the Meeting in person, you can exercise your right to vote by signing and returning the form of proxy in accordance with the directions on the form. You can complete and return the form of proxy in a number of ways: (i) use the internet at [www.astvotemyproxy.com](http://www.astvotemyproxy.com); (ii) call toll-free to 1-888-489-7352; (iii) fax at 1-866-781-3111 (toll-free) or 416-368-2502; (iv) use the business reply envelope provided; (v) scan the QR Code in the proxy using your smartphone; (vi) scan and send to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com); or (vii) deliver in person to AST Trust Company (Canada), 1 Toronto Street, Suite 1200, Toronto, Ontario M5C 2V6. However you choose to vote, your vote must be received by 5:00 p.m. (Toronto time) on April 9, 2018 (or if the Meeting is adjourned or postponed, on the second last Business Day prior to the date of the adjourned or postponed Meeting). The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion without notice.

**18. Q: How can I vote if I am a Beneficial Unitholder?**

**A:** If you are a Beneficial Unitholder, you will receive a VIF for the number of Units that you hold. For your Units to be voted, you must follow the instructions on the VIF that is provided to you. You can complete the VIF by: (i) calling the phone number listed thereon; (ii) mailing the completed VIF in the envelope provided; or (iii) using the internet at [www.proxyvote.com](http://www.proxyvote.com). Additionally, the REIT may utilize Broadridge's QuickVote™ service to assist Beneficial Unitholders with voting their Units. Certain Beneficial Unitholders who have not objected to the REIT knowing who they are (non-objecting beneficial owners) may be contacted by Laurel Hill to conveniently obtain a vote directly over the telephone.

If, as a Beneficial Unitholder, you choose to vote in person at the Meeting (or have another person attend and vote on your behalf): (a) insert your own name (or such other person's name) in the space provided or mark the appropriate box on the VIF to appoint yourself (or such other person) as the proxyholder; and (b) return the VIF in the envelope provided or as otherwise permitted by your intermediary. No other part of the form should be completed. In some cases, your intermediary may send you additional documentation that must also be completed in order for you to vote in person at the Meeting. If you are a Beneficial Unitholder, your intermediary may require that you complete your election at a date and time earlier than on or before 5:00 p.m. (Toronto time) on April 9, 2018.

**19. Q: Who votes my Units and how will they be voted if I return a form of proxy or a VIF?**

**A:** Each person named in the form of proxy to represent Registered Unitholders at the Meeting is a Trustee and/or officer of the REIT. However, you can appoint someone else to represent you at the Meeting. The person you appoint does not need to be a Unitholder but must attend the Meeting in order for your vote to be cast. If you wish to appoint a person other than the names that appear on the proxy, then insert the name of your chosen proxyholder in the space provided on the form of proxy.

The securities represented by the proxy or VIF will be voted in accordance with your instructions on any ballot that may be called for, and if you specify a choice with respect to any matter to be acted upon, such securities will be voted accordingly. The enclosed form of proxy or VIF also gives authority to the persons named on it to use their discretion in voting on amendments or variations to the matters identified in this Circular, or other matters that may properly come before the Meeting. If you appoint the Trustee and/or officer representatives as the proxyholder as designated in the enclosed form of proxy or VIF, unless otherwise specified, your Units will be voted at the Meeting **FOR** the approval of the Special Resolution as described in this Circular.

**20. Q: Can I revoke a form of proxy or a VIF?**

**A:** Yes. A Registered Unitholder who has given a proxy may revoke the proxy by: (i) completing and signing a form of proxy bearing a later date and depositing it with AST Trust Company (Canada); (ii) depositing an instrument in writing executed by the Unitholder or by the Unitholder's attorney authorized in writing, to the attention of the Executive Vice President and Chief Financial Officer of the REIT, at the registered office of the REIT at any time up to 5:00 p.m. (Toronto time) on April 9, 2018; or (iii) in any other manner permitted by Law.

If you are a Beneficial Unitholder, please contact your intermediary for instructions on how to revoke your voting instructions.

**21. Q: What will happen if the Special Resolution is not approved or the Transaction is not completed for any reason?**

**A:** If the Special Resolution is not approved or the Transaction is not completed for any reason, the Arrangement Agreement may be terminated. In certain circumstances, the REIT will be required to pay to Choice Properties a termination payment of \$95 million in connection with such termination. See “*The Arrangement Agreement – Summary of the Arrangement Agreement – Termination Fee*”.

**22. Q: Do I have Dissent Rights?**

**A:** The Interim Order expressly provides Registered Unitholders with the right to dissent from the Special Resolution as provided in the Plan of Arrangement. A Registered Unitholder who wishes to dissent must, among other things, provide a dissent notice to the REIT c/o Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9, Attention: Ryan Morris or by facsimile (416-863-2653) or by e-mail at: [ryan.morris@blakes.com](mailto:ryan.morris@blakes.com), no later than 5:00 p.m. (Toronto time) on April 9, 2018, or the second Business Day immediately preceding the date to which the Meeting is adjourned or postponed. Strict adherence to the procedures established in the Interim Order and the Plan of Arrangement is required in order to validly dissent and failure to do so may result in the loss of all Dissent Rights.

A vote against the Special Resolution will not constitute a dissent notice and the revocation of a proxy will not constitute a dissent notice. In addition to any other restrictions in the Declaration of Trust as applicable under the Interim Order, any Person who has voted in favour of the Transaction shall not be entitled to exercise Dissent Rights, and holders of Debentures and holders of Restricted Units shall not be entitled to exercise Dissent Rights in respect of Debentures and Restricted Units, respectively.

Beneficial Unitholders who wish to dissent should be aware that only Registered Unitholders are entitled to dissent. Accordingly, a Beneficial Unitholder desiring to exercise his, her or its right to dissent must make arrangements for the Registered Unitholder of his, her or its Units to dissent on his, her or its behalf. See “*Dissent Rights*”.

**23. Q: What if I have other questions?**

**A:** Unitholders who have questions about deciding how to vote or who have additional questions about this Circular or the matters described in this Circular, please contact your professional advisors. Unitholders who have additional questions about the procedures for voting, completion of the Letter of Transmittal and Election Form or otherwise making an election can contact Laurel Hill, our proxy solicitation agent, by telephone at 1-877-452-7184 toll-free in North America or at 416-304-0211 for collect calls outside of North America or by e-mail at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).