

BOARD OF TRUSTEES
LETTER TO UNITHOLDERS

March 8, 2018

Dear Fellow Unitholders:

It is my pleasure to extend to you, on behalf of the board of trustees (the “**Board**”) of Canadian Real Estate Investment Trust (the “**REIT**”), an invitation to attend a special meeting (the “**Meeting**”) of unitholders (“**Unitholders**”) of the REIT to be held at 1 King Street West, 2nd Level, Grand Banking Hall, Toronto, Ontario M5H 1A1, on April 11, 2018 at 10:00 a.m. (Toronto time).

At the Meeting, Unitholders will be asked to consider and vote on the combination of the REIT and Choice Properties Real Estate Investment Trust (“**Choice Properties**”). The combined entity brings together Canada’s oldest public real estate investment trust, with a long track record of disciplined investing and prudent financial management, and an investment-grade real estate investment trust anchored by Canada’s largest food retailer. The combined entity is backed by the commitment of the Weston group of companies to make commercial real estate a long-term core business and transform Choice Properties into the premier diversified real estate investment trust in Canada.

Together, Choice Properties and the REIT will form Canada’s largest real estate investment trust with an enterprise value of approximately \$16 billion and a significant development pipeline. The resulting enterprise will have an industry-leading operating platform and development capabilities, as well as an unparalleled diversified portfolio comprising 752 properties with approximately 69 million square feet of gross leasable area. Enhancing the platform with a long-term strategic relationship with Loblaw Companies Limited provides stability to core operating income while facilitating growth through 1.5% per annum contractual rent increases and a pipeline of future acquisition and development opportunities.

This combined entity will be Canada’s preeminent diversified real estate investment trust with a portfolio that has been assembled over several decades. The retail portfolio is focused on necessity based retailers and provides a solid foundation of stable and growing cash flows. The balance of the portfolio is comprised of high-quality industrial assets and office assets located in Canada’s largest markets.

The consolidated development pipeline presents meaningful value creation opportunities. This expanded pipeline includes the potential to capitalize on an established retail development and intensification program and to leverage joint venture partnerships to access attractive sites to fuel additional development. The combined entity will have more than 60 sites prime for creating exciting residential-focused mixed-use communities, many of which are in close proximity to public transportation where people want to live, work, play and shop.

The core elements of the REIT’s business model have revolved around the preservation of capital and a focus on net asset value (NAV) per unit, funds from operation (FFO) per unit and distribution growth. The combination with Choice Properties presents Unitholders with a unique opportunity to pursue a transformative transaction that will allow the REIT to maintain these core elements of its strategy, while gaining access to greater scale, more significant intensification and development opportunities and a large increase in cash flow from investment-grade tenants.

Current management of the REIT assuming leadership roles in Choice Properties following completion of the combination will be Mr. Stephen Johnson, as President and Chief Executive Officer, Mr. Rael Diamond, as Chief Operating Officer, and Mr. Mario Barrafato, as Chief Financial Officer. With the REIT’s leadership team, the combined entity will have the benefit of their experience in developing a leading real estate entity with a culture of disciplined financial management, conservative accounting practices, principled governance practices and a focus on the preservation of capital.

At the Meeting, Unitholders will be asked to consider and vote on a special resolution (the “**Special Resolution**”) approving a plan of arrangement under the *Business Corporations Act* (Ontario) and the *Trustee Act* (Ontario), involving, among others, the REIT, CREIT Eastern GP Inc. and Choice Properties (the “**Transaction**”). Under the terms of the Transaction, 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 units of Choice Properties (“**Choice Properties Units**”) per unit of the REIT (each, a “**Unit**”), on a fully prorated basis. Based on the Choice Properties Unit closing price of \$12.49 as of February 14, 2018 (the date of the Arrangement Agreement), this represents \$53.61 per Unit, which is a 23.1% premium to the Unit closing price as of February 14, 2018. 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. Canadian resident Unitholders who receive Choice Properties Units will receive their Choice Properties Units on a tax-deferred “roll-over” basis for Canadian federal income tax purposes.

Choice Properties has announced its intention to retain its current annual distribution of \$0.74 per Choice Properties Unit. Unitholders who receive 4.2835 Choice Properties Units as part or all of their consideration under the Transaction will benefit from an approximately 70% increase in their cash distributions, relative to their current annual distributions from the REIT.

Completion of the Transaction is subject to the satisfaction of certain conditions, including approval by Unitholders, the Toronto Stock Exchange, the Ontario Superior Court of Justice (Commercial List) and under the *Competition Act* (Canada), as described in the enclosed management information circular (the “**Circular**”). If such approvals are obtained and the other conditions to the completion of the Transaction are satisfied or waived, it is expected that the Transaction will be completed in the second quarter of 2018.

To be effective, the Special Resolution being considered at the Meeting must be approved by at least 66 ²/₃% of the votes cast by the Unitholders present in person or represented by proxy at the Meeting.

After careful consideration and consultation with their financial and legal advisors, the Board (other than members who have abstained from voting or recused themselves) has unanimously determined that the Transaction is in the best interests of the REIT and its Unitholders.

In making its determination, the Board took into account, among other things, the reasons noted in the Circular and a fairness opinion prepared by RBC Dominion Securities Inc. (“**RBC Capital Markets**”). RBC Capital Markets delivered its opinion to the Board that as of February 14, 2018 and subject to the assumptions, limitations, qualifications and other matters set forth therein, the consideration under the Transaction is fair, from a financial point of view, to the Unitholders.

THE BOARD RECOMMENDS THAT THE UNITHOLDERS VOTE FOR THE SPECIAL RESOLUTION APPROVING THE TRANSACTION.

All 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.

The enclosed Circular contains a detailed description of the Transaction, as well as information regarding the REIT and Choice Properties and certain *pro forma* financial information regarding Choice Properties after giving effect to the Transaction. The Circular also describes certain Canadian federal income tax considerations associated with the Transaction. **Please give this material careful consideration and, if you require assistance, consult your financial, tax, legal or other professional advisors to determine the particular impact (including tax impact) of the Transaction upon you, having regard to your own particular circumstances.**

You can complete and return the enclosed form of proxy in a number of ways. Please see the enclosed Notice of Special Meeting and Circular for information on how to vote your Units. 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). If you hold your Units through an intermediary such as a broker or investment dealer, your intermediary may require you to submit your vote at an earlier date and/or time.

To make a valid election as to the form of consideration that you wish to receive under the Transaction, you must sign and return the letter of transmittal and election form and make a proper election thereunder and return it with accompanying certificate(s) representing your Units to the depositary for the Transaction. Such materials must be

received by the depositary on or before 5:00 p.m. (Toronto time) on April 9, 2018. If you hold your Units through an intermediary such as a broker or investment dealer, your intermediary may require you to make your election at an earlier date and/or time.




If you have any questions with regard to the procedures for voting or completing your letter of transmittal and election form, please contact Laurel Hill Advisory Group, 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.

This is an important matter affecting the future of the REIT and your vote is important regardless of the number of Units you own. The Board and management thank you for your continued confidence, and we look forward to seeing you on April 11, 2018.

Yours very truly,

“W. Reay Mackay”

W. Reay Mackay
Chairman of the Board of Trustees

Voting Methods	 Internet	 Telephone or Fax	 Mail
Registered Unitholders <i>Units held in own name and represented by a physical certificate.</i>	Vote online at www.astvotemyproxy.com	Telephone: 1-888-489-7352 Fax: 1-866-781-3111 or 416-368-2502	Return the form of proxy in the enclosed postage paid envelope.
Beneficial Unitholders <i>Units held with a broker, investment dealer or other intermediary.</i>	Vote online at www.proxyvote.com	Call or fax to the number(s) listed on your voting instruction form.	Return the voting instruction form in the enclosed postage paid envelope.