A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States. See "Plan of Distribution". This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States.

***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 Crombie Real Estate Investment Trust at 115 King Street, Stellarton, Nova Scotia, B0K 1S0, telephone (902) 755-8100, and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue **July 30, 2013**

CROMBIE REAL ESTATE INVESTMENT TRUST

$225,044,000

17,720,000 Subscription Receipts each representing the right to receive one Unit

and

$75,000,000

5.25% Series E Extendible Convertible Unsecured Subordinated Debentures

This short form prospectus qualifies for distribution 17,720,000 subscription receipts (the "**Subscription Receipts**") of Crombie Real Estate Investment Trust (the "**REIT**") at a price of $12.70 (the "**Subscription Price**") per Subscription Receipt and qualifies for distribution $75 million aggregate principal amount of 5.25% Series E extendible convertible unsecured subordinated debentures by the REIT (the "**Debentures**"). The distribution and offering of the Subscription Receipts and the Debentures pursuant to this short form prospectus is herein referred to as, the "**Offering**". Each Subscription Receipt will entitle the holder thereof (a "**Subscription Receipt Holder**") to receive one unit of the REIT (a "**Unit**"), upon closing of the indirect acquisition by the REIT (the ''**Acquisition**") of the Acquisition Properties (as defined herein) (the "**Acquisition Closing Date**"), which is expected to occur on or before December 12, 2013, without payment of any additional consideration. The Subscription Receipts and Debentures are being offered pursuant to an underwriting agreement dated July 30, 2013 (the "**Underwriting Agreement**") between the REIT and CIBC World Markets Inc., TD Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Canaccord Genuity Corp., Macquarie Capital Markets Canada Ltd., Raymond James Ltd. and Desjardins Securities Inc. (collectively, the "**Underwriters**" and each an "**Underwriter**"). The price for and terms of the Subscription Receipts and Debentures offered under this short form prospectus was determined by negotiation between the REIT and the Underwriters.

The Subscription Receipts

The proceeds from the sale of the Subscription Receipts, net of half of the Underwriters' fee payable with respect to the Subscription Receipts (the "**Escrowed Funds**"), will be held by CIBC Mellon Trust Company, as subscription receipt agent (the "**Subscription Receipt Agent**"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending the earlier of the completion of the Acquisition or the occurrence of a Termination Event (as defined herein). Upon the completion of the Acquisition and satisfaction of the other conditions to the exchange of the Subscription Receipts (the "**Escrow Release Condition**"), the Escrowed Funds will be released to the REIT and one Unit will be issued to each Subscription Receipt Holder for each Subscription Receipt held. Upon the release thereof, the REIT will utilize the Escrowed Funds to pay a portion of the purchase price for the Acquisition.

If the closing of the Acquisition occurs on or before 5:00 p.m. (Toronto time) on March 12, 2014 (the "**Deadline**") and the Subscription Receipt Holders become entitled to receive Units, such holders will also be entitled to receive, without duplication, an amount, if any, representing the Subscription Receipt Adjustment Payment (as defined herein), less applicable withholding taxes, if any, for each Subscription Receipt so held, provided that to the extent that the Subscription Receipt Adjustment Payment includes amounts in respect of cash distributions on the Units for which record dates have occurred and have not yet been paid, such amounts shall not be payable to the Subscription Receipt Holders until the date that such related cash distributions are paid to unitholders of the REIT (the "**Unitholders**"), unless the REIT elects to pay such amounts earlier.

If (i) the closing of the Acquisition does not take place on or before the Deadline, (ii) the REIT delivers to the Underwriters and the Subscription Receipt Agent a notice executed by the REIT that the Acquisition Agreement (as defined herein) has been terminated or that the REIT will not be proceeding with the Acquisition, or (iii) the REIT formally announces to the public by way of a press release that it does not intend to proceed with the Acquisition (in any case, a "**Termination Event**"), the Subscription Receipt Holders shall be entitled to receive an amount equal to the full Subscription Price and their pro rata entitlements to the Earned Interest (as defined herein). Upon such payment, the Subscription Receipts will become void and of no value or effect. See "Description of the Subscription Receipts".

The Debentures

The Debentures bear interest at an annual rate of 5.25%, payable semi-annually on March 31 and September 30 in each year commencing September 30, 2013 and have an initial maturity date on the date on which a Termination Event occurs (the "**Initial Maturity Date**"). If the Acquisition Closing Date takes place prior to a Termination Event, the maturity date will be automatically extended from the Initial Maturity Date to March 31, 2021 (the "**Final Maturity Date**"). If the Acquisition Closing Date does not take place prior to a Termination Event, the Debentures will mature on the Initial Maturity Date. See "Description of the Debentures".

Debenture Conversion Privilege

Each Debenture will be convertible into freely tradeable Units at the option of the holder of a Debenture (the "**Debentureholder**") at any time prior to the close of business on the earlier of (i) the Initial Maturity Date or the Final Maturity Date, as applicable, and (ii) if called for redemption, on the business day immediately preceding the date specified by the REIT for redemption of the Debentures, at a conversion price of $17.15 per Unit (the "**Conversion Price**"), subject to adjustment in certain events. Debentureholders converting their Debentures will receive accrued and unpaid interest on such Debentures for the period from the last interest payment date on their Debentures (or the date of issue of their Debentures if no interest has yet been paid by the REIT) to and including the last record date for distributions to Unitholders declared by the REIT prior to such conversion. See "Description of the Debentures — Conversion Rights". Notwithstanding the foregoing, no Debenture may be converted during the five business days preceding March 31 and September 30 in each year, as the registers of the Debenture Trustee (as defined herein) will be closed during such periods. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price, are set out under "Description of the Debentures — Conversion Rights". **A Debentureholder will not be entitled to deferred tax treatment on the conversion, redemption or repayment at maturity of such Debentures. See "Certain Canadian Federal Income Tax Considerations".**

The Debentures are not redeemable prior to August 14, 2016, except upon the satisfaction of certain conditions after a Change of Control (as defined herein). See "Description of the Debentures — Put Right upon a Change of Control". On or after August 14, 2016 and prior to or on August 14, 2018, the Debentures may be redeemed by the REIT, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the Toronto Stock Exchange (the "**TSX**") for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given exceeds 125% of the Conversion Price. After August 14, 2018, and prior to the Final Maturity Date, the Debentures may be redeemed by the REIT, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest.

If the maturity date is extended beyond the Initial Maturity Date, the REIT may, at its option, and subject to applicable regulatory approval, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Debentures that are to be redeemed or that have matured by issuing Units to Debentureholders. In addition, subject to applicable regulatory approval, Units may be issued to the Debenture Trustee and sold, with the proceeds used to satisfy the obligation to pay interest on the Debentures. See "Description of the Debentures — Method of Payment".

Other Information Regarding the Offering

An investment in the securities offered hereunder involves risk. There is currently no market through which the Subscription Receipts or the Debentures may be sold and purchasers may not be able to resell the Subscription Receipts or the Debentures purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts and the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the Debentures and the extent of issuer regulation. The risk factors identified under the heading "Risk Factors" in this short form prospectus should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder.

The outstanding Units of the REIT, the outstanding approximately $15.9 million aggregate principal amount of 6.25% Series B convertible unsecured subordinated debentures of the REIT (the "**Series B Debentures**"), the outstanding $45.0 million aggregate principal amount of 5.75% Series C convertible unsecured subordinated debentures of the REIT (the "**Series C Debentures**") and the outstanding $60.0 million aggregate principal amount of 5.00% Series D convertible unsecured debentures of the REIT (the "**Series D Debentures**" and, together with the Series B Debentures and the Series C Debentures, the "**Outstanding Debentures**") are listed on the TSX under the symbols "CRR.UN", "CRR.DB.B", "CRR.DB.C" and "CRR.DB.D", respectively. On July 23, 2013, the last full trading day prior to the public announcement of the Offering, the closing price of the Units, the Series B Debentures, the Series C Debentures and the Series D Debentures on the TSX was $13.41, $122.00, $104.00 and $102.02, respectively. On July 29, 2013, the last full trading day prior to the date of this short form prospectus, the closing price of the Units, the Series B Debentures, the Series C Debentures and the Series D Debentures on the TSX was $13.52, $120.25, $104.00 and $102.00, respectively. The REIT has applied to list the Subscription Receipts, the Debentures and the Units issuable pursuant to the Subscription Receipts and the Debentures on the TSX. Listing will be subject to the REIT fulfilling all listing requirements of the TSX. Closing of the Offering is conditional on the Subscription Receipts, Debentures and the Units issuable pursuant to the Subscription Receipts and Debentures being approved for listing on the TSX.

Price: $12.70 per Subscription Receipt
Price: $1,000 per Debenture

	Price to the public[(1)]	Underwriters' fee[(2)]	Net Proceeds to the REIT[(3)]
Per Subscription Receipt	$12.70	$0.508	$12.192
Total Subscription Receipts	$225,044,000	$9,001,760	$216,042,240
Per Debenture	$1,000	$37.50	$962.50
Total Debentures	$75,000,000	$2,812,500	$ 72,187,500
Total Subscription Receipts and Debentures	$300,044,000	$11,814,260	$288,229,740

Notes:

(1) The terms of the Offering and the price of the Subscription Receipts and Debentures were determined by negotiation between the REIT and the Underwriters.
(2) Pursuant to the underwriting agreement (the "**Underwriting Agreement**") entered into between the Underwriters, as principals, and the REIT, the Underwriters will be paid a fee equal to 4.0% of the gross proceeds of the offering of Subscription Receipts and 3.75% of the gross proceeds of the offering of Debenture (the "**Underwriters' Fee**"). The Underwriters' Fee with respect to the Subscription Receipts is payable 50% upon closing of the Offering (the "**Subscription Receipt Initial Underwriters' Fee Payment**") and 50% upon satisfaction of the Escrow Release Condition. If the Escrow Release Condition is not satisfied prior to the occurrence of a Termination Event, then no further payment on account of the Underwriters' Fee with respect to the Subscription Receipts will be payable by the REIT to the Underwriters. The Underwriters' Fee with respect to the Debentures is payable in full upon closing of the Offering.
(3) Before deducting the Subscription Receipt Adjustment Payment (as defined herein), if any, and expenses of the Offering, which expenses are estimated to be approximately $2.4 million.

The Underwriters, as principals, conditionally offer the Subscription Receipts and Debentures, subject to prior sale, if, as and when issued by the REIT 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 the REIT by Stewart McKelvey and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP. In connection with the Offering, the Underwriters may, subject to applicable laws, over-allot or effect transactions intended to stabilize or maintain the market price of the Subscription Receipts and the Debentures at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. A purchaser who acquires Subscription Receipts or Debentures forming part of the Underwriters' over-allocation position acquires those securities under this short form prospectus. **The Underwriters propose to offer the Subscription Receipts and the Debentures initially at the offering prices specified above. After a reasonable effort has been made to sell all of the Subscription Receipts or the Debentures, as applicable, at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Subscription Receipts and Debentures remaining unsold. Any such reduction will not affect the proceeds received by the REIT. See "Plan of Distribution".**

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Subscription Receipts and Debentures will be issued in registered form to the Canadian Depository for Securities Limited ("**CDS**") or its nominee as registered global securities and will be deposited with CDS on the closing date, which is expected to occur on or about August 14, 2013 or such later date as the REIT and the Underwriters may agree. Subscription Receipt Holders and Debentureholders will not be entitled to receive physical certificates representing their ownership. See "Description of the Subscription Receipts" and "Description of the Debentures".

Concurrently with the surrender of the Subscription Receipt Holders' Subscription Receipts for Units, the REIT's subsidiary, Crombie Limited Partnership ("**Crombie LP**"), will issue 11,811,024 Class B limited partnership units of Crombie LP ("**Class B LP Units**") to ECL Developments Limited ("**ECL**") on a private placement basis at a price of $12.70 per Class B LP Unit in satisfaction of the pre-emptive right of ECL, a wholly owned subsidiary of Empire Company Limited ("**Empire**"), to maintain its interest in the REIT on a fully diluted basis as described below under the heading "Retained Interest" (the "**Concurrent Private Placement**"). Each Class B LP Unit is exchangeable for one Unit and has attached one special voting unit of the REIT (a "**Special Voting Unit**"). No commission or other fee will be paid to the Underwriters in connection with the sale of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement. ECL currently holds 38,430,221 Class B LP Units and Special Voting Units and 909,090 Units of the REIT, representing a 42.7% economic and voting interest in the REIT. The Concurrent Private Placement will be subject to approval by Unitholders who are unrelated to ECL. After giving effect to the Concurrent Private Placement, the Offering and the exchange of the Subscription Receipts for Units, ECL will hold 50,241,245 Class B LP Units and Special Voting Units and 909,090 Units of the REIT, representing a 42.1% economic and voting interest in the REIT. This short form prospectus does not qualify the distribution of the Class B LP Units and Special Voting Units issued pursuant to the Concurrent Private Placement. The Class B LP Units and Special Voting Units purchased pursuant to the Concurrent Private Placement will be subject to a statutory hold period.

Affiliates of each of CIBC World Markets Inc., TD Securities Inc., Scotia Capital Inc. and BMO Nesbitt Burns Inc. are lenders to the REIT under the Revolving Credit Facility (as defined herein). An affiliate of Scotia Capital Inc. has committed to provide the Bridge Facilities (as defined herein). In addition, Paul D. Sobey, a trustee of the REIT, is a member of the board of directors of an affiliate of Scotia Capital Inc. Accordingly, the REIT may be considered to be a "connected issuer" of each of CIBC World Markets Inc.,

TD Securities Inc., Scotia Capital Inc. and BMO Nesbitt Burns Inc. within the meaning of applicable Canadian securities legislation. See "Relationship Between the REIT and Certain Underwriters".

The REIT is an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario. **The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. Neither the Subscription Receipts, the Debentures nor the Units issuable pursuant to the Subscription Receipts and upon conversion of the Debentures are "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation.**

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

The Canadian income tax consequences to Unitholders who are Canadian residents will depend, in part, on the composition for tax purposes of distributions paid by the REIT. Distributions can be made up of both a "return on" and a "return of" capital. That composition may change over time, thus affecting a Unitholder's after-tax return. Subject to the application of the SIFT Regime (as defined herein) discussed under the heading "Certain Canadian Federal Income Tax Considerations", returns on capital are generally taxed as ordinary income, capital gains or dividends in the hands of a Unitholder while returns of capital are generally tax-deferred (and reduce the Unitholder's tax cost in the Unit for tax purposes).

The principal, registered and head office of the REIT is located at 115 King Street, Stellarton, Nova Scotia, B0K 1S0.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Stewart McKelvey, counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, counsel to the underwriters, if issued on the date hereof, the Subscription Receipts, Debentures and Units issuable pursuant to the terms of the Debentures and Subscription Receipts, would be qualified investments for a trust governed by a registered retirement savings plan (a "**RRSP**"), registered retirement income fund (a "**RRIF**"), registered disability savings plan, deferred profit sharing plan (a "**DPSP**"), tax-free savings account (a "**TFSA**") and registered education savings plan (collectively, "**Registered Plans**") provided that:

(i) in the case of Subscription Receipts, either the Subscription Receipts are listed on a "designated stock exchange" as defined in the *Income Tax Act* (Canada), as amended, ("**Tax Act**") (which includes the TSX), or the Units are listed on a designated stock exchange and the REIT is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, such Registered Plan;

(ii) in the case of Debentures, the Debentures are listed on a designated stock exchange or the REIT qualifies as a "mutual fund trust" for purposes of the Tax Act, and the Units are listed on a designated stock exchange (other than a DPSP to which the REIT, or a corporation that does not deal at arm's length with the REIT, has made payments for the benefit of the beneficiaries of the DPSP); and

(iii) in the case of Units, the Units are listed on a designated stock exchange or the REIT qualifies as a "mutual fund trust" for purposes of the Tax Act.

Notwithstanding that the Subscription Receipts, Debentures and Units may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant under a RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act if such securities are a "prohibited investment" for the TFSA, RRSP or RRIF, as the case may be. The Subscription Receipts, Debentures and Units will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant of such registered plan, (i) deals at arm's length with the REIT, for purposes of the Tax Act, (ii) does not have a "significant interest" (as defined in the prohibited investment rules in the Tax Act) in the REIT, and (iii) does not have a "significant interest" (as defined in the prohibited investment rules in the Tax Act) in a corporation, partnership or trust with which the REIT does not deal at arm's length. Generally, a holder or annuitant will have a significant interest in the REIT if the holder or annuitant and/or persons not dealing at arm's length with the holder or annuitant own, directly or indirectly, 10% or more of the fair market value of the Units. The Department of Finance released draft legislation on December 21, 2012 (the "**December 2012 Proposals**") that proposes to delete the condition in (iii) above. In addition, pursuant to the December 2012 Proposals, Units will not be a "prohibited investment" if the Units are "excluded property" as defined in the December 2012 Proposals for trusts governed by a TFSA, RRSP and RRIF. Prospective purchasers who intend to hold Subscription Receipts, Debentures or Units in a TFSA, RRSP or RRIF are advised to consult their personal tax advisors.

MEANING OF CERTAIN REFERENCES

In this short form prospectus, references to the "REIT" include its subsidiaries where the context requires. References to dollars or "$" are to Canadian currency. Unless otherwise indicated, the disclosure in this short form prospectus assumes that the transactions described under ''The Acquisition'' have been completed.

NON-IFRS FINANCIAL MEASURES

The REIT issues guidance on and reports on certain measures that do not have a standardized meaning under International Financial Reporting Standards ("**IFRS**") as prescribed by the International Accounting Standards Board, including "property net operating income ("**NOI**")", "adjusted funds from operations ("**AFFO**")" and "debt to gross book value", that it uses to evaluate its performance. Management includes these measures because it believes certain investors use these measures as a means of assessing relative financial performance. Because non-IFRS measures do not have a standardized meaning and may differ from those used by other issuers, securities regulations require that non-IFRS measures be clearly defined and qualified, reconciled with their nearest IFRS measure and given no more prominence than the closest IFRS measure. Such information is presented in the sections dealing with these financial measures herein and in the documents incorporated by reference herein.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus contains forward-looking statements which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT. Forward-looking statements are typically identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", and other similar expressions, and include statements regarding: the impact of the Acquisition on the REIT's property portfolio, including without limitation the effects on NOI, GLA (as defined herein), annual minimum rent and weighted average lease term; the accretive effects of the Acquisition; the expected pricing of the Bridge Facilities (as defined herein) and the REIT's intentions with respect to obtaining replacement financing for the Bridge Facilities; and the expecting timing for closing this Offering, the Concurrent Private Placement and the Acquisition. These statements are based on management's assumptions and beliefs in light of the information currently available to them. These forward-looking statements are subject to inherent uncertainties, risks and other factors that could cause actual results to differ materially from such statements. A number of factors, including the risk that the Canada Safeway Acquisition does not close as expected and the availability of required Unitholder and regulatory approvals, are discussed under "Risk Factors" in this short form prospectus and in the information incorporated by reference herein, including those discussed in the Risk Management section of the REIT's fiscal 2012 management's discussion and analysis, and in the "Risks" section of the REIT's annual information form in respect of the year ended December 31, 2012. Reference is also made to the disclosure concerning forward-looking statements in the information incorporated by reference herein.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as a number of important factors could cause actual results to differ materially from any estimates or intentions expressed in such forward-looking statements. The REIT does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the REIT, except as required by Canadian 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 authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT at 115 King Street, Stellarton, Nova Scotia, B0K 1S0 (Telephone (902) 755-8100), and are also available electronically at www.sedar.com.

The following documents, filed with the securities commissions or similar regulatory authorities in 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 28, 2013 for the year ended December 31, 2012 (the "**AIF**");

(ii) the audited consolidated financial statements of the REIT as at December 31, 2012, December 31, 2011 and January 1, 2011, and for the years ended December 31, 2012 and 2011, together with the notes thereto and the auditor's report thereon;

(iii) management's discussion and analysis of the consolidated financial condition and results of operations of the REIT for the year ended December 31, 2012;

(iv) the management information circular of the REIT dated March 22, 2013 prepared in connection with the REIT's annual meeting of unitholders held on May 9, 2013;

(v) the unaudited interim consolidated financial statements of the REIT as at March 31, 2013 and 2012, and for the three months ended March 31, 2013 and 2012, together with the notes thereto;

(vi) management's discussion and analysis of the consolidated financial condition and results of operations of the REIT for the three months ended March 31, 2013;

(vii) a material change report dated July 29, 2013 relating to the Acquisition and the Offering;

Any documents of the type referred to above and any interim financial statements, management's discussions and analyses, business acquisition reports or material change reports (other than confidential material change reports) filed by the REIT with the securities commissions or similar regulatory authorities in each of the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus. Any statement in this short form prospectus 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 such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was 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.

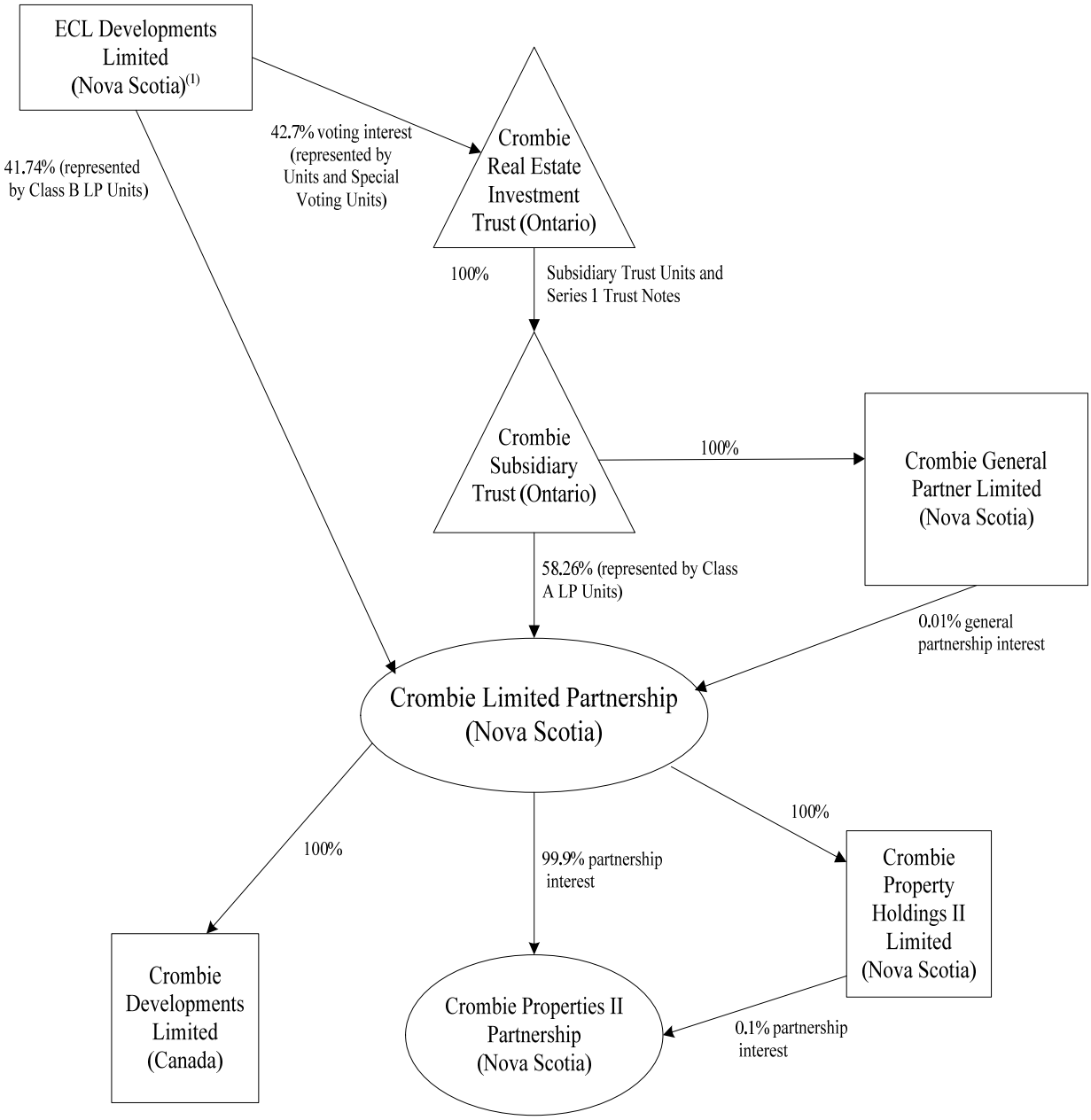
THE REIT

General

The REIT is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust dated as of January 1, 2006, as amended and restated from time to time (the "**Declaration of Trust**"), under, and governed by, the laws of the Province of Ontario.

The REIT was formed to invest in income-producing retail, office and mixed-use properties located in Canada. As at March 31, 2013, the REIT owned a portfolio of 175 commercial properties in nine provinces, comprising approximately 14.5 million square feet of gross leasable area. The objectives of the REIT are to: (i) generate reliable and growing cash distributions; (ii) enhance the value of the REIT's assets and maximize long-term unit value through active management; and (iii) expand the asset base of the REIT and increase its cash available for distribution through accretive acquisitions.

The following chart shows the names of the principal subsidiaries of the REIT, their respective jurisdictions of incorporation, and the percentages of voting and non-voting securities owned by the REIT as of July 29, 2013.



Notes:
(1) ECL has an aggregate 42.7% economic interest in the REIT and its subsidiaries through its ownership of 38,430,221 Class B LP Units of Crombie LP and 909,090 Units of the REIT.

RECENT DEVELOPMENTS

Since March 31, 2013, the REIT completed the acquisition of a retail plaza comprised of two buildings located in Beaumont, Alberta (the "**Beaumont Acquisition**"), with a total gross leasable area ("**GLA**") of approximately 59,000 sq. ft. and anchored by Sobeys Inc. ("**Sobeys**"). It is situated on approximately a 5.6 acre site with open air parking for approximately 273 vehicles. The property was built in 2012 and is 100% leased. The property was acquired on April 30, 2013 from Sobeys for a purchase price of approximately $20.9 million.

The REIT has also completed mortgage financings of four retail properties since March 31, 2013 for total proceeds of $74.9 million with a weighted average term of 10 years, a weighted average fixed interest rate of 4.13% and a weighted average amortization period of 25 years.

The REIT has entered into agreements to acquire a portfolio of five retail properties with a total GLA of approximately 96,000 sq. ft. located in Alberta, Manitoba, Ontario and Quebec from an arm's length party for a purchase price of approximately $53.6 million, subject to adjustments. This acquisition is expected to close with respect to four properties on September 12, 2013. The closing of the acquisition of the remaining property located in Ontario is subject to satisfaction of certain additional due diligence requirements. If such requirements are not satisfied by September 12, 2015, the acquisition of the remaining property will be terminated and the aggregate purchase price reduced by $9.3 million. The purchase price is expected to be financed through a draw on the Revolving Credit Facility. The REIT intends to place long-term mortgage financing on each of the properties immediately after closing. Upon closing of the transaction, an affiliate of the vendors will enter into new leases for the properties having terms of between 15 and 20 years, in each case which may be extended by up to four further periods of five years each.

THE ACQUISITION

On June 12, 2013, Empire and its wholly-owned subsidiary, Sobeys, announced that Sobeys had entered into an agreement (the "**Canada Safeway Agreement**") to purchase substantially all of the assets of Canada Safeway Limited ("**Canada Safeway**") and its subsidiaries for a cash purchase price of $5.8 billion, subject to working capital adjustment, and the assumption of certain liabilities (the "**Canada Safeway Acquisition**"). Empire also announced that part of the financing of the Canada Safeway Acquisition will be through the sale-leaseback of approximately $1 billion of retail grocery-anchored real estate acquired as part of the acquisition of the Canada Safeway business. The REIT has a right of first offer with respect to sales of real estate by Sobeys.

Following a period of negotiation, on July 24, 2013, Crombie LP entered into an acquisition agreement (the "**Acquisition Agreement**"), with Sobeys West Inc. ("**Sobeys West**") and Sobeys, pursuant to which the REIT will indirectly acquire beneficial ownership of a portfolio of properties consisting of 49 freestanding stores and 19 retail plazas, each currently anchored by a Canada Safeway store (the "**Acquisition Properties**"), and certain related assets, including shares of Snowcat Property Holdings Limited, a bare trustee of Sobeys West holding registered title to each of the Acquisition Properties (the "**Nominee**"), for an aggregate purchase price of $990 million, subject to certain customary adjustments (the "**Acquisition**"). Upon closing of the Acquisition, an affiliate of Sobeys will enter into a long term fully-net lease for each Acquisition Property that provides for minimum annual rents of approximately $57.1 million in aggregate (the "**Sobeys Leases**"). Due to the terms of the Sobeys Leases, annual rents are expected to be effectively equivalent to NOI for the Acquisition Properties. The Acquisition Properties are more particularly described under "Description of Acquisition Properties". The Acquisition is expected to close concurrently with, and is conditional upon closing of, the Canada Safeway Acquisition.

The REIT believes that the Acquisition will solidify the REIT's position as a national real estate landlord, improve the geographic diversification of the REIT's real estate portfolio, materially expand the size of the REIT's property portfolio and increase Crombie's operating and free cash flow.

The Acquisition significantly strengthens Crombie's position in Western Canada, providing a portfolio in highly sought-after locations. The transaction comprises approximately 3 million square feet of gross leasable area in Canada's fastest growing region with a significantly higher portion of NOI derived from Canada's top 36 markets than the REIT's existing portfolio. The Acquisition is consistent with the REIT's strategy of acquiring grocery or drug-store anchored retail centres, is expected to be accretive to the REIT's AFFO immediately following closing, and further leverages the REIT's existing relationship with Sobeys and Empire. Finally, the REIT believes the Acquisition provides future development potential in some of the strongest urban retail markets in Canada.

Acquisition Agreement

The following is a summary of certain provisions of the Acquisition Agreement, which summary is not intended to be complete. Reference is made to the Acquisition Agreement for a complete description and the full text of its provisions. A copy of the Acquisition Agreement has been filed on the REIT's SEDAR profile at www.sedar.com.

Timing — The closing of the Acquisition will take place on the later of September 30, 2013 or the closing of the Canada Safeway Acquisition. The Canada Safeway Acquisition is scheduled to occur no later than December 12, 2013, provided that in certain circumstances Sobeys may extend the closing date for the Canada Safeway Acquisition to no later than March 12, 2014, subject to certain conditions as provided for in the Canada Safeway Agreement. If the closing of the Canada Safeway Acquisition does not occur by March 12, 2014, the Acquisition Agreement will terminate, unless Crombie LP agrees to extend the closing date of the Acquisition.

Leasing — Upon the closing of the Acquisition, Sobeys West or an affiliate, as tenant, and Sobeys, as indemnifier, will enter into the Sobeys Leases whereby the tenant will lease each Acquisition Property on an "as is where is" basis without representation or warranty from Crombie LP. See "Sobeys Leases".

Redevelopment — The Acquisition Agreement identifies 17 of the Acquisition Properties as having potential for redevelopment, and provides for such redevelopment to be undertaken on a 50/50 joint venture basis between Crombie LP and Sobeys West.

Land Transfer Tax – It is anticipated that land or property transfer tax will not be payable on the acquisition of the beneficial ownership of the Acquisition Properties by Crombie LP; however, if any land or property transfer tax becomes payable as a result of the Acquisition, it will be borne by Crombie LP.

Assumed Obligations — Pursuant to the Sobeys Leases, Sobeys West will retain, or if the tenant is an affiliate of Sobeys West the tenant will assume, the obligations under: (i) the contracts and other documents binding on Sobeys West with respect to the ownership or operation of the Acquisition Properties, (ii) the leases or other rights or licences binding upon Sobeys West with respect to the Acquisition Properties, (iii) the existing third party warranties and guarantees relating to the Acquisition Properties, and (iv) certain permitted encumbrances.

Conditions — The transactions contemplated by the Acquisition Agreement will be conditional upon the satisfaction of certain customary conditions, as well as upon: (i) the closing of the Canada Safeway Acquisition, (ii) the accuracy of the representation and warranties on the closing of the Acquisition, (iii) the receipt of all required approvals under the *Competition Act* (Canada) (the "**Competition Act**"), (iv) Crombie LP, or its nominee, and Sobeys West having entered into the Sobeys Leases, and (v) performance of the terms, covenants and conditions of the Acquisition Agreement to be complied with or performed prior to the closing of the Acquisition. Other conditions solely in favour of Crombie LP are: (i) the receipt of all required Unitholder approvals, (ii) Sobeys West and Sobeys having executed and delivered an environmental indemnity with respect to each of the Acquisition Properties to the extent that environmental issues are identified in the course of Crombie LP's due diligence investigation of the Acquisition Properties (the "**Omnibus Environmental Indemnity Agreement**"), (iii) the receipt of all other consents, approvals and assumptions required under the Acquisition Agreement, under any of the permitted encumbrances or under any other agreement affecting the Acquisition Properties and the other purchased assets, and (iv) receipt by Crombie LP of good and marketable title to the Acquisition Properties and the shares of the Nominee, free and clear of all encumbrances other than specified permitted encumbrances. Failure to satisfy any of these conditions on or before the closing date, unless otherwise waived, would allow the party having the benefit of the condition to terminate the Acquisition Agreement.

Representations and Warranties — The Acquisition Agreement contains representations and warranties relating to each of Sobeys West, Sobeys, Crombie GP, Crombie LP and the REIT as are customary in arm's length transactions of this nature, including representations and warranties as to: (i) organization and status, (ii) power and due authorization, (iii) non-contravention of constating and organizational documents, laws or material agreements, (iv) residency status and (v) no approval or consent requirements, other than as disclosed. The Acquisition Agreement also contains representations and warranties given by Sobeys West and Sobeys, with respect to (i) no commission to be paid to any broker with respect to the sale of the Acquisition Properties, (ii) no commission of an act of bankruptcy, (iii) the status of the agreement governing the Canada Safeway Acquisition, (iv) there being no litigation against or affecting the Nominee, Sobeys West, Sobeys, the Canada Safeway Acquisition and/or the Acquisition Properties that would adversely affect the Acquisition Agreement or any transaction or agreement contemplated thereby, (v) the Nominee holding at closing valid legal title to the Acquisition Properties free of all encumbrances and there being no other agreements to sell the Acquisition Properties, (vi) each of the buildings and improvements relating to the Acquisition Properties being in good operating condition, (vii) all environmental and building reports having been delivered, (viii) the Acquisition Properties are part of the Canada Safeway Acquisition and (ix) there being no consents required for the assignment of ground leases other than the consent of the landlord

pursuant to the Banff Ground Lease (as defined in the Acquisition Agreement), each ground lease being in good standing and creating a good and valid leasehold estate in the properties therein described and there existing no material event of default with respect to each of the ground leases. The Acquisition Agreement also contains certain customary representations regarding the existence and status of the Nominee. Certain limited representations and warranties relating to organization, status, power and due authorization will survive indefinitely and representations and warranties relating to environmental matters will survive until the expiry of the limitation period under applicable law. All other representations and warranties will survive for 18 months after the closing date.

As is and Where is Basis — The Acquisition Agreement provides that except as expressly set forth in the Acquisition Agreement, the Omnibus Environmental Indemnity Agreement, the Sobeys Leases or any other document delivered in connection with the Acquisition, the Acquisition Properties are being purchased on an "as is where is" basis in reliance on Crombie LP's own due diligence.

Removal and Substitution of Acquisition Properties — The Canada Safeway Acquisition is subject to pre-merger notification under the Competition Act. The Acquisition Agreement provides that in the event that Sobeys is prohibited from acquiring any of the Acquisition Properties from Canada Safeway, or acquires any of the Acquisition Properties subject to a requirement to sell such Acquisition to a party other than an affiliate of the REIT, such Acquisition Property (an "**Excluded Property**") will be removed from the Acquisition and the purchase price for the Acquisition Properties will be reduced by the amount of the purchase price allocated to the Excluded Property. In addition, if Crombie LP's environmental due diligence review determines that any Acquisition Property has an environmental issue in respect of which the estimated remediation costs exceed $500,000 (an "**Impacted Property**"), Crombie LP or Sobeys West may elect to exclude the Impacted Property from the Acquisition (a "**Declined Impacted Property**"), and the purchase price for the Acquisition Properties will be reduced by the amount of the purchase price allocated to the Declined Impacted Property. If any Acquisition Property is removed from the Acquisition as an Excluded Property or a Declined Impacted Property, Sobeys West shall promptly offer to Crombie LP a substitute property or properties comparable (other than with respect to environmental issues) to the Excluded Property or Declined Impacted Property (a "**Substitute Property**"). If Crombie LP decides in its sole and unfettered discretion that it is interested in accepting a Substitute Property, the parties agree to promptly negotiate, acting reasonably and in good faith, the inclusion of the Substitute Property in the Acquisition, subject to Crombie LP's acceptance of terms for such inclusion. The parties may agree to delay the closing of the transfer of the Substitute Property for up to 12 months after the Acquisition Closing Date.

Notwithstanding anything to the contrary, in the event that the aggregate purchase price for the Acquisition Properties is reduced below $900 million due to the removal of Excluded Properties and Declined Impacted Properties, and Crombie LP and Sobeys West have not reached agreement on sufficient Substituted Properties to increase the aggregate purchase price above $900 million by a date that is ten days prior to the closing date for the Acquisition, the parties shall, acting reasonably and in good faith, attempt to reach agreement on a number of Declined Impacted Properties to return to the Acquisition in order to increase the aggregate purchase price above $900 million. In the event that Crombie LP and Sobeys West do not reach agreement on the re-inclusion of sufficient Declined Impacted Properties, Sobeys West shall, acting reasonably and in good faith, select Declined Impacted Properties for which all environmental due diligence is complete to be included in the Acquisition, provided that Sobeys West shall be responsible at its sole cost to perform within 12 months after the closing all management, monitoring and remediation work required under applicable law or by Crombie LP's environmental consultants, to the satisfaction of Crombie LP, acting reasonably.

Indemnities — The Acquisition Agreement contains customary indemnity provisions between Sobeys West and Sobeys, on one hand, and Crombie LP, on the other hand, whereby each agrees to indemnify the other and their respective partners, unitholders, shareholders, directors, officers, employees and agents for any breaches or non-performance of the terms of the Acquisition Agreements and any breaches of representations or warranties. Sobeys West and Sobeys have also agreed to indemnify Crombie LP for any encumbrances affecting the Acquired Properties or other purchased assets, other than permitted encumbrances, litigation or other proceedings that affect the Acquisition Properties, notices of expropriation in respect of the Acquisition Properties, unpaid taxes relating to the Acquisition Properties, violations or proposed revocations of material permits relating to any of the Acquisition Properties, and any breach of the terms of any permitted encumbrance. Sobeys West and Sobeys have also agreed to indemnify Crombie LP for certain environmental liabilities pursuant to the Omnibus Environmental Indemnity Agreement, as described below.

Limits on Indemnification — Under the Acquisition Agreement, the indemnifying party is not liable for losses unless the aggregate of all losses suffered by the indemnified party exceeds a one-time deductible of $500,000 (the "**Deductible**"), in which case the indemnifying party will be liable only for the excess over the Deductible. In addition, no claim may be made by the indemnified party unless the losses exceed such Deductible and the aggregate of any claim by the indemnified party exceeds the amount of $50,000, which amount is not a deductible from the amount the indemnified party may be entitled to receive. The maximum liability of Sobeys West and Sobeys, on one hand, and Crombie LP on the other hand, is limited to 100% of the aggregate purchase price actually received by Sobeys West.

Omnibus Environmental Indemnity Agreement

As a condition to the closing of the Acquisition, Sobeys and Sobeys West will enter into an Omnibus Environmental Indemnity Agreement with Crombie LP, Nominee and the REIT providing for an unlimited indemnity by Sobeys and Sobeys West for any issues related to the presence of hazardous materials on the applicable Acquisition Properties identified in the course of the REIT's environmental due diligence with respect to the Acquisition Properties. The REIT has retained an independent professional consulting engineering firm (the "**Independent Engineers**") with extensive experience in environmental services to conduct Phase I environmental assessments with respect to each of the Acquisition Properties and, where applicable, Phase II environmental assessments or other investigations or assessments necessary to identify any non-compliance with applicable environmental legal requirements. To the extent that such investigations and assessments are not complete prior to the closing of the Acquisition, Crombie LP shall cause the Independent Engineers to complete such investigations and assessments within 90 days following the closing of the Acquisition.

For any Acquisition Properties in respect of which such investigations or assessments identify the existence of hazardous materials in excess of amounts permitted under applicable environmental laws, a threat to the health or safety of any employees and occupants of and/or invitees to the Acquisition Property or any other non-compliance with the requirements of applicable environmental laws or the generic criteria applicable from time to time in the jurisdiction where the Acquisition Property is located, in each case having regard to the property's current use (each, an "**Identified Issue**"), Sobeys shall retain the Independent Engineers to undertake such remediation and monitoring steps as may be contained in a work plan approved by the Independent Engineers and Crombie LP within 36 months following the closing of the Acquisition, except with respect to on-going monitoring that is required to extend beyond such period, and provided that if the Acquisition Property was a Declined Impacted Property under the Acquisition Agreement, such remediation and monitoring shall be completed within 12 months. Under the terms of the Omnibus Environmental Indemnity Agreement, Sobeys will indemnify Crombie LP, the Nominee and the REIT for any claims or costs imposed by, under or pursuant to applicable environmental laws which arise as a result of or in connection with any Identified Issue, the work done or required to be done in connection therewith or any breach of the Omnibus Environmental Indemnity Agreement by Sobeys or Sobeys West, including costs of remediation and monitoring work. The indemnity shall cease to apply with respect to any direct claims by Crombie LP, the Nominee or the REIT relating to any Acquisition Property for which the Independent Engineers complete an environmental assessment showing no further Identified Issues; however, the indemnity will remain in effect with respect to third party claims. The indemnification obligation is not limited in amount. For any Acquisition Property for which the cost of complying with the remediation and monitoring obligation is estimated to exceed $500,000 and in respect of which all environmental investigations and assessments were not completed prior to the closing of the Acquisition, Sobeys may offer to repurchase such Acquisition Property at the purchase price allocated to such Acquisition Property under the Acquisition Agreement and make available a Substitute Property.

The form of Omnibus Environmental Indemnity Agreement is attached to the Acquisition Agreement as Schedule D.

Sobeys Leases

Crombie LP, through the Nominee, will enter into separate lease agreements with respect to each of the Acquisition Properties, whereby Crombie LP or a subsidiary thereof will be the landlord and Sobeys West or an affiliate thereof will be the tenant of the entire Acquisition Property. Any third party tenants occupying any portion of any Acquisition Properties will become a subtenant of the tenant. Each of the Sobeys Leases will be fully net lease to the landlord, such that the tenant shall be responsible for all property taxes, insurance, maintenance and structural repairs (other than certain damage in excess of $100,000 as a result of a peril the tenant is not required to insure,

which shall be paid for equally by Crombie LP and the tenant) during the term of the lease, and will permit the premises to be used as a retail food store or any other lawful retail use, subject to customary limitations. In the case of Acquisition Properties that are subject to ground leases, the tenant will be responsible for all costs related to the ground lease. The Sobeys Leases will have an initial term of three years and thereafter alternating between successive periods of two years and three years until an outside date of between 15 years and 20 years after the date of the Sobeys Lease (the "**Outside Dates**"), which Outside Date may be extended at the tenant's option by up to ten consecutive further periods of five years each, subject, if applicable, to Crombie LP securing a corresponding extension on the corresponding ground lease. Prior to the initial Outside Dates, the term of each Sobeys Lease will automatically be extended to the next period unless one party delivers a lapse notice prior to the expiry of the then current period that is accepted by the other party. If the lapse notice is not accepted by the other party the term of the lease will be automatically extended. As a result, each Sobeys Lease is not terminable by the tenant unilaterally prior to the applicable Outside Date. The average effective term of the Sobeys Leases, without giving effect to any extension of the Outside Dates, is 19.4 years. The aggregate annual minimum rents under all the Sobeys Leases will increase annually by 1.5% per year by year 6 with such increments starting in the 2nd lease year on approximately 20% of the Acquisition Properties with an additional 20% of the Acquisition Properties increasing in years 3 through 5, respectively. Rent is payable without deduction or set off. The form of Sobeys' Lease is attached to the Acquisition Agreement as Schedule E.

Transaction Approvals

Competition Act Approval

The Acquisition is subject to pre-merger notification requirements under the Competition Act. Each of Crombie LP and Sobeys West have agreed to use commercially reasonable efforts to secure the required approval under the Competition Act as soon as reasonably possible, provided that Crombie LP shall not be obliged to enter into any form of settlement, undertaking or agreement with the Commissioner of Competition and Crombie LP shall not be required to divest or hold separate any of the Acquisition Properties or take any other action with respect to any of its subsidiaries, affiliates, business, assets or properties.

Unitholder Approval

Sobeys West and Sobeys are affiliates of Empire. As Empire, indirectly through ECL, currently owns an approximate 42.7% economic and voting interest in the REIT, the Acquisition constitutes a "related party transaction" under Multilateral Instrument 61-101 — Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). Pursuant to MI 61-101, the REIT was required to obtain, at its own expense, a formal valuation (the "**Independent Valuation**") of the Acquisition Properties by a qualified valuator who is independent of the REIT. See "Assessment and Valuation of the Acquisition Properties – Independent Valuation". The REIT is also required, pursuant to MI 61-101, to obtain approval of the Acquisition by a majority vote of Units held by unitholders unrelated to ECL, at a special meeting of unitholders held to consider the Acquisition. Consequently, a special meeting of the Unitholders has been scheduled to be held on September 19, 2013 (the "**Unitholder Meeting**"). The information circular and proxy in respect of the Unitholder Meeting ("**Information Circular**") is expected to be distributed to Unitholders in mid-August, 2013.

Recommendation of Special Committee

The board of trustees of the REIT (the "**Board**") appointed a special committee of independent elected trustees consisting of Brian Johnson (Chair), John Eby, David Graham, Michael Knowlton, John Latimer and Elisabeth Stroback (the "**Special Committee**") for the purposes of, among other things, considering the Acquisition, supervising the process to be carried out by the REIT and its professional advisors in connection with the Acquisition, determining whether the Acquisition is in the best interests of the REIT and, as the Special Committee may determine to be necessary or advisable, report and make recommendations to the Board with respect to the Acquisition.

The Special Committee was also responsible for supervising the preparation of the Independent Valuation and retained Cushman & Wakefield Ltd. ("**Cushman**") to prepare the Independent Valuation. The Special Committee also retained Brookfield Financial Corp. ("**Brookfield**"), to act as an independent financial advisor to the Special Committee to prepare and deliver to the Special Committee a fairness opinion in respect of the Acquisition.

Brookfield has provided the Special Committee with its opinion that the consideration payable by Crombie pursuant to the Acquisition is fair, from a financial point of view, to the REIT's unitholders (the "**Fairness Opinion**") other than Empire and its associates and affiliates.

The Special Committee also met with senior management of the REIT as well as its legal advisors in order to consider various aspects of the Acquisition. The Special Committee also was aware that Sobeys had obtained an appraisal of the Acquisition Properties from an independent appraiser that indicated an aggregate value of $1.039 billion as of March 30, 2013 (the "**Sobeys Appraisal**"). The Special Committee advised the Board that based on, among other things, the terms of the Acquisition Agreement, the Omnibus Environmental Indemnity Agreement, the Sobeys Leases, the Independent Valuation, the Sobeys Appraisal, the Fairness Opinion and other financial, market and detailed property-related information deemed appropriate and sufficient for such purposes, in its view the consideration payable by Crombie pursuant to the Acquisition is fair, from a financial point of view, to the REIT's Unitholders, other than Empire and its associates and affiliates, and the Acquisition is in the best interests of the REIT, and unanimously recommended that the Board authorize the REIT to enter into the Acquisition Agreement and that the Board recommend to Unitholders that they vote in favour of the Acquisition. The Board has resolved to recommend that Unitholders vote in favour of the Acquisition at the Unitholder Meeting.

DESCRIPTION OF ACQUISITION PROPERTIES

The Acquisition Properties represent an aggregate of approximately 3.0 million square feet of gross leasable area ("**GLA**") and consist of 49 freestanding stores and 19 retail plazas, each anchored by a Canada Safeway store (the "**Acquisition Properties**"). As detailed in the table below, all of the Acquisition Properties are located in Western Canada, with a high concentration of the assets located in highly sought-after urban locations. The two Acquisition Properties identified with an asterisk (*) in the table below are subject to ground leases and Crombie LP will acquire the leasehold interests in such ground leases.

Location	Property Type	Address	GLA (Sq. Ft.)
British Columbia			
Castelgar	Single Tenant	1721 Columbia Avenue	25,000
Chilliwack	Single Tenant	45850 Yale Road	50,000
Coquitlam	Single Tenant	1033 Austin Road	20,000
Cranbrook	Single Tenant	1200 Baker Street	47,000
Kamloops	Single Tenant	750 Fortune Drive	45,000
Kamloops	Single Tenant	945 Columbia Street W	47,000
Kelowna	Single Tenant	697 Bernard Avenue	24,000
Langley	Single Tenant	20871 Fraser Highway	53,000
Langley	Single Tenant	27566 Fraser Highway	43,000
Mission	Multi Tenant	32520 Lougheed Highway	55,000
New Westminster	Single Tenant	800 McBride Boulevard	43,000
Penticton	Multi Tenant	1303 Main Street	63,000
Port Coquitlam	Single Tenant	2850 Shaughnessy Street	49,000
Prince Rupert	Multi Tenant	200 2 Avenue W	46,000
Quesnel	Single Tenant	445 Reid Street	25,000
Richmond	Single Tenant	6140 Blundell Road	28,000
Smithers	Single Tenant	3664 Yellowhead Highway	43,000
Surrey	Single Tenant	8860 152 Street	52,000
Surrey	Multi Tenant	7450 120 Street	52,000
Trail	Multi Tenant	1599 Second Avenue	25,000
Vancouver	Multi Tenant	2733 West Broadway	55,000
Vancouver	Multi Tenant	3410 Kingsway	48,000
Vancouver	Multi Tenant	1641 & 1653 Davie Street	40,000
Vancouver	Single Tenant	990 King Edward Avenue W	28,000
Vancouver	Single Tenant	1170 27 Street E	37,000
Vancouver*	Single Tenant	1175 Mount Seymour Road	36,000
Vancouver	Single Tenant	1780 East Broadway	42,000
Vernon	Single Tenant	3417 30 Avenue	31,000

Location	Property Type	Address	GLA (Sq. Ft.)
Vernon	Single Tenant	4300 32 Street	48,000
Total British Columbia			**1,200,000**
Alberta			
Banff*	Single Tenant	318 Marten Street	19,000
Brooks	Multi Tenant	550 Cassils Road W. & 645 – 4 Street W.	54,000
Calgary	Single Tenant	813 11 Avenue SW	38,000
Calgary	Single Tenant	524 Elbow Drive SW	24,000
Calgary	Single Tenant	410 10 Street NW	36,000
Calgary	Single Tenant	55 Castleridge Boulevard NE	53,000
Calgary	Multi Tenant	99 Crowfoot Crescent NW	71,000
Calgary	Single Tenant	3550 32 Avenue NE	65,000
Calgary	Single Tenant	850 Saddletowne Circle NE	51,000
Calgary	Multi Tenant	2425 34 Avenue SW	46,000
Calgary	Single Tenant	5048 16 Avenue NW	42,000
Calgary	Multi Tenant	5607 4 Street NW	49,000
Calgary	Multi Tenant	4915 130 Avenue SE	54,000
Chestermere	Single Tenant	135 Chestermere Station Way	43,000
Edmonton	Single Tenant	400 & 500 Manning Crossing NW	49,000
Edmonton	Single Tenant	12950 137 Avenue NW	55,000
Edmonton	Multi Tenant	8204 – 109 Street NW	34,000
Edmonton	Single Tenant	2534 Guardian Road NW	49,000
Fort McMurray	Single Tenant	9601 Franklin Avenue & 160 J.W. Mann	40,000
Grande Prairie	Multi Tenant	9925 114 Avenue	62,000
Grande Prairie	Multi Tenant	8100-8300 100 Street	66,000
Lethbridge	Single Tenant	1760 – 23 Street	44,000
Lethbridge	Multi Tenant	2440, 2605 & 2750 Fairway Plaza Road S	64,000
Okotoks	Single Tenant	410 & 610 Big Rock Lane	42,000
Red Deer	Single Tenant	4407 50 Avenue	56,000
Stony Plain	Single Tenant	4202 South Park Drive	44,000
Taber	Single Tenant	4926 46 Avenue	42,000
Total Alberta			**1,292,000**
Saskatchewan			
Moose Jaw	Single Tenant	200 1 Avenue NW	39,000
Prince Albert	Single Tenant	2895 2 Avenue W	56,000
Saskatoon	Single Tenant	1860 McOrmond Drive	50,000
Total Saskatchewan			**145,000**
Manitoba			
Neepawa	Single Tenant	498 Mountain Avenue	18,000
Selkirk	Single Tenant	318 Manitoba Avenue	45,000
Winnipeg	Multi Tenant	1305-1321 Pembina Highway	39,000
Winnipeg	Single Tenant	285 Marion Street	38,000
Winnipeg	Single Tenant	2155 Pembina Highway	42,000
Winnipeg	Single Tenant	3381 & 3393 Portage Avenue	55,000
Winnipeg	Single Tenant	920 Jefferson Avenue	55,000
Winnipeg	Single Tenant	654 Kildare Avenue	43,000
Winnipeg	Multi Tenant	469-499 River Avenue	59,000
Total Manitoba			**394,000**
Total Acquisition			**3,031,000**

* Ground Lease locations

PRO FORMA PROPERTY PORTFOLIO OF THE REIT

The *pro forma* property portfolio of the REIT will consist of 244 commercial properties with 17.5 million square feet of GLA and a weighted average effective lease term of 12.0 years as of March 31, 2013 after giving effect to the Acquisition and the Beaumont Acquisition. The following tables summarize the *pro forma* property portfolio as of March 31, 2013 after giving effect to those transactions.

Pro Forma Geographic Distribution

The Acquisition significantly strengthens the REIT's presence in Western Canada, solidifying the REIT's position as one of Canada's major national retail landlords, and substantially improving the REIT's geographic diversification. Approximately 80% of the NOI of the acquired portfolio will be derived from Acquisition Properties located in large urban and growing Canadian markets while approximately 61% of the NOI will be derived from Acquisition Properties in Vancouver, Edmonton, Calgary and Winnipeg. The following table summarizes the *pro forma* distribution of the GLA and annual minimum rent of the properties by province:

Province	Number of Properties	GLA (Sq. Ft.)	Percentage of GLA	Percentage of Annual Minimum Rent
British Columbia	29	1,200,000	6.8%	8.7%
Alberta	41	2,072,000	11.8%	17.2%
Saskatchewan	7	414,000	2.4%	2.5%
Manitoba	10	433,000	2.5%	3.1%
Ontario	50	2,887,000	16.5%	17.6%
Quebec	21	1,183,000	6.7%	6.7%
New Brunswick	23	1,845,000	10.5%	7.6%
Prince Edward Island	2	313,000	1.8%	1.4%
Nova Scotia	47	5,540,000	31.6%	24.6%
Newfoundland and Labrador	14	1,655,000	9.4%	10.6%
Total	**244**	**17,542,000**	**100.0%**	**100.0%**

Lease Maturities

The following table summarizes the lease maturities on a pro forma basis after giving effect to the Acquisition and the Beaumont Acquisition:

Year	Number of Leases	Renewal Area (sq. ft.)	Percentage of Total GLA	Average Rent per sq. ft. at Expiry
Remainder of 2013	212	1,051,000	6.0%	$ 10.36
2014	206	732,000	4.2%	$ 15.96
2015	175	739,000	4.2%	$ 15.17
2016	175	822,000	4.7%	$ 14.97
2017	182	907,000	5.2%	$ 17.77
Thereafter	666	12,348,000	70.4%	$ 16.17
Total	**1,616**	**16,599,000**	**94.6%**	**$ 15.77**

Top Ten Tenants

The REIT will also increase its exposure to Sobeys, the REIT's largest current tenant. Sobeys will represent 49.1% of the REIT's *pro forma* annual minimum rent, increasing from 33.6% as a March 31, 2013. The following table summarizes the *pro forma* top ten tenants of the REIT:

Tenant	Percentage of Annual Minimum Rent	Average Remaining Lease Term
Sobeys [(1)]	49.1%	16.1 years
Shoppers Drug Mart	5.1%	12.6 years
Empire Theatres Limited	1.5%	11.4 years
Province of Nova Scotia	1.3%	5.0 years
GoodLife Fitness	1.2%	10.0 years
CIBC	1.2%	17.0 years
Lawtons/Sobeys Pharmacy	1.1%	13.4 years
Best Buy Canada Ltd.	1.0%	8.4 years
Bank of Nova Scotia	0.9%	3.9 years
Mark's Work Wearhouse Ltd.	0.8%	4.3 years
Total	**63.2%**	

(1) Excludes Lawtons

Bank Credit Facilities and Investment Property Debt

The following table summarizes the *pro forma* principal payment of debt obligations:

(In thousands of CAD dollars)	Maturing Debt						
12 Months Ending	**Fixed Rate**	**Floating Rate**	**Total**	**Percentage of Total**	**Payments of Principal**	**Total Required Payments**	**Percentage of Total**
March 31, 2014	$ 80,908	$ 188,000	$ 268,908	17.0%	$ 35,034	$ 303,942	16.0%
March 31, 2015	47,982	188,000	235,982	14.9%	33,328	269,310	14.2%
March 31, 2016	53,693	353,875	407,568	25.7%	32,550	440,118	23.2%
March 31, 2017	54,286	-	54,286	3.4%	28,600	82,886	4.4%
March 31, 2018	49,072	-	49,072	3.1%	26,348	75,420	4.0%
Thereafter	568,996	-	568,996	35.9%	153,685	722,681	38.1%
Total [(1)]	**$ 854,937**	**$ 729,875**	**$ 1,584,812**	**100.0%**	**$ 309,545**	**$ 1,894,357**	**100.0%**

(1) Excludes fair value debt adjustment of $8,683 and deferred financing costs of $14,640.

Debt to Gross Book Value

On a *pro forma* basis, the REIT's debt to gross book value on a fair value basis increase from 48.3% to 52.6% and on a cost basis from 53.0% to 56.3% as at March 31, 2013 after giving effect to the Beaumont Acquisition, the Acquisition and the financing of both the Beaumont Acquisition and the Acquisition.

ASSESSMENT AND VALUATION OF THE ACQUISITION PROPERTIES

Environmental Site Assessments

Each of the Acquisition Properties has been the subject of a Phase I environmental site assessment ("**Phase I Assessment**"). These Phase I Assessments were conducted in general accordance with the current Canadian Standards Association's standard for Phase I environmental site assessments by the Independent Engineers. The purpose of the Phase I Assessments was to assess whether evidence of potential or actual environmental contamination exists at the Acquisition Properties. Intrusive sampling and analysis were not part of the Phase I Assessments.

Based on the Phase I Assessments, the Independent Engineers have recommended a Phase II environmental site assessment involving intrusive soil, air and/or groundwater sampling and analysis at 14 of the Acquisition Properties and have recommended sub slab vapour monitoring or a combination of sub slab vapour monitoring and ground water monitoring at 22 additional properties. The purpose of the Phase II environmental site assessments will be to assess the risks relating to potential soil and groundwater issues identified in the Phase I Assessments. Any matters identified in the Phase II environmental site assessments as requiring remediation or additional work, including ongoing annual groundwater or other monitoring, further on-site delineation, preparation of risk assessments and/or obtaining verification information from either tenants or adjoining owners or government officials to determine if further investigation or remediation is necessary, will be subject to the Omnibus Environmental Indemnity Agreement.

Property Condition Assessments

Prior to the closing of the Acquisition, the REIT will obtain property condition assessment reports ("**PCA Reports**") for each of the Acquisition Properties from the Independent Engineers for the purpose of assessing and documenting the existing condition of each building and major building operating components and systems forming part of the Acquisition Properties, and to identify and quantify major defects in materials or systems which might significantly affect the value of any of the Acquisition Properties or continued operation thereof over the next five years. Each of the PCA Reports will assess both work required to be completed immediately and work recommended to be performed during the subsequent five years in order to maintain appropriate building conditions**.** All work required to repair, maintain and keep each building and its major operating components and systems in good order will be the responsibility of the tenant for the duration of the Sobeys Leases.

Independent Valuation

The Acquisition constitutes a "related party transaction" under MI 61-101. In accordance with MI 61-101, the REIT was required to obtain at its own expense, the Independent Valuation.

The Special Committee retained Cushman to provide the Independent Valuation as to the fair market value ranges of the Acquisition Properties. Cushman was not given any limiting instructions. The Independent Valuation was prepared in conformity with the Canadian Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Institute of Canada. The Appraisal Institute of Canada has defined market value as "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus". According to the Appraisal Institute of Canada, implicit in the definition of market value is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (i) buyer and seller are typically motivated; (ii) both parties are well informed or well advised, and acting in what they consider their best interests; (iii) a reasonable time is allowed for exposure of each individual property in the open market; (iv) payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and (v) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

In the Independent Valuation, Cushman estimated the aggregate market value of the Acquisition Properties as a portfolio as at July 1, 2013 to be $969.3 million, without including a portfolio premium. The estimated market value of the Acquisition Properties was determined by Cushman by using an income valuation approach (which utilized both the direct capitalization method and the discounted cash flow approach). The income approach adopts the rationale that there is a relationship between the income earned by the property and its market value. With the income approach, the value estimate is based on the present or discounted worth of the future earnings that can be expected from the property. These valuation methods are methods traditionally used by investors when acquiring properties of this nature. Cushman gave consideration to the characteristics of each asset such as its location, accessibility, site area, zoning and neighbouring population. Cushman visited almost all of the Acquisition Properties to assess location and physical characteristics and estimated the highest and best use for each property. Valuation parameters were used, having regard to national and provincial economic overview,

retail trends and the overall Canadian grocery industry. In appraising the Acquisition Properties, Cushman assumed that title to the Acquisition Properties is good and marketable.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The Independent Valuation is based on various assumptions of future expectations and some of the assumptions may not materialize or may differ materially from actual experience in the future.

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

FINANCING FOR THE ACQUISITION

The REIT intends to use the approximately $434.2 million net proceeds from the Offering and the Concurrent Private Placement to fund a portion of the purchase price for the Acquisition. Crombie LP has obtained a commitment from a Canadian chartered bank (the "**Bridge Lender**") to provide the REIT with three fully-underwritten non-revolving credit facilities of up to $600 million in aggregate to be used in whole or in part to finance part of the purchase price for the Acquisition Properties (the "**Bridge Facilities**"). The Bridge Lender intends to syndicate the Bridge Facilities to one or more financial institutions and institutional lenders prior to the Acquisition Closing Date.

The Bridge Facilities consist of three senior secured non-revolving term credit facilities in the maximum principal amounts of $200 million, $200 million and $200 million, each available as a single drawdown, and maturing on the first, second and third anniversaries, respectively, of the closing of the Acquisition. The initial draw under the Bridge Facilities shall not exceed the lesser of (i) 60% of the average of the appraisals of the Acquisition Properties obtained by the REIT and by Sobeys, and (ii) 60% of the purchase price for the Acquisition Properties as set forth in the Acquisition Agreement. The Bridge Facilities are subject to mandatory prepayments in the event that any Acquisition Property is sold, is included in a mortgage or other permanent financing or undergoes an insurable event, in each case in an amount equal to the greater of the proceeds realized or the specified lending value attributed to the applicable property. The Bridge Facilities may be drawn in Canadian dollars as either a prime rate loan or bankers acceptance, or in U.S. dollars as either a BRCAN loan or a LIBOR loan. BRCAN is the base rate of interest publicly announced or posted from time to time by the Bridge Lender as being its reference rate then in effect for determining interest rates on demand commercial loans granted in Canada in U.S. dollars. LIBOR is the London Interbank Offered Rate. The facilities will bear interest at the applicable reference rate plus an applicable margin ranging from 0.75% to 2.25% depending on the nature of loan drawn and the REIT's compliance with respect to certain financial ratios. The Bridge Facilities will be secured by guarantees from certain of the REIT's subsidiaries, by a first priority charge and/or mortgage in respect of each Acquisition Property, by a first priority assignment of rents and leases in respect of each Acquisition Property, assignment of material contracts in respect of the Acquisition, including the Acquisition Agreement, the Omnibus Environmental Indemnity Agreement and any other relevant material contract executed by Sobeys or certain of its subsidiaries, and by designation of the Bridge Lender as first loss payee and as an additional insured with respect to all insurance policies applicable to the Acquisition Properties.

The Bridge Facilities are subject to completion of definitive documentation which shall contain customary representations and warranties and restrictive covenants, including compliance with certain financial ratios and restrictions on further borrowing, certain acquisitions and dispositions, restrictions on granting liens and restrictions on certain distributions. The REIT's ability to make draws under the Bridge Facilities will be subject to satisfaction of conditions including completion of equity or convertible debenture financing of at least 40% of the purchase price for the Acquisition Properties as set forth in the Acquisition Agreement, *pro forma* compliance with the financial covenants, and certain other customary conditions.

In addition, the Bridge Facilities are subject to certain "market flex" provisions which if exercised could adversely affect the structure, pricing and other terms and conditions of the Bridge Facilities. Pursuant to the "market flex" provisions, the Bridge Lender shall be entitled to (i) increase the pricing (including interest rate margins) and modify any other terms and provisions of the Bridge Facilities, and (ii) make any structural changes to the Bridge Facilities,

in each case if the Bridge Lender determines that such modifications are reasonably necessary to complete the syndication of the Bridge Facilities such that the loans and commitments of Bridge Lender under the Bridge Facilities do not exceed its target hold. Notwithstanding the foregoing, the Bridge Lender shall not be permitted to: (a) decrease the aggregate principal amount or alter the maturity dates of the Bridge Facilities available to Crombie on the Acquisition Closing, or (b) increase the interest rate margins by more than a mutually agreed limit.

The REIT is currently analyzing its options for long term financings of the Acquisition Properties. The REIT will apply the total net proceeds from the long term financings intended to be obtained on the Acquisition Properties to repay the Bridge Facilities.

CONSOLIDATED CAPITALIZATION

There have not been any material changes in the consolidated capitalization or indebtedness of the REIT since March 31, 2013, the date of the REIT's most recently filed financial statements, other than as described under "Recent Developments" and conversions of Outstanding Debentures described under "Prior Sales".

The following table sets forth the *pro forma* capitalization of the REIT as at March 31, 2013, as adjusted to give effect to transactions that have closed since March 31, 2013, the Acquisition, this Offering, the Concurrent Private Placement and the anticipated drawdown on the Bridge Facilities on closing of the Acquisition.

	As at March 31, 2013 before giving effect to transactions since March 31, 2013, this Offering and the Concurrent Private Placement	**As at March 31, 2013 after giving effect to transactions since March 31, 2013**	**As at March 31, 2013 after giving effect to transactions since March 31, 2013, the Acquisition, this Offering and the Concurrent Private Placement**
	(unaudited) (expressed in 000's)	(unaudited) (expressed in 000's)	(unaudited) (expressed in 000's)
Indebtedness			
Mortgages	$ 1,098,165	$ 1,173,071	$ 1,173,071
Convertible Debentures	122,362	120,899	193,086
Revolving Credit Facility	145,000	90,969	90,969
Term Credit Facility	-	-	563,915
Deferred Financing Charges	(11,197)	(11,876)	(17,876)
Total Indebtedness excluding Unitholders	1,354,330	1,373,063	2,003,165
Unitholders[(1)]	469,291	470,787	684,429
Special Voting Units and Class B LP Unitholders[(1)]	308,864	308,864	457,264
TOTAL CAPITALIZATION	$ 2,132,485	$2,152,714	$3,144,858

Notes:
(1) For financial statement purposes, the Units and Class B LP Units are classified as liabilities under IFRS.

EARNINGS COVERAGE RATIOS

The REIT's borrowing costs for the 12 months ended December 31, 2012 and the 12 months ended March 31, 2013, in each case after giving pro forma effect to (i) the issuance of the Debentures, (ii) the issuance of all financial liabilities of the REIT subsequent to the end of each period, and (iii) the repayment, redemption or other retirement of all financial liabilities of the REIT subsequent to the end of each period, and all financial liabilities to be repaid or redeemed from the proceeds to be realized from the Offering, amounted to $77.8 million and $75.2 million, respectively. The REIT's operating income before finance costs and income tax for the 12 months then ended was

$109.2 million and $114.1 million, respectively, which is 1.40 times the REIT's pro forma interest requirements for the 12 months ended December 31, 2012 and 1.52 times the REIT's pro forma interest requirements for the 12 months ended March 31, 2013.

USE OF PROCEEDS

The net proceeds to the REIT from the Offering, after deducting the Underwriters' Fee in respect of the Subscription Receipts and Debentures issued and sold by the REIT and the estimated expenses of the Offering, are estimated to be $285.8 million. The net proceeds to Crombie LP of the Concurrent Private Placement after deducting certain expenses of the Concurrent Private Placement are estimated to be approximately $148.4 million. No commission or other fee will be paid to the Underwriters in connection with the sale of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement.

The net proceeds from the Offering, following the release of the Escrowed Funds to the REIT by the Subscription Receipt Agent and less the amount of the Subscription Receipt Adjustment Payment (as defined herein), if any, required to be made by the REIT, and the net proceeds of the Concurrent Private Placement will be entirely used by the REIT to finance a portion of the purchase price for the Acquisition. Upon closing of the Offering, the net proceeds from the issuance of the Debentures will be used to reduce the outstanding indebtedness under the REIT's Revolving Credit Facility, which funds will be drawn by the REIT upon the closing of the Acquisition to finance a portion of the purchase price.

DESCRIPTION OF THE SUBSCRIPTION RECEIPTS

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Agreement.

The Subscription Receipts will be issued at the closing of this Offering pursuant to a subscription receipt agreement to be dated the date of closing of the Offering among the REIT, the Underwriters and the Subscription Receipt Agent (the "**Subscription Receipt Agreement**"). The aggregate gross proceeds of all the Subscription Receipts issued pursuant to the Offering less the Subscription Receipts Initial Underwriters' Fee Payment will be delivered in escrow to and held by the Subscription Receipt Agent and invested, for the account of the Subscription Receipt Holders, in short-term obligations of, or guaranteed by, the Government of Canada or other approved investments pending the closing of the Acquisition. Provided that the closing of the Acquisition occurs before the Deadline, the Escrowed Funds less the balance of the Underwriters' Fee with respect to the Subscription Receipts will be released to the REIT and Units will be issued to Subscription Receipt Holders who will receive, without payment of additional consideration, one Unit for each Subscription Receipt held. The Escrowed Funds may be subject to a special release to the REIT or, at its direction, under other escrow conditions, in order to facilitate the actual closing of the Acquisition.

Forthwith upon the closing of the Acquisition, the REIT will execute and deliver to the Subscription Receipt Agent, the Underwriters and the REIT's transfer agent a notice thereof, and will issue and deliver the Units to the Subscription Receipt Agent. Contemporaneously with the delivery of such notice, the REIT will issue a press release specifying that the closing of the Acquisition has occurred and that the Units have been issued.

If Subscription Receipt Holders become entitled to receive Units pursuant to the Subscription Receipt Agreement, such holders will also be entitled to receive, without duplication, no earlier than the third business day following the Acquisition Closing Date, an amount, if any, representing an amount per Subscription Receipt equal to the amount per Unit of any cash distributions made by the REIT for which record dates have occurred during the period from and including the date of the closing of the Offering to and including the date immediately preceding the date Units are issued or deemed to be issued pursuant to the Subscription Receipt Agreement in circumstances in which the Acquisition is completed (the "**Subscription Receipt Adjustment Payment**"), less applicable withholding taxes, if any, for each Subscription Receipt so held. The Subscription Receipt Adjustment Payment will consist of the Actual Earned Interest (as defined below) from the closing of the Offering to, but not including, the Acquisition Closing Date, plus a payment by the REIT of an amount equal to the amount by which the Subscription Receipt Adjustment Payment exceeds the Actual Earned Interest, which payment shall be deducted from the amount otherwise to be released from escrow and delivered to the REIT. To the extent that the Subscription Receipt Adjustment Payment includes amounts in respect of cash distributions on the Units for which record dates have occurred (during the

period from and including the date of the closing of the Offering to and including the date immediately preceding the date Units are issued or deemed to be issued pursuant to the Subscription Receipt Agreement) and have not yet been paid, such amounts shall not be payable to Subscription Receipt Holders until the date that such related cash distributions are paid to Unitholders, unless the REIT elects to pay such amounts earlier.

If (i) the closing of the Acquisition does not take place on or before the Deadline, (ii) the REIT delivers to the Underwriters and the Subscription Receipt Agent a notice executed by the REIT that the Acquisition Agreement has been terminated or that the REIT will not be proceeding with the Acquisition, or (iii) the REIT formally announces to the public by way of a press release that it does not intend to proceed with the Acquisition (in any case, a "**Termination Event**"), Subscription Receipt Holders shall be entitled to receive an amount equal to the full Subscription Price and their pro rata entitlements to the interest or other income actually earned on the investment of the Escrowed Funds (the "**Actual Earned Interest**") from the closing of the Offering to, but not including, the date of the Termination Event, as well as the interest that would have been earned on the Subscription Receipts Initial Underwriters' Fee Payment paid to the Underwriters if such Subscription Receipts Initial Underwriters' Fee Payment had been held in escrow as part of the Escrowed Funds and not paid to the Underwriters (the "**Deemed Earned Interest**" and together with the Actual Earned Interest, the "**Earned Interest**"), less any applicable withholding tax. Since the Subscription Receipts Initial Underwriters' Fee Payment is paid to the Underwriters from the aggregate Subscription Price at the closing of this Offering, the REIT will be responsible for making up the difference to Subscription Receipt Holders on a Termination Event in respect of the Subscription Receipts Initial Underwriters' Fee Payment and Deemed Earned Interest thereon. The obligation to make the payment of the amounts specified above shall be satisfied by mailing payment by cheque payable to the Subscription Receipt Holders at their registered address or by making a wire transfer for the account of such holders through CDS. Upon the mailing or delivery of a cheque or the making of any wire transfer as provided above (and provided such cheque has been honoured for payment, if presented for payment within six months of the date thereof, as the case may be) all rights evidenced by the Subscription Receipts relating thereto shall be satisfied and such Subscription Receipts shall be void and of no value or effect.

Subscription Receipt Holders are not Unitholders and Subscription Receipts do not carry any voting rights whatsoever in the REIT. Subscription Receipt Holders are entitled only to receive Units on surrender of their Subscription Receipts to the Subscription Receipt Agent or to a return of the Subscription Price for the Subscription Receipts and any payments in respect of interest or distributions, as applicable, in each case, as described above.

In the event that, prior to the date of issue of a Unit in respect of a Subscription Receipt, there occurs a subdivision, consolidation, reclassification or other change of the Units or any reorganization, amalgamation, merger or sale of all or substantially all of the REIT's assets, the Subscription Receipts will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on the conversion of or in respect of the Units to which the holder of a Unit would have been entitled immediately after such event. Similarly, any distribution to all or substantially all of the holders of Units of rights, options, warrants, evidences of indebtedness or assets will result in an adjustment in the number of the Units to be issued to Subscription Receipt Holders. Alternatively, such securities, evidences of indebtedness or assets may, at the option of the REIT, be issued to the Subscription Receipt Agent and delivered to Subscription Receipt Holders on exercise thereof. If the REIT, after the closing of the Offering, takes any action affecting the Units, other than the actions described above, which, in the reasonable opinion of the trustees of the REIT, would materially affect the rights of the Subscription Receipt Holders and/or the rights attached to the Subscription Receipts, then the number of Units which are to be received pursuant to the Subscription Receipts shall be adjusted in such manner, if any, and at such time as the trustees of the REIT may, in their discretion, reasonably determine to be equitable to the Subscription Receipt Holders in such circumstances. The adjustments provided for in this paragraph are cumulative and shall apply to successive subdivisions, consolidations, changes, distributions, issues or other events resulting in any adjustment.

Under the Subscription Receipt Agreement, purchasers of Subscription Receipts will have a contractual right of rescission entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or the Units, as applicable, if the short form prospectus and/or any amendment thereto contains a misrepresentation, as such term is defined in the *Securities Act* (Nova Scotia), provided such remedy for rescission is exercised within 180 days of the closing of the Offering. This contractual right of rescission extends only to initial purchasers of Subscription Receipts and will not extend to any Subscription Receipt Holders who acquire such Subscription Receipts from an initial purchaser in the open market or otherwise. The REIT will not be

liable under this contractual right of rescission if the purchaser of Subscription Receipts had knowledge of the misrepresentation.

The Subscription Receipts will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository services of CDS (the "**Participant**"). On the closing date of this Offering, a certificate representing the Subscription Receipts will be issued in registered form to CDS or its nominee, CDS & Co., and will be deposited with CDS pursuant to the book-entry only system.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Subscription Receipts (a "**Subscription Receipt Beneficial Owner**"), will not be entitled to receive a certificate for Subscription Receipts or for the Units issuable pursuant to the Subscription Receipts. Purchasers of Subscription Receipts will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Subscription Receipts will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the Subscription Receipts are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Subscription Receipts will be made only through the depository service of CDS.

As indirect holders of Subscription Receipts, investors should be aware that they (subject to the situations described below): (i) may not have Subscription Receipts registered in their name; (ii) may not have physical certificates representing their interest in the Subscription Receipts; (iii) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (iv) may be unable to hypothecate or pledge Subscription Receipts as security.

The Subscription Receipts will be issued to the Subscription Receipt Beneficial Owners thereof in fully registered and certificated form (the "**Subscription Receipt Certificates**") only if: (i) the REIT, at its option, decides to terminate the book-entry only system through CDS; (ii) the REIT is required to do so by applicable law; (iii) the book-entry only system ceases to exist; or (iv) the REIT or CDS advises the Subscription Receipt Agent that CDS is no longer able or willing to properly discharge its responsibilities as depository with respect to the Subscription Receipts and the REIT (and/or the Subscription Receipt Agent) is unable to locate a qualified successor.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Subscription Receipt Agent must notify CDS, for and on behalf of Participants and Subscription Receipt Beneficial Owners, of the availability through CDS of Subscription Receipt Certificates. Upon surrender by CDS of the global certificates representing the Subscription Receipts and receipt of instructions from CDS for the new registrations, the Subscription Receipt Agent will deliver the Subscription Receipts in the form of Subscription Receipt Certificates and thereafter the REIT will recognize the holders of such Subscription Receipt Certificates as Subscription Receipt Holders under the Subscription Receipt Agreement.

Neither the REIT nor the Underwriters will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or any payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (iii) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Subscription Receipt Beneficial Owners must look solely to Participants for any payments relating to the Subscription Receipts paid by or on behalf of the REIT to CDS.

DESCRIPTION OF THE DEBENTURES

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the terms of the indenture made as of March 20, 2008, as supplemented by a first supplemental indenture dated September 30, 2009 (the "**First Supplemental Indenture**"), a second supplemental indenture dated February 8, 2010 (the "**Second Supplemental Indenture**"), a third supplemental indenture dated on July 3, 2012 (the "**Third Supplemental Indenture**") and a fourth supplemental indenture to be entered into on closing of the Offering (the "**Fourth Supplemental**

Indenture"), between the REIT and CIBC Mellon Trust Company (the "**Debenture Trustee**"), and which creates and governs the Debentures and Outstanding Debentures (collectively, the "**Indenture**").

General

The Debentures will be issued as a new series under the Indenture pursuant to the Fourth Supplemental Indenture. The Debenture Trustee is the trustee under the Indenture, as well as the REIT's transfer agent and the Subscription Receipt Agent. The Indenture does not limit the aggregate principal amount of debentures that may be outstanding from time to time under the Indenture.

The Debentures to be issued under the Offering will be in the aggregate principal amount of $75 million. As of July 28, 2013, the outstanding Series B Debentures have an aggregate principal amount of $15.9 million, the outstanding Series C Debentures have an aggregate principal amount of $45.0 million and the outstanding Series D Debentures have an aggregate principal amount of $60.0 million. The Debentures will rank *pari passu* with the Outstanding Debentures. The REIT may, from time to time, without the consent of the Debentureholders, issue additional debentures of a different series under the Indenture, in addition to the Debentures offered hereby.

The Debentures will be dated as of the closing of the Offering and will have an initial maturity on the date on which a Termination Event occurs (the "**Initial Maturity Date**"). If the Acquisition Closing Date takes place prior to the occurrence of a Termination Event, the maturity date will be automatically extended from the Initial Maturity Date to March 31, 2021 (the "**Final Maturity Date**"). If the Acquisition Closing Date does not take place prior to the occurrence of a Termination Event, the Debentures will mature on the Initial Maturity Date. The Debentures will be issuable only in denominations of $1,000 and integral multiples thereof and will bear interest from and including the date of issue at 5.25% per annum, which will be payable semi-annually in arrears on March 31 and September 30 in each year, commencing on September 30, 2013. The first interest payment will include interest accrued from the date of the closing of the Offering to but excluding September 30, 2013 (unless the Initial Maturity Date occurs prior to September 30, 2013).

The principal amount of the Debentures is payable in lawful money of Canada or, if the maturity date is extended beyond the Initial Maturity Date, at the option of the REIT and subject to applicable regulatory approval, by delivery of fully paid, non-assessable and freely tradeable Units as further described under "— Method of Payment — Payment of Principal on Redemption or at Maturity". The interest on the Debentures is payable in lawful money of Canada including, at the option of the REIT and subject to applicable regulatory approval, in accordance with the Interest Payment Election as described under "— Method of Payment — Interest Payment Election".

The Debentures are direct obligations of the REIT and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to other liabilities of the REIT as described under "Description of the Debentures — Subordination".

Subordination

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

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

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

(a) all indebtedness, liabilities and obligations of the REIT (other than the Debentures and any other series of debentures that have been or that may be issued under the Indenture), whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed in connection with the acquisition by the REIT of any businesses, properties or other assets or for monies borrowed or raised by whatever means (including, by means of commercial paper, bankers' acceptances, letters of credit, debt instruments, bank debt and financial leases, and any liability evidenced by bonds, debentures, notes or similar instruments) or in connection with the acquisition of any businesses, properties or other assets or for monies borrowed or raised by whatever means (including, without limitation, by means of commercial paper, bankers' acceptances, letters of credit, debt instruments, bank debt and financial leases, and any liability evidenced by bonds, debentures, notes or similar instruments) by others including, without limitation, any subsidiary of the REIT for payment of which the REIT is responsible or liable, whether absolutely or contingently; and

(b) renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations;

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

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

Conversion Rights

Each Debenture is convertible into Units of the REIT, at the option of the Debentureholder, at any time prior to 5:00 p.m. (Toronto time) on the earlier of (i) the Initial Maturity Date or the Final Maturity Date, as applicable, and (ii) the last business day immediately preceding the date specified by the REIT for the redemption of the Debentures by notice to the Debentureholders in accordance with the Indenture, at a conversion price of $17.15 per Unit (the "**Conversion Price**"), being a conversion rate of approximately 58.309 Units per $1,000 principal amount of Debentures, subject to adjustment upon the occurrence of certain events in accordance with the Indenture. If all conversion rights attaching to the Debentures are exercised, the REIT will be required to issue approximately 4,373,177 additional fully paid, non-assessable and freely tradeable Units, subject to anti-dilution adjustments. No adjustment will be made for distributions on Units issuable upon conversion or for interest accrued on Debentures surrendered for conversion; however, Debentureholders converting their Debentures will receive accrued and unpaid interest on such Debentures for the period from the last interest payment date on their Debentures (or the date of issue of their Debentures if no interest has yet been paid by the REIT) to and including the last record date for distributions to Unitholders declared by the REIT prior to such conversion. In the event that the REIT has suspended regular distributions, then a Debentureholder, in addition to the applicable number of Units to be received on conversion, will be entitled to receive accrued and unpaid interest for the period from the last interest payment date prior to the date of conversion to the date of conversion.

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

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

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

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

Redemption

The Debentures will not be redeemable prior to August 14, 2016, except upon the satisfaction of certain conditions after a Change of Control (as defined below) has occurred. On or after August 14, 2016, and prior to or on August 14, 2018, the Debentures will be redeemable at the option of the REIT, in whole or in part and from time to time, on not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume-weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given exceeds 125% of the Conversion Price. After August 14, 2018, and prior to March 31, 2021, the Debentures will be redeemable at the option of the REIT, in whole or in part and from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest. Any Debentures redeemed by the REIT will be cancelled and will not be reissued.

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

Put Right upon a Change of Control

Upon the occurrence of a change of control involving the acquisition, by any person or persons acting jointly or in concert, of voting control or direction over an aggregate of 66⅔% or more of the outstanding Units (a "**Change of Control**"), each Debentureholder may require the REIT to purchase, on the date which is 30 days following the giving of notice of a Change of Control as set out below (the "**Put Date**"), all or any part of such Debentureholder's Debentures at a price equal to 101% of the principal amount thereof (the "**Put Price**") plus accrued and unpaid interest up to but excluding the Put Date.

If 90% or more in aggregate principal amount of the Debentures outstanding on the date the REIT provides notice of a Change of Control to the Debenture Trustee have been tendered for purchase on the Put Date, the REIT has the right to redeem all the remaining Debentures on such date at the Put Price. Notice of such redemption must be given to the Debenture Trustee by the REIT prior to the Put Date and, as soon as possible thereafter, by the Debenture Trustee to the Debentureholders whose Debentures have not been tendered for purchase.

Method of Payment

Payment of Principal on Redemption or at Maturity

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

Interest Payment Election

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

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

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

Events of Default and Waiver

The Indenture provides that an event of default ("**Event of Default**") in respect of the Debentures will result upon the occurrence of certain events described in the Indenture, including if any one or more of the following events has occurred and is continuing with respect to the Debentures: (i) failure for 15 days to pay the interest on the Debentures when due; (ii) failure to pay principal or premium, if any, on the Debentures when due whether at maturity, upon redemption, by declaration or otherwise; (iii) failure for 60 days after written notice to the REIT by the Debenture Trustee to comply with any of its agreements in the Debentures or the Indenture or any indenture supplemental thereto (other than those referred to in (i) and (ii) above); (iv) failure for 10 days to deliver Units (or cash in lieu of fractional Units) in accordance with the terms of the Indenture when such Units (or cash in lieu of fractional Units) are required to be delivered upon conversion of a Debenture; (v) default under any agreement evidencing indebtedness for money borrowed by the REIT where such indebtedness shall be accelerated so that it shall be or become due or payable prior to the date on which the same would otherwise become due and payable and

the aggregate amount thereof so accelerated exceeds $35 million and such acceleration is not rescinded or annulled within five business days after written notice to the RElT by the Debenture Trustee; (vi) certain events of bankruptcy or insolvency affecting the REIT under bankruptcy, insolvency or analogous laws; (vii) a decree or court order issuing sequestration or process of execution against all or a substantial portion of the property of the REIT, appointing a receiver of all or a substantially all of the property of the REIT, or ordering the winding-up or liquidation of the affairs of the REIT and any such decree or order continues unstayed and in effect for 60 days; (viii) if a resolution is passed for the winding-up or liquidation of the RElT; or (ix) if, after the date of the Indenture, any proceedings with respect to the REIT are taken with respect to a compromise or arrangement, with respect to creditors of the REIT generally, under applicable insolvency or bankruptcy legislation.

The Indenture provides that, if an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon the request of holders of not less than 25% of the aggregate principal amount of the debentures then outstanding under the Indenture, declare the principal, interest on all debentures then outstanding under the Indenture and all other monies outstanding to be due and payable.

In addition to the powers exercisable by Extraordinary Resolution (as defined herein), the holders of 66⅔% in aggregate principal amount of the debentures at the time outstanding under the Indenture may waive any existing default and its consequences, provided that if the Event of Default has occurred by reason of the non-observance or non-performance by the REIT of any covenant applicable only to one or more series of debentures, then the holders of at least 66⅔% of the principal amount of the outstanding debentures of that series shall be entitled to exercise this power.

The Debenture Trustee, so long as it has not become bound to declare the principal and interest on the debentures then outstanding under the Indenture to be due and payable, or to obtain or enforce payment of the same, shall have the power to waive any Event of Default if, in the Debenture Trustee's opinion, the default shall have been cured or adequate provision made therefor.

When a default is waived by the Debenture Trustee or holders of debentures under the Indenture, it is deemed cured and will cease to exist, but that waiver does not extend to any subsequent or other default or impair any consequent right.

Modification

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

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

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

All actions which may be taken by holders of debentures under the Indenture by Ordinary Resolution and Extraordinary Resolution and all actions requiring the approval of at least 66⅔% of a series of debentures may also be taken and exercised by an instrument or instruments in writing signed by the holders of not less than 66⅔% in aggregate principal amount of the debentures or series of debentures then outstanding under the Indenture, as the case may be.

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

Limitation on Non-Resident Ownership

No Units may be issued pursuant to the conversion of all or part of the Debentures, no Debentures will be issued, no payment of interest or principal (whether upon maturity, redemption, or otherwise) will be made by the issuance of Units, and no Units will be issued in connection with the retraction of all or part of the Debentures upon a Change of Control, if any such issuance of Units or Debentures would result in persons who are non-residents of Canada or partnerships which are not Canadian partnerships, both for purposes of the Tax Act, holding or beneficially owning more than 49% of the Units (on either a basic or fully-diluted basis).

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

Book-Entry, Delivery and Form

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

All Debentures will be represented in the form of one or more Global Debentures registered in the name of the Depository or its nominee. Purchasers of Debentures represented by Global Debentures will not receive Debentures in definitive form. Rather, the Debentures will be represented only in "book-entry only" form (unless the REIT, in its sole discretion, elects to prepare and deliver definitive Debentures in fully-registered form). Interests in the Global Debentures will be represented through book-entry accounts of institutions (including the Underwriters) acting on behalf of holders of interests, as direct and indirect participants of the Depository (the "**participants**").

Each purchaser of a Debenture represented by a Global Debenture will receive a customer confirmation of purchase from the Underwriter or Underwriters from whom the Debenture is purchased in accordance with the practices and procedures of the selling Underwriter or Underwriters. The practices of the Underwriters may vary but generally,

customer confirmations are issued promptly after execution of a customer order. The Depository will be responsible for establishing and maintaining book-entry accounts for its participants having interest in Global Debentures.

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

Transfer and Exchange of Debentures

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

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

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

Reports to Debentureholders

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

DESCRIPTION OF UNITS

The following is a summary of the material attributes and characteristics of the Units. A more detailed summary of the attributes of the Units can be found in the REIT's AIF under the heading "Description of Capital Structure and Declaration of Trust".

General

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such Act or any other legislation. The Units are not shares in the REIT and Unitholders do not have statutory rights of shareholders of a corporation incorporated under either the *Business Corporations Act* (Ontario) or the *Canada Business Corporations Act* including, for example, the right to bring "oppression" or "derivative" actions. Furthermore, the REIT is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

The REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units. Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the trustees without the approval of the Unitholders.

Units

Units do not have preference or priority over one another. No Unitholder has or is deemed to have any right of ownership of any of the assets of the REIT. Each Unit represents a Unitholder's proportionate undivided beneficial ownership interest in the REIT and confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units are fully paid and non-assessable when issued (unless issued on an instalment receipt basis) and are transferable.

Special Voting Units

Special Voting Units have no economic entitlement in the REIT but entitle the holder to one vote per Special Voting Unit at any meeting of the Unitholders of the REIT. Special Voting Units may only be issued in connection with or in relation to Class B LP Units for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Special Voting Units are issued in conjunction with the Class B LP Units to which they relate, and are evidenced only by the certificates representing such Class B LP Units. Special Voting Units are not transferable separately from the Class B LP Units to which they are attached and are automatically transferred upon the transfer of such Class B LP Unit. Each Special Voting Unit entitles the holder thereof to that number of votes at any meeting of Unitholders that is equal to the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached. Upon the exchange or surrender of a Class B LP Unit for a Unit, the Special Voting Unit attached to such Class B LP Unit will automatically be redeemed and cancelled for no consideration without any further action of the trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto

Redemption Right

Each Unitholder is entitled to require the REIT to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the conditions provided in the Declaration of Trust.

Purchases of Units by the REIT

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange and regulatory policies. Any such purchase will constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Issuance of Units

Subject to the approval rights of ECL set out in the Exchange Agreement (as defined below), the REIT may issue new Units from time to time, in such manner, for such consideration and to such person or persons as the trustees shall determine. Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued would be first offered to existing Unitholders, except that for so long as ECL continues to hold directly or indirectly

at least 10% of the Special Voting Units, ECL will have the pre-emptive right to purchase additional Units issued by the REIT to maintain its pro rata voting interest in the REIT. 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 Units 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.

Immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts distributed represent income, non-resident holders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units.

Such non-resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

The REIT may also issue new Units as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the trustees, or pursuant to any incentive or option plan established by the REIT from time to time.

Book-Based System

Except as otherwise provided below, the Units are represented in the form of one or more fully registered global unit certificates held by, or on behalf of, CDS, as depository of such global unit certificates for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of the Units are effected only through the book-based system administered by CDS. On closing of the Offering, CDS will credit interests in the global unit certificates representing the Units to the accounts of its participants as directed by the Underwriters.

Except as described below, no purchaser of a Unit is entitled to a certificate or other instrument from the REIT evidencing that purchaser's ownership thereof, and no holder of a beneficial interest in a Unit is shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of the beneficial owners. CDS is responsible for establishing and maintaining book-entry accounts for its participants having interests in the global unit certificates. Sales of interests in the global unit certificates can only be completed through participants in the depository services of CDS.

Units are issued in fully registered form to holders or their nominees, if any, who purchase Units pursuant to a private placement of Units made in reliance upon Rule 144A adopted under the United States Securities Act of 1933, as amended (the "**1933 Act**"), and to transferees thereof in the United States who purchase such Units in reliance upon such Rule. If any such privately placed Units represented by definitive certificates are subsequently traded into Canada, the registrar and transfer agent will deliver a certificate registered in the name of CDS or its nominee representing such Units and, thereafter, registration of ownership and transfers of such Units will be made through the book-based system administered by CDS.

Except in the case of United States purchasers purchasing Units under Rule 144A, Units will be issued in fully registered form to holders or their nominees, other than CDS or its nominee, only if: (i) the REIT is required to do so by applicable law; (ii) the depository system of CDS ceases to exist; (iii) the REIT determines that CDS is no longer willing or able or qualified to discharge properly its responsibility as depository and the REIT is unable to locate a qualified successor; or (iv) the REIT at its option elects to terminate the book-entry system in respect of the Units through CDS.

Transfer and Exchange of Units

Transfers of beneficial ownership of Units represented by global unit certificates will be effected through records maintained by CDS or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver definitive certificates representing the Units, beneficial owners who are not participants in the book-entry

system administered by CDS, but who desire to purchase, sell or otherwise transfer ownership of or other interest in global unit certificates, may do so only through participants in the book-entry system administered by CDS.

The ability of a beneficial owner of an interest in a Unit represented by a global unit certificate to pledge the Unit or otherwise take action with respect to such owner's interest in the Unit represented by a global unit certificate (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of definitive certificates representing Units may transfer such Units upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Unit certificates to the registrar for the Units at its principal office in the City of Toronto, Ontario or such other city or cities as may from time to time be designated by the REIT, whereupon new Unit certificates will be issued in authorized denominations in the same aggregate principal amount as the Unit certificates so transferred, registered in the name of the transferees. Any request to transfer or exchange Units may not be honoured by the REIT and the transfer agent for the Units if such transfer or exchange is in contravention of United States federal and state securities laws or would require the REIT to register as an investment company under the United States Investment Company Act of 1940.

Limitation on Non-Resident Ownership

In order for the REIT to maintain its status as a "mutual fund trust" under the Tax Act, the REIT must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, at no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units and the trustees will inform the transfer agent and registrar of this restriction. The trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents of Canada or that such a situation is imminent, the trustees may make a public announcement thereof and will not accept a subscription for Units from or issue Units to a person unless the person provides a declaration that the person is not a non-resident. If, notwithstanding the foregoing, the trustees determine that more than 49% of the Units are held by non-residents, the trustees may send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the trustees with satisfactory evidence that they are not non-residents within such period, the trustees may, on behalf of such Unitholders sell such Units and, in the interim, must suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders will cease to be holders of Units and their rights will be limited to receiving the net proceeds of sale, subject to the right to receive payment of any distribution declared by the trustees which is unpaid and owing to such Unitholders. The trustees will have no liability for the amount received provided that they act in good faith. Class B LP Units, which are economically equivalent to Units, are not permitted to be transferred to non-resident entities.

Approval Rights

The Declaration of Trust provides that the REIT may not, without the approval of ECL so long as ECL or its affiliates hold or control at least 20% of the Units and the Special Voting Units collectively, issue any securities that, in the aggregate, would result in the dilution of ECL's voting interest to a level less than that required to be maintained pursuant to any agreements to which the REIT is a party.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose.

The following amendments, among others, require the approval of two-thirds of the votes cast by all Unitholders at a meeting:

(a) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units;

(b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units;

(c) the constraint of the issue, transfer or ownership of the Units or Special Voting Units or the change or removal of such constraint;

(d) the sale or transfer of the assets of any of the REIT or its subsidiaries as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of any of the REIT or its Subsidiaries approved by the trustees);

(e) the termination of any of the REIT or its subsidiaries;

(f) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity; and

(g) except as described herein, the amendment of the investment guidelines and operating policies of the REIT set out in the Declaration of Trust.

Upon the recommendation of the Independent Trustees (as defined in the Declaration of Trust) of the REIT, the trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

(a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the trustees or the REIT; (ii) the status of the REIT as a "mutual fund trust" or "registered investment" under the Tax Act; or (iii) the distribution of Units;

(b) which, in the opinion of the trustees, provide additional protection for the Unitholders;

(c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the trustees, necessary or desirable and not prejudicial to the Unitholders;

(d) which, in the opinion of the trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in this prospectus and the Declaration of Trust;

(e) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the trustees, are necessary or desirable and not prejudicial to the Unitholders;

(f) which, in the opinion of the trustees, are necessary or desirable: (i) as a result of changes in taxation or other laws, or to ensure continuing compliance with IFRS for January 1, 2010 and thereafter; or (ii) to ensure the Units qualify as equity for purposes of IFRS for January 1, 2010 and thereafter;

(g) which, in the opinion of the trustees, are necessary or desirable to enable the REIT to implement a Unit option or purchase plan or issue Units for which the purchase price is payable in instalments;

(h) to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the REIT's property or income other than a return of capital; and

(i) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the trustees, is not prejudicial to Unitholders and is necessary or desirable.

Distributions

The following outlines the distribution policy of the REIT as contained in the Declaration of Trust. Subject to compliance with such distribution policy, determinations as to the amounts actually distributable are made in the sole discretion of the trustees.

Pursuant to the Declaration of Trust, cash distributions are to be determined by the trustees in their discretion. The REIT intends to make distributions to Unitholders at least equal to the amount of net income, net realized capital gains and net recapture income of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. Any increase or reductions in the percentage of income to be distributed to Unitholders will result in a corresponding increase or decrease in distributions on Class B LP Units.

Distributions are made to Unitholders of record as at the close of business on the last business day of the month preceding a distribution date. Distributions may be adjusted for amounts paid in prior periods if the actual distribution for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units.

Crombie LP is the primary source of cash flow to fund distributions to Unitholders. The amended and restated Crombie LP limited partnership agreement dated April 14, 2008 between ECL, CS Trust and Crombie GP (the "**Crombie LP Agreement**") requires Crombie LP to make monthly cash distributions to CS Trust and to holders of Class B LP Units equal to the distribution payout ratio set by the REIT from time to time. Crombie LP retains the discretion to make unequal distributions to account for expenses incurred or income earned by CS Trust and the REIT so that distributions to be made to Class B LP Units are economically equivalent, to the greatest extent possible, to the distributions that the holder of Class B LP Units would have received if they were holding Units instead of Class B LP Units.

The REIT has paid monthly cash distributions of $0.07417 per Unit since May 2008.

RETAINED INTEREST

Pursuant to the exchange agreement dated March 23, 2006 (the "**Exchange Agreement**") between the REIT, Crombie Subsidiary Trust, a trust established under the laws of the Province of Ontario, the sole unitholder of which is the REIT ("**CS Trust**"), Crombie LP, Crombie General Partner Limited, a company incorporated under the laws of Nova Scotia and which is a wholly-owned subsidiary of CS Trust ("**Crombie GP**"), and ECL Properties Limited ("**ECL Properties**"), ECL Properties was granted certain rights in respect of the REIT, which include a pre-emptive right, for so long as ECL Properties and its affiliates continue to hold at least 10% of the Units (including Units issuable upon the exchange of the Class B LP Units of Crombie LP), to purchase Units in the REIT to maintain its pro rata ownership interest in the REIT. ECL Properties holds its interest in the REIT through its wholly-owned direct subsidiary ECL, a company existing under the laws of Nova Scotia, and has assigned its pre-emptive right to ECL.

As of the date hereof, ECL holds 42.7% of the economic and voting interest in the REIT through its ownership of 38,430,221 Class B LP Units and Special Voting Units and 909,090 Units. Each Class B LP Unit entitles the holder to cash distributions from Crombie LP equal to the distributions paid to holders of Units by the REIT. Each Class B LP Unit is accompanied by one Special Voting Unit of the REIT which provides the Class B LP Unit holder with the same voting rights in the REIT as one Unit provides to a Unitholder. Each Class B LP Unit is exchangeable into one Unit (subject to customary anti-dilution adjustments).

In connection with the Offering and the possible exchange or conversion of the Subscription Receipts and Debentures for Units, the REIT was notified that in satisfaction of the pre-emptive rights of ECL under the Exchange Agreement to acquire Subscription Receipts and Debentures, ECL would prefer to subscribe for a number of Class B LP Units and Special Voting Units not to exceed the maximum number of Units to which ECL would be

entitled under the pre-emptive right, to be consistent with its prior investments in the REIT. The members of the Board who are considered to be independent of both the REIT and Empire approved the terms of the Concurrent Private Placement based on the fact that the Class B LP Units and Special Voting Units issuable under the Concurrent Private Placement are the economic equivalent of the Units that ECL would be entitled to receive under its pre-emptive right in respect of the Offering and the possible exchange or conversion of the Subscription Receipts and Debentures for Units, and the form of investment by ECL is consistent with its prior investments in the REIT. Consequently, concurrently with the exchange of the Subscription Receipts for Units, pursuant to the Concurrent Private Placement, ECL will subscribe for, and Crombie LP and the REIT will issue to ECL, 11,811,024 Class B LP Units and the associated Special Voting Units, at a price of $12.70 per Class B LP Unit, equal to the price per Subscription Receipt under the Offering. The Concurrent Private Placement will be completed by way of an exemption from the prospectus requirements under the applicable securities laws.

After giving effect to the Concurrent Private Placement, the Offering and the exchange of the Subscription Receipts for Units, ECL will hold a 42.1% economic and voting interest in the REIT through its ownership of 50,241,245 Class B LP Units and Special Voting Units. Should all Outstanding Debentures be converted into Units in accordance with their terms, then ECL's economic and voting interest in the REIT could be decreased to approximately 39.3%. If a Termination Event occurs and the Subscription Receipts are not converted into Units, then the Concurrent Private Placement will not occur.

As a result of ECL's economic and voting interest in the REIT, the Concurrent Private Placement constitutes a "related party transaction" under MI 61-101. MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. The REIT has applied for exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, would permit it to be exempt from the valuation requirement in respect of the Class B LP Units to be issued in the Concurrent Private Placement. The REIT intends to seek minority approval of the Concurrent Private Placement at the Unitholder Meeting.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have agreed to purchase on or about August 14, 2013, or on such later date as the REIT and the Underwriters may agree, 17,720,000 Subscription Receipts at a price of $12.70 per Subscription Receipt and an aggregate of $75 million principal amount of Debentures, for total gross proceeds to the REIT of $300,044,000. The obligations of the Underwriters under the Underwriting Agreement may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Subscription Receipts and the Debentures if any of the Subscription Receipts or the Debentures are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Subscription Receipts and the Debentures are several (and not joint or joint and several). The terms of the Offering and the prices of the Subscription Receipts and the Debentures have been determined by negotiation between the REIT and the Underwriters.

Under the Underwriting Agreement, the REIT has agreed to pay the Underwriters a fee of $0.508 per Subscription Receipt and $37.50 per $1,000 principal amount of Debentures, for an aggregate fee payable by the REIT of $11,814,260, in consideration for their services in connection with this Offering, subject to the remainder of this paragraph. The Underwriters' Fee in respect of the Subscription Receipts is payable as to 50% upon closing of this Offering and 50% upon closing of the Acquisition from the Escrowed Funds under the Subscription Receipt Agreement, in accordance with the terms and conditions thereof. If the Acquisition is not completed and Escrowed Funds are refunded to the purchasers of Subscription Receipts, the Underwriters' Fee in respect of the Subscription Receipts shall consist solely of such 50% amount payable at the closing of this Offering. The Underwriters' Fee in respect of the Debentures is payable on closing of this Offering.

ECL has waived its pre-emptive right under the Exchange Agreement in connection with the Offering, subject to the completion of the Concurrent Private Placement as described above. Concurrently with the exchange of the Subscription Receipts for Units, Crombie LP will issue and sell 11,811,024 Class B LP Units of Crombie LP to ECL on a private placement basis at a price of $12.70 per Class B LP Unit pursuant to the Concurrent Private Placement for total gross proceeds of approximately $150 million. Each Class B LP Unit is exchangeable for one Unit and has attached one Special Voting Unit of the REIT. No commission or other fee will be paid to the Underwriters in connection with the sale of Class B LP Units and Special Voting Units pursuant to the Concurrent Private Placement.

This short form prospectus does not qualify the distribution of the Class B LP Units and Special Voting Units issued pursuant to the Concurrent Private Placement. The Class B LP Units and Special Voting Units issued pursuant to the Concurrent Private Placement, and all Units issuable upon exchange of the Class B LP Units issued pursuant to the Concurrent Private Placement, will be subject to a minimum statutory hold period of four months from the Closing of the Offering. If a Termination Event occurs and the Subscription Receipts are not converted into Units, the Concurrent Private Placement will not occur.

Other than the Class B LP Units and Special Voting Units to be issued to ECL in connection with the Concurrent Private Placement and certain other exceptions, the REIT has agreed not to offer or issue, or enter into an agreement to offer or issue, Units or any securities convertible or exchangeable for Units for a period of 90 days subsequent to the closing of the Offering without the consent of the Underwriters, which consent may not be unreasonably withheld.

The REIT has applied to list the Subscription Receipts, the Debentures and the Units issuable pursuant to the Subscription Receipts and upon conversion of the Debentures on the TSX. Listing will be subject to the REIT fulfilling all listing requirements of the TSX. Closing of this Offering is conditional on the Subscription Receipts, Debentures and the Units issuable pursuant to the Subscription Receipts and conversion of the Debentures being approved for listing on the TSX.

The Underwriters propose to offer the Subscription Receipts and the Debentures to the public initially at the offering price and in the principal amount, respectively, specified on the cover page of this prospectus. After the Underwriters have made a reasonable effort to sell all of the Subscription Receipts and the Debentures at the offering price and in the principal amount specified on the cover page, the offering price for the Subscription Receipts and the principal amount for the Debentures may be decreased and may be further changed from time to time to amounts not greater than those set forth in the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Subscription Receipts and the Debentures is less than the amount paid by the Underwriters to the REIT.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Subscription Receipts or the Units. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Subscription Receipts, the Debentures or the Units. These exceptions include: (i) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution. The REIT has been advised by the Underwriters that, in connection with the Offering and subject to applicable laws, the Underwriters may effect transactions that stabilize or maintain the market price of the Subscription Receipts or the Debentures at levels other than those that would prevail on the open market. Such transactions, if commenced, may be discontinued at any time. A purchaser who acquires Subscription Receipts or Debentures forming part of the Underwriters' over-allocation position acquires those securities under this short form prospectus.

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

Under the Underwriting Agreement, the REIT has agreed to indemnify and hold harmless the Underwriters and their respective officers, directors, employees, shareholders, partners, advisors and agents against certain liabilities.

RELATIONSHIP BETWEEN THE REIT AND CERTAIN UNDERWRITERS

Affiliates of each of CIBC World Markets Inc., TD Securities Inc., Scotia Capital Inc. and BMO Nesbitt Burns Inc. are lenders to the REIT under the Revolving Credit Facility. An affiliate of Scotia Capital Inc. has also committed

to provide the Bridge Facilities. In addition, Paul D. Sobey, a trustee of the REIT, is a member of the board of directors of an affiliate of Scotia Capital Inc. Accordingly, the REIT may be considered to be a "connected issuer" of each of CIBC World Markets Inc., TD Securities Inc., Scotia Capital Inc. and BMO Nesbitt Burns Inc. within the meaning of applicable Canadian securities legislation.

As at July 28, 2013 approximately $113.6 million was outstanding under the Revolving Credit Facility. As at that date, the REIT was in compliance in all material respects with the terms and conditions of the Revolving Credit Facility and no breach thereunder has been waived by the lenders under such agreements since their execution. The Revolving Credit Facility is currently secured by first charges on six properties and related personal property held by the REIT, second mortgages on four properties and related personal property held by the REIT, a negative pledge on one property and a security interest in all of the personal property of the REIT subject to certain exceptions relating to site-specific financing. There has been no material change in the financial position of the REIT since the execution of the agreements governing the Revolving Credit Facility, except as described elsewhere in this short form prospectus and in the documents incorporated by reference herein. The decision to purchase Subscription Receipts and the Debentures by the Underwriters was made independently of their affiliated lenders under the Revolving Credit Facility, and those lenders had no influence as to the determination of the terms of the distribution of the Subscription Receipts. The offering price of the Subscription Receipts and the other terms and conditions of the Offering were established through negotiations with the REIT and the Underwriters, without involvement of their affiliate lenders under the Revolving Credit Facility. In addition, none of CIBC World Markets Inc., TD Securities Inc., Scotia Capital Inc. and BMO Nesbitt Burns Inc. nor their affiliate lenders will receive any benefit from the Offering, other than these Underwriters' respective portion of the Underwriters' Fee payable by the REIT as described above under "Plan of Distribution" and the lenders' receipt of their share of any repayments under the Revolving Credit Facility as described above under "Use of Proceeds".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stewart McKelvey, counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder that acquires Subscription Receipts or Debentures pursuant to this short form prospectus. This summary is applicable to a holder, who, for purposes of the Tax Act, is resident in Canada, deals at arm's length with and is not affiliated with the REIT or the Underwriters and holds the Subscription Receipts or Debentures and any Units acquired under the terms of the Subscription Receipts or Debentures (for the purposes of this section, collectively, the "**Securities**") as capital property (a "**Holder**"). Generally, Securities will be considered to be capital property to a Holder provided that the Holder does not hold the Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Debentures and Units as capital property may, in certain circumstances, be entitled to have them (and every other "Canadian security" owned by the taxpayer in that taxation year or any subsequent taxation year) treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders of the Debentures and Units should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Holder (i) that is a "financial institution", (ii) an interest in which is a "tax shelter investment", (iii) has elected to determine its Canadian tax results in accordance with the "functional currency" rules, or (iv) that has entered or will enter into a "derivative forward agreement" (as that term is defined in the proposed amendments contained in a Notice of Ways and Means Motion tabled by the Minister of Finance (Canada) on March 21, 2013) with respect to any Securities, as each of those terms (expect as otherwise stated) is defined in the Tax Act. Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Securities acquired pursuant to this short form prospectus. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed to acquire Securities.

This summary is based on certain representations as to factual matters made in a certificate signed by an officer of the REIT and provided to counsel (the "**Officer's Certificate**"). This summary assumes that the representations made in the Officer's Certificate, including the representations whose satisfaction will ensure that the REIT qualifies and will continue to qualify as a "mutual fund trust" and for the REIT Exemption (as defined below), are true and correct and that the REIT has complied and will at all times comply with the Declaration of Trust, and that the REIT does and will continue to qualify as a "mutual fund trust" and for the REIT Exemption under the provisions of the Tax Act while the Subscription Receipts, Debentures and Units remain outstanding. This summary assumes that, if

the holders of Subscription Receipts become entitled to receive the Subscription Receipt Adjustment Payments that the amount of such payment will not be less than the Earned Interest.

This summary is of a general nature only and is based upon the facts set out herein (including the documents incorporated by reference) and in the Officer's Certificate, the current provisions of the Tax Act and the Regulations, all proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and counsel's understanding of the current published administrative policies of the Canada Revenue Agency ("**CRA**"). There can be no assurance that the Tax Proposals will be implemented in their current form or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law whether by legislative, governmental or judicial action or decision, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed in this short form prospectus. There can be no assurance that the CRA will not change its administrative practices. Amendment of the Tax Act and Regulations or the Tax Proposals could significantly alter the tax status of the REIT or the tax consequences of investing in Securities.

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

Taxation of the Holders of Subscription Receipts

Acquisition of Units Pursuant to terms of Subscription Receipts

No gain or loss will be realized by a Holder on the exchange of a Subscription Receipt for Units following the completion of the Acquisition. This opinion is based upon the interpretation of counsel that a Subscription Receipt is an agreement to acquire Units on the satisfaction of certain conditions. This position has not, to the knowledge of counsel, been the subject of a judicial determination in Canada and counsel has not applied for advance income tax rulings from the CRA in respect of this Offering. The initial cost of the Unit thereby acquired will be equal to the adjusted cost base to the holder of such Subscription Receipt. The cost of any such Units acquired must be averaged with the adjusted cost base of all other Units held by the Holder immediately before that time for the purpose of calculating the adjusted cost base of such Units to the Holder. The cost to a Holder of a Subscription Receipt will generally be the amount paid to acquire the Subscription Receipt.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a Holder of a Subscription Receipt (other than on the acquisition of a Unit pursuant to the terms of the Subscription Receipts as discussed above) will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any amount included in the Holder's income as interest (as described below under the heading "Taxation of Earned Interest") and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Holder thereof.

One-half of any capital gain realized by the Holder will be included in the Holder's income under the Tax Act for the year of disposition as a taxable capital gain. One-half of any capital loss realized on a disposition of a Subscription Receipt may be generally deducted only from taxable capital gains realized by the Holder in the year of disposition, in the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act. A capital gain realized by a Holder who is an individual or trust (other than certain trusts) may give rise to a liability for alternative minimum tax. A "Canadian controlled-private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on certain investment income for the year including taxable capital gains.

Taxation of Earned Interest

As described above under "Description of the Subscription Receipts", in the event that a Termination Event occurs, holders of Subscription Receipts will be entitled to receive from the Subscription Receipt Agent an amount equal to the full Subscription Receipt Offering Price thereof plus their pro rata share of Earned Interest.

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year the amount of any Earned Interest accrued to the Holder to the end of the Holder's taxation year, or that is receivable or received by the Holder before the end of that taxation year, except to the extent that such Earned Interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, that is entitled to receive its share of Earned Interest will be required to include in computing income for a taxation year such interest that is receivable or received by the Holder in that taxation year, depending upon the method regularly followed by the Holder in computing income.

Since the Subscription Receipt Agent will be holding the Escrowed Funds for the account of the holders of the Subscription Receipts, any interest received on the Escrowed Funds by the Subscription Receipt Agent will be considered received by the holders of Subscription Receipts for the purposes of the Tax Act.

On a disposition of a Subscription Receipt, the Holder will generally be required to include in computing such Holder's income for the taxation year in which the disposition occurs all accrued but unpaid interest to the date of disposition on the underlying investments in which the Escrowed Funds have been invested, except to the extent that such interest has otherwise been included in such Holder's income for that year or a preceding taxation year.

A Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% on its "aggregate investment income", which is defined in the Tax Act to include interest income.

Completion of Acquisition

As described above under "Description of the Subscription Receipts", if the Acquisition Closing Date occurs on or before the Deadline and the holders of Subscription Receipts become entitled to receive Units pursuant to the Subscription Receipt Agreement, such holders will be entitled to receive the Subscription Receipt Adjustment Payment. The Subscription Receipt Adjustment Payment will consist of the Actual Earned Interest and a payment by the REIT in the amount by which the Subscription Receipt Adjustment Payment exceeds the Actual Earned Interest.

The Earned Interest portion of the Subscription Receipt Adjustment Payment will generally be included in computing the Holder's income as described under "Taxation of Holders of Subscription Receipts – Taxation of Earned Interest". The balance of the Subscription Receipt Adjustment Payment will be included in the income of the Holder for the taxation year in which it is received.

Taxation of Holders of Debentures

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

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

preceding taxation year. However, such a Debentureholder may be required to include in computing the Debentureholder's income for a taxation year all interest (not otherwise required to be included in income) that accrues or is deemed to accrue on the Debentures to the end of any "anniversary day" (as defined in the Tax Act) in that year where payments under those Debentures are deferred as described under "Description of the Debentures — Subordination".

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

A Debentureholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on certain investment income for the year including interest.

Exercise of Conversion Privilege

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

Redemption or Repayment of Debentures

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

Dispositions of Debentures

A disposition or deemed disposition of a Debenture by a Debentureholder will generally result in the Debentureholder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the Debentureholder's adjusted cost base thereof and any reasonable costs of disposition.

One-half of any capital gain realized by the Debentureholder will be included in the Debentureholder's income under the Tax Act for the year of disposition as a taxable capital gain. One-half of any capital loss realized on a disposition of a Debenture may be generally deducted only from taxable capital gains realized by the Debentureholder in the year of disposition, in the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act. A capital gain realized by a Debentureholder who is an individual or trust (other than certain trusts) may give rise to a liability for alternative minimum tax. A "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on certain investment income for the year including taxable capital gains.

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Debentureholder's income, except to the extent such amount was

otherwise included in the holder's income, and will be excluded in computing the Debentureholder's proceeds of disposition of the Debenture. A Debentureholder who has over-accrued interest income will generally be entitled to a deduction in computing the holder's income for a taxation year in which a Debenture is disposed of (including on conversion) for an amount equal to such over-accrued income.

Status of the REIT

Mutual Fund Trust

This summary is based on the assumption that the REIT qualifies as a "mutual fund trust" as defined in the Tax Act on completion of the Offering and will thereafter continuously qualify as a mutual fund trust. This summary also assumes that the REIT was not established and was not and will not be maintained primarily for the benefit of non-residents of Canada or partnerships that are not Canadian partnerships and that the SIFT Regime (as described in more detail below under "SIFT Regime") is not applicable to the REIT.

If the REIT were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different.

If the Tax Proposals released by the Minister on September 16, 2004 are enacted as proposed, the REIT may cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Units held by non-residents or partnerships which are not "Canadian partnerships" as defined in the Tax Act (or any combination thereof) is more than 50% of the fair market value of all issued and outstanding units of the REIT. The Tax Proposals currently do not provide any means of rectifying a loss of mutual fund status.

Qualified Investment

The Units will be qualified investments under the Tax Act for Registered Plans, but may be a prohibited investment to certain Registered Plans. See "Eligibility for Investment".

If the REIT ceases to qualify as a mutual fund trust and the Units are no longer listed on a designated stock exchange, the Units will cease to be qualified investments for Registered Plans. Series 2 and Series 3 Trust Notes of CS Trust or other property received as a result of an in specie redemption of Units by the REIT would not be qualified investments for Registered Plans, which could give rise to adverse consequences to the Registered Plan or the annuitant or beneficiary thereunder. Accordingly, Registered Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

Taxation of the REIT

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

The REIT's income will be determined under the Tax Act for each taxation year. The REIT's income will include such amount of income (including net realized taxable capital gains) as is paid or becomes payable to the REIT in the year in respect of CS Trust Units (and that CS Trust deducts in computing its income) and all interest on the Series 1 Trust Notes of CS Trust that accrues to the REIT to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The REIT generally will not be subject to tax on any amount received as a repayment of principal in respect of the Series 1 Trust Notes, advances from CS Trust or any amount received as a return of capital from CS Trust in respect of CS Trust Units (provided that the amount of capital returned, if any, does not exceed the cost amount of the CS Trust Units held by the REIT).

Upon redemption of CS Trust Units in exchange for Series 2 Trust Notes and Series 1 Trust Notes in exchange for Series 3 Trust Notes, in connection with an in specie redemption of Units by the Unitholder, the REIT will be considered to dispose of the CS Trust Units and the Series 1 Trust Notes for proceeds of disposition equal to the fair

market value of the Series 2 Trust Notes and Series 3 Trust Notes, respectively (which may give rise to income or capital gains to the REIT).

A distribution by the REIT of its property upon a redemption of Units will be treated as a disposition by the REIT of the property so distributed. The REIT's proceeds from the disposition of Series 2 and Series 3 Trust Notes on the distribution by the REIT of such CS Trust Notes to a Unitholder on an in specie redemption of Units will generally be equal to the fair market value of such CS Trust Notes. Such proceeds of disposition will generally be reduced by any accrued but unpaid interest in respect thereof. Such interest will generally be included in the REIT's income in the year of disposition to the extent it was not included in the REIT's income in a previous year. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the CS Trust Units and the CS Trust Notes exceed (or are less than) the adjusted cost base of the CS Trust Units and the CS Trust Notes, respectively, and any reasonable costs of disposition.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income, generally including reasonable interest on borrowed funds. The REIT generally may also deduct from its income for the year a portion of the reasonable expenses incurred by the REIT to issue units or debentures. The portion of the issue expenses deductible by the REIT in a taxation year is 20% of the total issue expenses, pro-rated where the REIT's taxation year is less than 365 days.

Counsel has been advised that an amount equal to all of the income of the REIT (determined without deduction for any distributions made by it and without regard to any dividend gross-up), including net realized taxable capital gains (other than income and taxable capital gains of the REIT arising on or in connection with an in specie redemption of Units which are paid or payable by the REIT to redeeming Unitholders and capital gains the tax on which may be offset by capital losses carried forward from prior years or is recoverable by the REIT), and the non-taxable portion of net realized capital gains of the REIT, will be payable by it in each year to the holders of the Units by way of cash distributions, subject to the exceptions described below. Under the Declaration of Trust, income of the REIT may also be used to finance purchases of Units for cash and accordingly would not be payable to Unitholders by way of cash distributions but rather will be payable in the form of additional Units ("**Reinvested Units**"). Income of the REIT (including net taxable capital gains) payable to Unitholders, whether in cash, Series 2 or Series 3 Trust Notes or Reinvested Units, will generally be deductible by the REIT in computing its income.

Counsel has been advised that the REIT intends to deduct in computing its income for purposes of the Tax Act the full amount available for deduction in each taxation year to the extent of its taxable income for the year otherwise determined so that the REIT will generally not be liable in such year for income tax under Part I of the Tax Act. Counsel can provide no opinion in this regard.

The REIT will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "**Capital Gains Refund**"). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the REIT's tax liability for such taxation year. The Declaration of Trust provides that all or a portion of the income, including the taxable portion of any capital gains, realized by the REIT arising on or in connection with an in specie redemption of Units may, at the discretion of the trustees, be paid or payable to, and as applicable designated as a taxable capital gain of, the redeeming Unitholders. Any amount so paid or payable must be included in the income of the redeeming Unitholders and will be deductible by the REIT. In addition, any accrued interest on CS Trust Notes distributed to a redeeming Unitholder will be treated as an amount paid or payable to such Unitholder and will be deductible by the REIT.

Losses of the REIT cannot be allocated to Unitholders but may be deducted by the REIT in future years, subject to and in accordance with the detailed rules in the Tax Act in that regard.

SIFT Regime

A taxation regime in the Tax Act applies to specified investment flow-through trusts or partnerships ("**SIFTs**"). If the REIT were to become subject to this regime (the "**SIFT Regime**"), the REIT would generally be taxed in a manner similar to corporations on income from business carried on in Canada by the REIT, and on income (other than taxable dividends) or capital gains from non-portfolio properties (as defined in the Tax Act), at a combined

federal/provincial tax rate similar to that of a corporation. Allocations or distributions of income and capital gains that are subject to the SIFT Rules will be taxed as a dividend from a taxable Canadian corporation in the hands of the beneficiaries or partners of the SIFT.

REIT Exception

The SIFT Regime is not applicable to a real estate investment trust (a "**Non-SIFT REIT**") that meets certain specified criteria relating to the nature of its income and investments. In particular, to qualify under the Tax Act for the exception under the SIFT Regime applicable to a Non-SIFT REIT (the "**REIT Exception**") in a particular taxation year (i) not less than 90% of the fair market value of all the Non-SIFT REIT's "non-portfolio property" must be "qualified REIT properties", (ii) not less than 90% of the Non-SIFT REIT's "gross REIT revenues" for the taxation year must be derived from one or more of the following: "rent from real or immovable properties"; interest; capital gains from dispositions of "real or immovable properties"; dividends; royalties; and gains from the disposition of certain real estate inventory properties which are contiguous to "real or immovable property" and that are necessary and incidental to the holding of such property.; (iii) not less than 75% of the Non-SIFT REIT's "gross REIT revenues" for the taxation year must be derived from one or more of the following: "rent from real or immovable properties", interest from mortgages, or hypothecs, on "real or immovable properties"; and capital gains from dispositions of "real or immovable properties"; and (iv) at no time in the taxation year may the total fair market value of all properties held by the Non-SIFT REIT, each of which is a "real or immovable property", indebtedness of a Canadian corporation represented by a bankers' acceptance, cash (including bank deposits or deposits with a credit union), or, generally, a debt obligation of a government in Canada or certain other public bodies, be less than 75% of the fair market value of all the Non-SIFT REIT's issued and outstanding Units at that time. The definition of "qualified REIT property" includes property held by the Non-SIFT REIT that is: "real or immovable property" and capital property of the Non-SIFT REIT; a security of a "subject entity" that is a nominee holder of legal title of certain real or immovable property; tangible personal property (or corporeal moveable property) that is ancillary to the earning by the Non-SIFT REIT of (A) rent from "real or immovable property" or (B) capital gains from the disposition of such properties. Interest or other distributions received from a subsidiary generally will be deemed to be "rent from real or immovable property" to the extent that the distribution may reasonably be considered to be derived from such rent. The REIT has advised counsel that it has undertaken certain steps in order to provide greater certainty that it currently qualifies as a "real estate investment trust" for the purposes of the SIFT Regime.

Taxation of CS Trust

The taxation year of CS Trust is the calendar year. In each taxation year, CS Trust will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of amounts paid or payable in the year to its sole unitholder, the REIT. The income of CS Trust will include its share of the income of Crombie LP for each fiscal year of Crombie LP ending on or before the year-end of CS Trust. If Crombie LP were to incur losses for tax purposes, CS Trust's ability to deduct such losses may be limited by certain rules under the Tax Act.

In computing its income for purposes of the Tax Act, CS Trust may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income, generally including reasonable interest on borrowed funds. Under the CS Trust Declaration, an amount equal to all of the income of CS Trust including net realized taxable capital gains and the non-taxable portion of net realized capital gains of CS Trust, will be payable in the year to the REIT.

Counsel has been advised that CS Trust intends to deduct in computing its income for purposes of the Tax Act the full amount available for deduction in each taxation year to the extent of its taxable income for the year otherwise determined so that CS Trust will generally not be liable in such year for income tax under Part I of the Tax Act. Counsel can provide no opinion in this regard.

Taxation of Crombie LP

Crombie LP is not subject to tax under the Tax Act. Each partner of Crombie LP, including CS Trust, will be required to include in computing the partner's income the partner's share of the income or loss of Crombie LP for its fiscal year ending in or coincidentally with the partner's taxation year, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of Crombie LP will be computed for each

fiscal year as if Crombie LP were a separate person resident in Canada. In computing the income or loss of Crombie LP, deductions will be claimed in respect of its reasonable administrative and other expenses incurred for the purpose of earning income from business or property (generally including reasonable interest on borrowed funds) and available capital cost allowances. The income (including taxable capital gains) or loss of Crombie LP for a fiscal year will be allocated to the partners of Crombie LP, including the CS Trust, on the basis of their respective shares of such income or loss determined in accordance with the terms of the LP Agreement, subject to the detailed rules in the Tax Act in that regard. Crombie LP will include, in computing its income for these purposes, its share of the income (or in many circumstances, the loss) for purposes of the Tax Act of Crombie Properties II Partnership for its fiscal year ending in or coincidentally with Crombie LP's taxation year.

Crombie LP is not subject to taxation in its current taxation year under the SIFT Regime based on all equity interests in Crombie LP being held throughout the year directly or indirectly by the REIT and a taxable Canadian corporation (ECL). Management has advised counsel that it does not anticipate that Crombie LP will be subject to such tax in any subsequent taxation year.

Taxation of CDL

The taxation year of Crombie Developments Limited ("**CDL**") is the calendar year. In each taxation year, each such subsidiary is subject to tax on its taxable income determined under the Tax Act.

Taxation of Unitholders

The following portion of the summary applies to Holders that may acquire Units under the terms of Subscription Receipts or Debentures acquired pursuant to this short form prospectus ("**Unitholders**").

Distributions

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the REIT for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year (and that the REIT deducts in computing its income), whether such portion is received in cash, additional Units or otherwise.

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

The Declaration of Trust provides that income and net taxable capital gains of the REIT for purposes of the Tax Act will be allocated to Unitholders in the same proportion as distributions received by Unitholders, subject to the discretion of the trustees to adopt an allocation method which the trustees consider to be more reasonable in the circumstances.

Provided that appropriate designations are made by the REIT and CS Trust, such portion of net taxable capital gains as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. As a result of designations that may be made by CS Trust in respect of distributions made by it to the REIT that are considered under the Tax Act to be traceable to any dividends paid by CDL to Crombie LP, the REIT may be deemed for purposes of the Tax Act to have received taxable dividends from a taxable Canadian corporation. To the extent that amounts distributed by the REIT to Unitholders are designated as taxable dividends from a taxable Canadian corporation, the gross-up and dividend tax credit rules, including the enhanced dividend tax credit applicable to certain dividends will apply in respect of Unitholders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations (or certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals) and the deduction in computing taxable income generally will be available to Unitholders that are corporations. An additional refundable 6⅔% tax on distributions from the REIT will be payable by Unitholders that are "Canadian-controlled private corporations" (as defined in the Tax Act) in certain circumstances.

The non-taxable portion of any net realized capital gains of the REIT paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the REIT that is paid or payable to a Unitholder in such year (otherwise than as proceeds of disposition of the Units), will not generally be included in the Unitholder's income for the year but will reduce the adjusted cost base of the Units held by the Unitholder. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and will be added to the adjusted cost base of the Unit so that the adjusted cost base will be re-set to zero.

Acquisitions of Units

Since distributions are made on a monthly basis, a Unitholder may become taxable on a portion of the net income of the REIT accrued or realized by the REIT in a month before the time the Unit was acquired by such Unitholder but which was not paid or made payable to Unitholders until the end of the month and after the time the Unit was acquired. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized by the REIT in a year before the time the Unit was acquired but which is paid or made payable to Unitholders at year end and after the time the Unit was acquired.

Dispositions of Units

On the disposition or deemed disposition of a Unit, including on the redemption of the Unit, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the REIT that is otherwise required to be included in the Unitholder's income (such as an amount designated as payable by the REIT to a redeeming Unitholder out of the capital gains or income of the REIT as described above).

For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that time. Where Units are redeemed and the redemption price is satisfied by the distribution of Series 2 or Series 3 Trust Notes, or other property of the REIT, to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the Series 2 or Series 3 Trust Notes, or other property of the REIT, so distributed less any income or capital gain realized by the REIT as a result of or in connection with such distribution which is paid or payable by the REIT to the redeeming Unitholder including, in the case of Series 2 or Series 3 Trust Notes, any accrued interest thereon. Where any income or a capital gain is realized by the REIT upon or in connection with an in specie distribution of property on a redemption of Units and such income or gain is paid or payable by the REIT to a redeeming Unitholder, the Unitholder will be required to include the income, or the taxable portion of the capital gain, designated by the REIT, in the Unitholder's income. Under the Declaration of Trust, at the discretion of the trustees, interest accrued in the taxation year of the REIT in which the redemption occurs on Series 2 or Series 3 Trust Notes distributed on or in connection with an in specie distribution of property on a redemption of Units which has not been paid at the time of such distribution may be paid or payable to the Unitholder and therefore may be included in the Unitholder's income in the year the Unit is redeemed. The cost to a Unitholder of any Series 2 or Series 3 Trust Notes or other property of the REIT distributed by the REIT to the Unitholder upon a redemption of Units will be equal to the fair market value of such property at the time of the distribution less, in the case of a Series 2 or Series 3 Trust Note, any accrued but unpaid interest. The Unitholder will thereafter be required to include in income interest on any Series 2 or Series 3 Trust Note so distributed in accordance with the provisions of the Tax Act. To the extent such interest inclusion is in respect of any interest accrued to the date of the acquisition of a Series 2 or Series 3 Trust Note by the Unitholder, an offsetting deduction generally will be available.

The consolidation of Units of the REIT will not be considered to result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all of the Unitholder's Units will not change as a result of a consolidation of Units; however, the adjusted cost base per Unit will increase.

Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder on a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by the REIT in respect of a Unitholder will be included in the

Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of Units may generally be deducted only from taxable capital gains, subject to and in accordance with the provisions of the Tax Act.

A Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on certain types of income, including taxable capital gains.

Where a Unitholder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends, previously designated by the REIT to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

Alternative Minimum Tax

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

PRIOR SALES

No Units, or any securities convertible into or exchangeable for Units, have been issued by the REIT within the last 12 months, other than as set out below.

On March 27, 2013, 43,522 Units were issued pursuant to the REIT's employee unit purchase plan at a price of $14.56 per Unit.

On December 14, 2012, the REIT completed a public offering of 2,408,000 Units at a price of $14.75 per Unit for gross proceeds of approximately $35.5 million and a concurrent private placement with ECL for 1,659,661 Class B LP Units of Crombie LP at a price of $14.75 per Class B LP Unit for gross proceeds of approximately $24.5 million.

The following table summarizes conversion of the Series B Debentures to Units during the 12 month period prior to the date of this short form prospectus at a conversion price of $11.00 per Unit.

Date of Issuance	Number of Units Issued	Date of Issuance	Number of Units Issued
July 30, 2012	272	January 28, 2013	1,818
August 13, 2012	5,363	January 29, 2013	1,818
August 16, 2012	727	January 30, 2013	8,636
August 23, 2012	40,909	February 15, 2013	3,909
August 29, 2012	8,181	February 27, 2013	36,545
September 12, 2012	909	March 5, 2013	1,454
September 17, 2012	909,090	March 13, 2013	35,727
September 27, 2012	44,727	March 21, 2013	3,181
September 28, 2012	1,818	March 27, 2013	20,454
October 3, 2012	727	April 16, 2013	4,545
October 4, 2012	4,545	April 25, 2013	29,090
October 16, 2012	90	April 26, 2013	24,272
October 18, 2012	2,272	May 8, 2013	25,000
October 25, 2012	909	May 13, 2013	11,363
October 29, 2012	37,818	May 30, 2013	26,454
November 2, 2012	1,818	June 13, 2013	909
November 15, 2012	909	June 21, 2013	2,272
November 28, 2012	47,454	June 24, 2013	7,545
December 13, 2012	636	July 4, 2013	909
December 20, 2012	22,181	July 8, 2013	3,636
January 3, 2013	6,181		

TRADING PRICE AND VOLUME

Units

The Units are listed and posted for trading on the TSX under the symbol "CRR.UN". The following table sets forth information relating to the trading of the Units on the TSX for the months indicated.

Month	High	Low	Volume
July 2012	$15.28	$14.57	1,216,982
August 2012	$15.37	$14.80	2,490,505
September 2012	$15.70	$14.99	10,998,783
October 2012	$15.44	$14.88	1,860,962
November2012	$15.28	$14.39	1,765,253
December 2012	$15.06	$14.58	1,719,763
January 2013	$14.97	$14.61	1,537,087
February 2013	$14.84	$14.28	984,850
March 2013	$14.88	$14.51	1,280,159
April 2013	$15.63	$14.64	2,011,195
May 2013	$16.04	$15.05	1,401,490
June 2013	$15.32	$12.76	2,878,554
July 2013 (1 – 29)	$13.73	$13.00	3,673,423

On July 23, 2013 the last full trading day prior to the public announcement of the Offering, the closing price of the Units on the TSX was $13.41. On July 29, 2013, the last trading day prior to the date of this short form prospectus, the closing price of the Units on the TSX was $13.52.

Series B Debentures

The Series B Debentures are listed and posted for trading on the TSX under the symbol "CRR.DB.B". The following table sets forth information relating to the trading of the Series B Debentures on the TSX for the months indicated.

Month	High	Low	Volume
July 2012	$137.50	$132.75	202,000
August 2012	$138.50	$134.88	213,000
September 2012	$140.00	$136.01	344,000
October 2012	$138.72	$135.75	421,000
November2012	$137.50	$132.73	212,000
December 2012	$135.75	$132.51	190,000
January 2013	$135.00	$133.47	241,000
February 2013	$134.00	$131.58	217,000
March 2013	$134.00	$130.00	644,000
April 2013	$137.84	$135.00	248,000
May 2013	$145.00	$139.00	248,000
June 2013	$136.00	$120.00	8,000
July 2013 (1 – 29)	$122.00	$120.00	28,000

On July 23, 2013, the last full trading day prior to the public announcement of the Offering, the closing price of the Series B Debentures on the TSX was $122.00. On July 29, 2013, the last trading day prior to the date of this short form prospectus, the closing price of the Series B Debentures on the TSX was $120.25.

Series C Debentures

The Series C Debentures are listed and posted for trading on the TSX under the symbol "CRR.DB.C". The following table sets forth information relating to the trading of the Series C Debentures on the TSX for the months indicated.

Month	High	Low	Volume
July 2012	$107.02	$106.00	372,000
August 2012	$109.99	$106.50	1,158,000
September 2012	$109.00	$106.62	672,000
October 2012	$107.50	$106.12	720,000
November2012	$107.99	$104.28	1,080,000
December 2012	$107.00	$105.02	548,000
January 2013	$106.98	$105.15	680,000
February 2013	$106.25	$104.31	456,000
March 2013	$107.00	$104.25	720,000
April 2013	$107.59	$106.30	533,000
May 2013	$109.50	$105.62	1,152,000
June 2013	$106.25	$101.50	1,730,000
July 2013 (1 – 29)	$104.54	$102.02	774,000

On July 23, 2013, the last full trading day prior to the public announcement of the Offering, the closing price of the Series C Debentures on the TSX was $104.00. On July 29, 2013, the last trading day prior to the date of this short form prospectus, the closing price of the Series C Debentures on the TSX was $104.00.

Series D Debentures

The Outstanding Series D Debentures are listed and posted for trading on the TSX under the symbol "CRR.DB.D". The following table sets forth information relating to the trading of the Outstanding Series D Debentures on the TSX for the months indicated.

Month	High	Low	Volume
July 2012	$105.00	$100.00	4,709,000
August 2012	$104.50	$103.00	589,000
September 2012	$103.75	$102.00	1,179,000
October 2012	$104.25	$102.00	367,000
November2012	$103.50	$102.25	486,000
December 2012	$103.00	$101.10	541,000
January 2013	$105.71	$103.00	100,000
February 2013	$104.25	$102.35	479,000
March 2013	$104.00	$102.00	307,000
April 2013	$103.51	$103.00	392,000
May 2013	$105.00	$103.50	172,000
June 2013	$104.00	$100.51	466,000
July 2013 (1 – 29)	$102.75	$101.00	329,000

On July 23, 2013, the last full trading day prior to the public announcement of the Offering, the closing price of the Outstanding Series D Debentures on the TSX was $102.02. On July 29, 2013, the last trading day prior to the date of this short form prospectus, the closing price of the Outstanding Series D Debentures on the TSX was $102.00.

RISK FACTORS

An investment in securities of the REIT involves risk. Any prospective investor should carefully consider the risk factors set forth in the information incorporated by reference herein (including those discussed in the Risk Management section of the REIT's fiscal 2012 management's discussion and analysis, the REIT's management's discussion and analysis for the three months ended March 31, 2013, and in the "Risks" section of the REIT's AIF), and all of the other information contained in this short form prospectus (including, without limitation, the documents incorporated by reference), before purchasing any of the securities distributed under this short form prospectus. The risks described herein are not the only risks facing the REIT. Additional risks and uncertainties not currently known to the REIT, or that the REIT currently deems immaterial, may also materially and adversely affect its business.

Risk Factors Related to the Acquisition

Closing of the Acquisition

The closing of the Offering will occur before the closing of the Acquisition. The closing of the Acquisition is subject to the satisfaction of certain closing conditions including closing of the Canada Safeway Acquisition, regulatory approval under the Competition Act and Unitholder approval. There is no certainty, nor can the REIT provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. A substantial delay in obtaining regulatory approvals or the imposition of unfavourable terms or conditions in the approvals could have a material adverse effect on the REIT's ability to complete the Acquisition and on the REIT's business, financial condition or results of operations. See "The Acquisition". The REIT intends to consummate the Acquisition concurrently with the closing of the Canadian Safeway Acquisition as soon as practicable after obtaining the required regulatory and Unitholder approvals and satisfying the required closing conditions. If closing of the Acquisition does not take place as contemplated, the REIT could suffer adverse consequences, including the loss of investor confidence.

Potential Undisclosed Liabilities Associated with the Acquisition

The REIT is continuing to conduct its due diligence review of the Acquisition Properties. There may be liabilities, including under applicable environmental laws, that the REIT fails to discover or is unable to quantify in the due diligence review prior to the closing of the Acquisition and the REIT may not be indemnified for some or all of these liabilities under the Acquisition Agreement or the Omnibus Environmental Indemnity Agreement. The subsequent discovery or quantification of any material liabilities could have a material adverse effect on the REIT's business, financial condition or future prospects, which may include diminution in the value of the affected properties or the inability to finance or dispose of the affected properties on acceptable terms.

No Financing Condition in Acquisition Agreement

There exists no condition for financing under the Acquisition Agreement which the REIT can rely on to terminate the Acquisition Agreement. The REIT has obtained a commitment from a Canadian chartered bank to provide the Bridge Facilities which, together with the net proceeds of the Offering and the Concurrent Private Placement, provides enough funds to pay the expected purchase price for the Acquisition and related transaction expenses. If the Bridge Facilities or the Concurrent Private Placement do not close, then the REIT may not have enough funds under its Revolving Credit Facility and cash on hand to complete the Acquisition, which could have a material adverse effect on the REIT.

Financing Terms

The commitment of the lenders to enter into the Bridge Facilities is subject to certain standard conditions. In addition, the terms of the Bridge Facilities are subject to "market flex" provisions in certain circumstances which if exercised could significantly adversely affect the structure, pricing and other terms and conditions of the Bridge Facilities, other than to decrease the aggregate principal amount or alter maturity dates of the Bridge Facilities available to the REIT or to increase the interest rate margins by more than a mutually agreed limit. As such, there is no assurance that the Bridge Facilities will be on terms that are exactly the same as disclosed in this short form prospectus. Obtaining the Bridge Facilities on terms less favourable to the REIT could adversely impact the REIT's financial condition and decrease the amount of cash available in the future. Additionally, the Bridge Facilities are subject to certain restrictive conditions that limit the discretion of management with respect to certain business

matters, including financial covenants that require the REIT to meet certain financial ratios, financial condition tests and other restrictive covenants. A failure to comply with the obligations in the Bridge Facilities could result in a default which, if not cured or waived, could result in a termination of the Bridge Facilities. See "Financing for the Acquisition".

Possible Failure to Acquire all Acquisition Properties

The Acquisition involves risks that could materially and adversely affect the REIT's business plan, including the failure to acquire all 68 properties under the Acquisition Agreement. Certain mechanisms under the Acquisition Agreement allow for the removal of properties based on certain environmental findings or requirements of Competition Act approvals, and the possible inclusion of comparable replacement properties subject to a condition that there will be included properties having an aggregate agreed purchase price of at least $900 million. As a result, the REIT may not acquire all of the Acquisition Properties described in this short form prospectus, and may acquire certain other properties not described in this short form prospectus. Therefore, the *pro forma* information contained in this short form prospectus may not reflect the actual properties acquired pursuant to the Acquisition. The acquisition of any properties not described in this short form prospectus would be subject to the REIT's normal due diligence procedures, including receipt of property appraisals, environmental condition assessments and property condition reports. In certain circumstances, the REIT may be required to purchase properties previously excluded for environmental concerns, subject to a commitment from Sobeys to ensure that all required environmental work related to identified issues is completed within 12 months. See "The Acquisition – Acquisition Agreement" and "The Acquisition – Omnibus Environmental Indemnity Agreement'.

Increased Exposure to Largest Tenant

After giving effect to the Acquisition, 49.1% of the REIT's annual minimum rent will be generated from Sobeys, up from 33.6% as at March 31, 2013. Therefore, the REIT is dependent on the sustainable operation by Sobeys in the locations leased from the REIT. It is expected that Sobeys' leverage will increase in connection with the Canada Safeway Acquisition, which could have an adverse effect on Sobeys' financial condition and, consequently, increase the REIT's credit risk.

Use of Property Valuations

Caution should be exercised in the evaluation and use of the Independent Valuation on the Acquisition Properties prepared by Cushman. A valuation is an estimate of market value. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The Independent Valuation is based on various assumptions of future expectations, and while Cushman's internal forecasts for the applicable properties are considered to be reasonable as at July 1, 2013, some of the assumptions may not materialize or may differ materially from actual experience in the future.

Debenture Funds Not In Escrow

The funds received from the Debentures on the closing of the Offering will not be put into escrow and are expected to be used to reduce the outstanding balance under the Revolving Credit Facility pending closing of the Acquisition. There can be no assurance that such funds will be available to be drawn to pay to the holders of Debentures upon the Initial Maturity Date if the Acquisition is not completed.

Risk Factors Related to the Offering

Market Price

There is currently no trading market for the Subscription Receipts or Debentures. The REIT has applied to have the Subscription Receipts, the Debentures and the Units issuable pursuant to the Subscription Receipts and upon conversion of the Debentures listed on the TSX. Listing will be subject to the REIT fulfilling all the listing requirements of the TSX. No assurance can be given that an active or liquid trading market for the Subscription Receipts or the Debentures will develop or be sustained. If an active or liquid market for the Subscription Receipts

or Debentures fails to develop or be sustained, the prices at which the Subscription Receipts or Debentures trade may be adversely affected.

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

One of the factors that may influence the market price of the Units is the annual yield on the Units. Accordingly, an increase in market interest rates may lead purchasers of Units to demand a higher annual yield which could adversely affect the market price of the Units. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount and reductions in, or suspensions of, distributions may occur that would reduce yield based on the market price of the Units. Although the REIT intends to make distributions of its available cash to Unitholders, these cash distributions are not assured. The actual amount distributed will depend on numerous factors including, but not limited to, the REIT's financial performance, debt covenants and obligations, working capital requirements and future capital requirements. The market price of the Units may deteriorate if the REIT is unable to meet its cash distribution targets in the future.

In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities, changes in the economic environment and numerous other factors beyond the control of the REIT. Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the REIT include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. As a result of any of these factors, the market price of the securities of the REIT at any given point in time may not accurately reflect the long-term value of the REIT.

The Subscription Receipts will trade separately from the Units and the trading price of the Subscription Receipts may not track the trading price of the Units. The Subscription Receipts may have a less active or liquid trading market than the Units. In addition, market perceptions about the probability and timing of the closing of the Acquisition and other factors may affect the trading price of the Subscription Receipts differently than the trading price of Units.

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

Structural Subordination of Units and Debentures

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

Credit Risk and Prior Ranking Indebtedness: Absence Of Covenant Protection

The likelihood that Debentureholders will receive payments owing to them under the terms of the Debentures will depend on the financial health of the REIT and its creditworthiness. In addition, the Debentures are unsecured obligations of the REIT and are subordinate in right of payment to all the REIT's existing and future Senior Indebtedness. Therefore, if the REIT becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the REIT's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its Senior Indebtedness and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Debentures are also effectively subordinate to claims of creditors of the REIT's subsidiaries except to the extent the REIT is a

creditor of such subsidiaries ranking at least *pari passu* with such other creditors. The Indenture does not prohibit or limit the ability of the REIT or its Subsidiaries to incur additional debt or liabilities (including Senior Indebtedness) or to make distributions, except, in respect of distributions, where an Event of Default has occurred and such default has not been cured or waived. The Indenture does not contain any provision specifically intended to protect Debentureholders in the event of a future leveraged transaction involving the REIT.

Conversion Following Certain Transactions

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

No Limit on Debt

The Indenture does not contain any provision limiting the REIT's ability to incur indebtedness generally.

Subscription Receipt Structure

The Subscription Receipts will be automatically exchanged for Units upon the satisfaction of the Escrow Release Condition. The REIT may, in its sole discretion, waive certain closing conditions in its favour in the Acquisition Agreement or agree with the Sobeys and Sobeys West to amend the Acquisition Agreement and consummate the Acquisition on terms that may be substantially different from those contemplated in this short form prospectus. As a result, the expected benefits of the Acquisition may not be fully realized. See "The Acquisition". There can be no assurance that the Escrow Release Condition will be satisfied on or prior to the occurrence of a Termination Event. Each subscriber's subscription proceeds will be held in escrow pending a Termination Event or closing of the Acquisition, and accordingly subscribers will not be able to use such funds to take advantage of other investment opportunities that occur prior to a Termination Event or the closing of the Acquisition. Until the Acquisition Closing Date occurs and the Units are delivered pursuant to the Subscription Receipt Agreement, holders of Subscription Receipts have only the rights described under "Description of Subscription Receipts".

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which the REIT has entered into since the effective date of the disclosure under the heading "Material Contracts" in the AIF:

(a) the Acquisition Agreement;

(b) the Underwriting Agreement; and

(c) the waiver and subscription agreement dated July 24, 2013 between ECL, Crombie LP, Crombie General Partner Limited and the REIT.

A copy of the foregoing agreements may be obtained on request without charge from the Chief Financial Officer of the REIT, via the REIT's website at: www.crombiereit.com, or on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon by Stewart McKelvey, on behalf of the REIT, and by Davies Ward Phillips & Vineberg LLP, on behalf of the Underwriters.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are Grant Thornton LLP, New Glasgow, Nova Scotia.

The transfer agent and registrar for the Units is CIBC Mellon Trust Company, at its principal offices in Halifax, Nova Scotia and Toronto, Ontario. The Subscription Receipt Agent and Debenture Trustee is CIBC Mellon Trust Company, at its principal offices in Halifax, Nova Scotia and Toronto, Ontario.

INTEREST OF EXPERTS

As at the date hereof, the partners and associates of each of Stewart McKelvey and Davies Ward Phillips & Vineberg LLP beneficially own, directly or indirectly, less than 1% of the outstanding securities of the REIT and its associates and affiliates. Grant Thornton LLP has advised us that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

Certain information relating to the Fairness Opinion has been provided by Brookfield and certain information relating to the Independent Valuation has been based upon reports by Cushman. As of the date of this short form prospectus, the principals and employees of Brookfield, as a group, and the principals and employees of Cushman, as a group, each owned, beneficially or of record, less than 1% of the outstanding securities of the REIT and its associates and affiliates.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. The right may be exercised within two business days after receipt or deemed receipt of a short form prospectus and any amendment. In several of the provinces, 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 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. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE REIT

Dated: July 30, 2013

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 of Canada.

(Signed) "*Donald E. Clow*"
DONALD E. CLOW
Chief Executive Officer

(Signed) "*Glenn Hynes*"
GLENN HYNES
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) "Paul D. Sobey"
PAUL D. SOBEY
Trustee

(Signed) " Paul V. Beesley"
PAUL V. BEESLEY
Trustee

CERTIFICATE OF THE UNDERWRITERS

Dated: July 30, 2013

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 of Canada.

CIBC WORLD MARKETS INC.

By: (Signed) "*Mark G. Johnson*"

TD SECURITIES INC.

By: (Signed) "*Andrew G. Phillips*"

SCOTIA CAPITAL INC.

By: (Signed) "*Stephen Sender*"

BMO NESBITT BURNS INC.

By: (Signed) "*Onorio Lucchese*"

NATIONAL BANK FINANCIAL INC.

By: (Signed) "*Andrew Wallace*"

CANACCORD GENUITY CORP.

By: (Signed) "*Justin Bosa*"

MACQUARIE CAPITAL MARKETS CANADA LTD.

By: (Signed) "*John Bartkiw*"

RAYMOND JAMES LTD.

By: (Signed) "*Lucas Atkins*"

DESJARDINS SECURITIES INC.

By: (Signed) "*Mark A. Edwards*"

Crombie
REIT