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 610 East River Road, Suite 200, New Glasgow, Nova Scotia, B2H 3S2, telephone (902) 755-8100, and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue **May 16, 2016**

CROMBIE REAL ESTATE INVESTMENT TRUST

$131,600,280

8,952,400 Subscription Receipts each representing the right to receive one Unit

This short form prospectus qualifies for distribution 8,952,400 subscription receipts (the "**Subscription Receipts**") of Crombie Real Estate Investment Trust (the "**REIT**") at a price of $14.70 (the "**Subscription Price**") per Subscription Receipt. The distribution and offering of the Subscription Receipts 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 Transaction (as defined herein), which is currently expected to occur on or about June 29, 2016, without payment of any additional consideration. The Subscription Receipts are being offered pursuant to an underwriting agreement dated May 16, 2016 (the "**Underwriting Agreement**") between the REIT and CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., Raymond James Ltd. and Desjardins Securities Inc. (collectively, the "**Underwriters**" and each an "**Underwriter**"). The price for and terms of the Subscription Receipts offered under this short form prospectus was determined by negotiation between the REIT and the Underwriters.

The proceeds from the sale of the Subscription Receipts, net of half of the Underwriters' Fee (as defined below) payable with respect to the Subscription Receipts (the "**Escrowed Funds**"), will be held by CST 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 satisfaction of the Escrow Release Conditions (as defined below) and the occurrence of a Termination Event (as defined below). Upon the satisfaction or waiver of the conditions precedent to the completion of the Transaction pursuant to the Transaction Agreement (other than the payment of the purchase price for the Transaction) and the satisfaction of the other conditions to the exchange of the Subscription Receipts (collectively, the "**Escrow Release Conditions**"), 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 Properties and to fund the Modernizations (as defined herein).

If Subscription Receipt Holders become entitled to receive Units pursuant to the Subscription Receipt Agreement, such Subscription Receipt 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 Transaction does not take place at or before 5:00 p.m. (Toronto time) on August 31, 2016 (the "**Deadline**"), (ii) the REIT delivers to the Underwriters and the Subscription Receipt Agent a notice executed by the REIT that the Transaction Agreement has been terminated or that the REIT will not be proceeding with the Transaction, or (iii) the REIT formally announces to the public by way of a press release that it does not intend to proceed with the Transaction (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".

An investment in the securities offered hereunder involves risk. There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts 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 $60.0 million aggregate principal amount of Series D convertible unsecured debentures of the REIT (the "**Series D Debentures**") and the outstanding $74.4 million aggregate principal amount of Series E convertible unsecured debentures of the REIT (the "**Series E Debentures**" and, together with the Series D Debentures, the "**Outstanding Debentures**") are listed on the Toronto Stock Exchange (the "**TSX**") under the symbols "CRR.UN", "CRR.DB.D" and "CRR.DB.E", respectively. On May 12, 2016, the last full trading day prior to the public announcement of the Offering, the closing price of the Units, the Series D Debentures and the Series E Debentures on the TSX was $15.13, $102.75 and $105.01, respectively. On May 13, 2016, the last full trading day prior to the date of this short form prospectus, the closing price of the Units, the Series D Debentures and the Series E Debentures on the TSX was $14.71, $102.75 and $105.00, respectively. The REIT has applied to list the Subscription Receipts and the Units issuable pursuant to the Subscription Receipts 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 and the Units issuable pursuant to the Subscription Receipts being approved for listing on the TSX.

Price: $14.70 per Subscription Receipt

	Price to the public[(1)]	Underwriters' fee[(2)]	Net Proceeds to the REIT[(3)]
Per Subscription Receipt	$14.70	$0.588	$14.112
Total Subscription Receipts	$131,600,280.00	$5,264,011.20	$126,336,268.80

Notes:

(1) The terms of the Offering and the price of the Subscription Receipts were determined by negotiation between the REIT and the Underwriters.

(2) Pursuant to the Underwriting Agreement, the Underwriters will be paid a fee equal to 4% of the gross proceeds of the Offering (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 Conditions. If the Escrow Release Conditions are not satisfied prior to the occurrence of a Termination Event, then no further payment on account of the remaining 50% of the Underwriters' Fee with respect to the Subscription Receipts will be payable by the REIT to the Underwriters.

(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 $475,000.

The Underwriters, as principals, conditionally offer the Subscription Receipts, 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 at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters propose to offer the Subscription Receipts initially at the offering prices specified above. After a reasonable effort has been made to sell all of the Subscription Receipts, 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 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 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 of the Offering, which is expected to occur on or about May 31, 2016 or such later date as the REIT and the Underwriters may agree, but in any event not later than 42 days after the date of the final short form prospectus. Subscription Receipt Holders will not be entitled to receive physical certificates representing their ownership. See "Description of the Subscription Receipts".

Affiliates of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. are lenders to the REIT under the Revolving Credit Facility (as defined herein). An affiliate of Scotia Capital Inc. is the lender to the REIT under the Bilateral Credit Facility (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. and Barbara Palk, a trustee of the REIT, is a member of the board of directors of an affiliate of TD Securities Inc. Accordingly, the REIT may be considered to be a "connected issuer" of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial 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 nor the Units issuable pursuant to the Subscription Receipts 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 the Units 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 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 610 East River Road, Suite 200, New Glasgow, Nova Scotia B2H 3S2.

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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 and Units issuable pursuant to the terms of the 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, (together with the regulations thereunder, the "**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; and

(ii) 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 the foregoing, if the Subscription Receipts and Units are a "prohibited investment" (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF, the holder or annuitant thereof will be subject to a penalty tax as set out in the Tax Act. The Units will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant of such Plan, as the case may be, (i) deals at arm's length with the REIT, for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the prohibited investment rules under the Tax Act) in the REIT. In addition, Units will not be a "prohibited investment" if the Units are "excluded property" (as defined in the Tax Act) for trusts governed by a TFSA, RRSP and RRIF. Prospective purchasers who intend to hold Subscription Receipts 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" includes 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 Transaction" have been completed.

MARKETING MATERIALS

The Marketing Materials (as defined herein) are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this short form prospectus. Any "template version" of "marketing materials" (each as defined in National Instrument 41-101 – General Prospectus Requirements) filed after the date of this short form prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated into this short form prospectus.

NON-IFRS FINANCIAL MEASURES

This short form prospectus and the documents incorporated by reference herein include references to 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**")", operating income attributable to Unitholders, funds from operations ("**FFO**"), "adjusted funds from operations" ("**AFFO**"), "debt to gross book value", earnings before interest, taxes, depreciation and amortization ("**EBITDA**"), interest service coverage and debt service coverage, that it uses to evaluate its performance. Management includes these measures because they represent key performance indicators to management and management 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.

Readers should rely only on the information contained in this short form prospectus or in documents incorporated by reference into this short form prospectus. The REIT and the Underwriters have not authorized any other person to provide prospective investors with different information and any such information should not be relied upon. The REIT and the Underwriters are not making an offer to sell the Subscription Receipts in any jurisdiction where the offer or sale is not permitted. Readers should assume that the information appearing in this short form prospectus, as well as information the REIT has previously filed with the securities regulatory authority in each of the provinces of Canada that is incorporated by reference into this short form prospectus is accurate as of their respective dates only. The business, financial condition, results of operations and prospects of the REIT may have changed since those dates.

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, including without limitation, the impact of the Transaction on the REIT's property portfolio, such as the effects on NOI, GLA (as defined below), annual minimum rent and weighted average lease term; the accretive effects of the Transaction; the expected timing for closing the Offering and the Transaction; and the expected timing for distribution of the information circular and proxy in respect of the Unitholder Meeting (as defined below) relating to the Transaction. 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. These uncertainties and risks 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" sections of the REIT's fiscal 2015 management's discussion and analysis and in the REIT's management's discussion and analysis for the quarter ended March 31, 2016 and in the "Risks" section of the REIT's annual information form in respect of the year ended December 31, 2015. 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 610 East River Road, Suite 200, New Glasgow, Nova Scotia B2H 3S2 (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 30, 2016 for the year ended December 31, 2015 (the "**AIF**");

(ii) the audited consolidated financial statements of the REIT as at December 31, 2015 and December 31, 2014, and for the years ended December 31, 2015 and December 31, 2014, 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, 2015;

(iv) the management information circular of the REIT dated March 31, 2016 prepared in connection with the REIT's annual meeting of Unitholders held on May 5, 2016;

(v) the unaudited interim consolidated financial statements of the REIT as at March 31, 2016 and March 31, 2015, and for the three months ended March 31, 2016 and March 31, 2015, 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, 2016;

(vii) a material change report dated May 16, 2016 relating to the Transaction and the Offering; and

(viii) the term sheet dated May 12, 2016 relating to the Offering filed on SEDAR (the "**Marketing Materials**").

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 May 13, 2016 the REIT owned a portfolio of 252 commercial properties in ten provinces, comprising approximately 17.0 million square feet of gross leasable area ("**GLA**"). 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.

RECENT DEVELOPMENTS

Amendments to Revolving Credit Facility

On May 2, 2016, the REIT amended and restated its $300 million floating rate revolving credit facility (the "**Revolving Credit Facility**"), increasing the maximum credit available to $400 million and extending the term to June 30, 2019.

Bilateral Credit Facility

On May 16, 2016, the REIT entered into a $100 million unsecured floating rate revolving credit facility (the "**Bilateral Credit Facility**") with an affiliate of Scotia Capital Inc., providing for a maximum credit available of $100 million and having a term expiring May 16, 2018.

Completed Acquisitions

631, 659, 663 and 665 Saint-Jean-Baptiste Boulevard, Mercier, Quebec

On April 8, 2016, the REIT purchased a property from a third party vendor for a purchase price of $15.7 million before closing and transaction costs. At closing, the REIT assumed an existing mortgage which was subsequently rolled into a new seven year mortgage for $10.0 million with an interest rate of 3.66%. The property is a grocery anchored neighborhood retail shopping centre located at the intersection of Saint Jean-Baptiste Boulevard and Josime-Pelletier Street, in Mercier, Quebec, with GLA of approximately 58,000 square feet. The 6.0 acre site consists of two freestanding buildings built in 2010 and a freestanding commercial retail unit built in 2014. The property is currently 94% occupied by three tenants, with the balance subject to a 3,407 square foot head lease with the third party vendor.

2441 Lakeshore Road West, Oakville, Ontario

On May 3, 2016 the REIT purchased Bronte Village Mall, a multi-tenant property from a third party vendor for a purchase price of $32.0 million before closing and transaction costs. Bronte Village Mall is a grocery and drug store anchored enclosed shopping centre located at the northeast quadrant of Lakeshore Road West and Bronte Road, in Oakville, Ontario, with GLA of approximately 75,000 square feet. The site is situated on 5.68 acres and was built in 1981. Bronte Village Mall is currently 75.5% occupied by 17 tenants and is expected to be a candidate for future development.

680 Longworth Avenue, Bowmanville, Ontario

On May 3, 2016 the REIT purchased Scugog Corners Shopping Centre, a multi-tenant property from a third party vendor for a purchase price of $14.2 million before closing and transaction costs. In connection with the acquisition, the REIT assumed an existing mortgage with an interest rate of 3.98% per annum and a principal amount of approximately $8.0 million advanced and outstanding as of the date of purchase. Scugog Corners Shopping Centre is a grocery anchored retail plaza located at the northeast corner of Longworth Avenue and Scugog Street in Bowmanville, Ontario with a GLA of approximately 42,000 square feet. This site is situated on 3.54 acres and consists of two single level structures that were constructed in 2012. This site is 100% occupied by seven tenants.

Pending Mortgage Financings

1809 & 1903 Barrington Street, Halifax, Nova Scotia

The REIT has received a commitment to increase the existing first mortgage secured against the properties located at 1809 and 1903 Barrington Street in Halifax, Nova Scotia, which will attach to and form part of the original commitment letter dated December 10, 2009. The outstanding balance of the existing loan effective April 1, 2016 was approximately $21.9 million. The additional loan amount is $12.5 million to bring the full loan amount to approximately $34.4 million. The term will be coterminous with the existing first mortgage, which matures on February 1, 2020, and the entire loan will amortize over 25 years from the interest adjustment date. The interest rate will be 3.30%.

Pending Acquisitions and Dispositions

The REIT regularly engages in the acquisition and disposition of properties that are not individually material to the operations of the REIT, one or more of which may be pending from time to time. In particular, the REIT has entered into the following property acquisition and disposition agreements, among other smaller transactions. All the currently pending acquisitions were or are subject to completion of the REIT's normal due diligence procedures and are expected to be financed through drawings on the Revolving Credit Facility:

- Acquisition of a portfolio of nine unencumbered properties from a third party vendor for a total purchase price of approximately $32.2 million before closing and transaction costs. The properties are located in the provinces of British Columbia, Alberta, Ontario and Quebec. The expected closing date for the purchase of the portfolio is May 16, 2016. These properties are freestanding financial institutions with GLA totaling

approximately 78,000 square feet, including approximately 27,000 square feet of office space. Each property is 100% occupied by one tenant.

- Acquisition of a property located in Halifax, Nova Scotia from a third party vendor for a purchase price of $29.0 million before closing and transaction costs. The expected closing date for the purchase is June 8, 2016. The existing mortgage financing on the property will be assumed by the REIT. The mortgage has a loan balance of approximately $12.0 million and bears interest at 5.67% per annum, and matures in August 2017. The asset is a mixed use property containing a one level retail strip with a two storey office block as well as two freestanding buildings located at the intersection of Lacewood Drive and Dunbrack Street. The centre was constructed circa 1990. The property is set on a 7.8 acre site and has approximately 84,000 square feet of GLA. This property is adjacent to a freestanding Sobeys (as defined below) store owned by the REIT. The property is 98.2% occupied by 34 tenants.

THE TRANSACTION

On May 12, 2016, Crombie Limited Partnership ("**Crombie LP**") and the REIT entered into an asset acquisition agreement (the "**Transaction Agreement**") with Sobeys Inc. ("**Sobeys**"), Sobeys Developments Limited Partnership ("**SDLP**"), Sobeys Capital Incorporated ("**SCI**"), SDLP Snowcat Limited ("**SDLP Snowcat**"), 9103-5322 Quebec Inc. ("**9103**") Sobeys Quebec Inc. ("**SQI**"), 3226867 Canada Inc. ("**3226867**"), 9250-2202 Quebec Inc. ("**9250**"), and Jace Holdings Ltd. ("**Jace**", and together with Sobeys, SDLP, SCI, SDLP Snowcat, 9103, SQI, 3226867 and 9250, the "**Vendors**"), pursuant to which the REIT will indirectly acquire beneficial ownership of (i) a portfolio of nineteen (19) retail properties (the "**Properties**"), (ii) a 50% interest in three distribution centres (the "**Distribution Centres**"), and (iii) two parcels of development land adjacent to existing REIT properties (the "**Land**", and collectively with the Properties and the Distribution Centres, the "**Acquisition Properties**"), and to invest approximately $58.9 million in the renovation and expansion of ten properties anchored by Sobeys retail grocery stores currently beneficially owned by the REIT (the "**Modernizations**"), for an aggregate purchase price of approximately $418 million, subject to certain adjustments (collectively, the "**Transaction**"). The Land will be acquired through the purchase of certain shares of Durham Leaseholds Limited and ECL Penhorn Mall (2011) Ltd. ("**Purchased Shares**"). The purchase price for the Transaction will be paid from a combination of a drawdown of approximately $198.7 million on the Revolving Credit Facility, the net proceeds from the Offering and the issuance of $93.4 million of Class B LP Units in Crombie LP (the "**Class B LP Units**") to the Vendors at a price per Class B LP Unit equal to the offering price of the Units in the Offering. Upon closing of the Transaction, an affiliate of Sobeys will enter into (i) long term triple-net leases for certain of the Acquisition Properties (the "**Sobeys Leases**"), (ii) assignments to Crombie LP of leases with SQI for the Acquisition Properties located in the province of Quebec at which there currently exists a lease between SQI and a franchisee or dealer (the "**Quebec Leases**") (iii) a long term quadruple-net lease for each of the Distribution Centres (the "**Distribution Centre Leases**"), and (iv) amendments to existing leases with affiliates of Sobeys for each of the properties affected by the Modernizations providing for additional rent based on market return on the approximately $58.9 million aggregate investment in the Modernizations, 1.5% annual rental escalations and new 20 year lease terms (the "**Lease Amendments**"). The Transaction is currently expected to close on or about June 29, 2016.

Transaction Agreement

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

Timing — The closing of the Transaction will take place on the business day following receipt of the Unitholder approval of the Transaction from the Unitholders of the REIT in accordance with TSX requirements. Closing is currently expected to be on or about June 29, 2016. If the closing of the Transaction has not occurred on or before July 29, 2016, either party may terminate the Transaction Agreement.

Adjustments — The purchase price for the Transaction is subject to adjustments for customary items, including prepaid rents, allowances, inducements, property operating costs, security deposits, taxes and utilities.

Assumed Obligations — Crombie LP will assume the obligations under: (i) certain contracts and other documents binding on Sobeys with respect to the ownership or operation of the Distribution Centres, together with Sobeys, as co-owners, (ii) the leases or other rights or licences binding upon Sobeys with respect to the Acquisition Properties,

(iii) the existing third party warranties and guarantees relating to the Acquisition Properties, and (iv) certain permitted encumbrances.

Modernizations – On closing, Crombie LP will advance the investment in the Modernizations to SCI on behalf of the various tenants who will be party to the Lease Amendments providing for the Modernizations. The Lease Amendments will take effect on the closing of the Transaction.

Conditions — The transactions contemplated by the Transaction Agreement will be conditional upon the satisfaction of certain conditions, including: (i) the accuracy of the representations and warranties on the closing of the Transaction, (ii) the receipt of all required approvals under the *Competition Act* (Canada) (the "**Competition Act**"), (iii) Crombie LP, or its nominee, and Sobeys and its affiliate having entered into the Sobeys Leases, (iv) Sobeys and its affiliate having entered into the Quebec Leases, (v) Crombie LP, or its nominee, and Sobeys, or its affiliate, having entered into the Lease Amendments providing for the Modernizations, (vi) Crombie LP, or its nominee, and Sobeys, or its affiliate, having entered into the Distribution Centre Leases, (vii) Crombie LP, or its nominee, and the applicable affiliate of Sobeys having entered into a Co-Ownership Agreement (as defined below) with respect to each Distribution Centre, (viii) Crombie LP, or its nominee, and Sobeys, or its affiliate, having entered into the Environmental Indemnity Agreement (as defined below) and (ix) performance of the terms, covenants and conditions of the Transaction Agreement to be complied with or performed prior to the closing of the Transaction. Other conditions solely in favour of Crombie LP are: (i) verification of the NOI to be generated by the Acquisition Properties, (ii) the receipt of all required Unitholder approvals, (iii) the completion of the Offering, (iv) the receipt of certain estoppel certificates required under the Transaction Agreement, and (v) the receipt of all other consents, approvals and assumptions required under the Transaction Agreement, under any of the permitted encumbrances or under any other agreement affecting the Acquisition Properties and the other purchased assets. Failure to satisfy any of these conditions on or before the closing of the Transaction, unless otherwise waived, would allow the party having the benefit of the condition to terminate the Transaction Agreement. Closing of the Transaction is not subject to the REIT or Crombie LP completing satisfactory due diligence in respect of the Acquisition Properties.

Representations and Warranties — The Transaction Agreement contains representations and warranties relating to each of the Vendors, Crombie LP and the REIT, which in some cases are qualified by the knowledge of the Vendor, 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 Transaction Agreement also contains representations and warranties given by the Vendors, 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 Vendors holding at closing of the Transaction good and marketable title to the Acquisition Properties free of all encumbrances except permitted encumbrances and there being no other agreements to sell the Acquisition Properties, (iv) there being no litigation against or affecting the Acquisition Properties that would adversely affect the Transaction Agreement or any transaction or agreement contemplated thereby, (v) no construction liens against the Acquisition Properties, (vi) the existing leases for the Acquisition Properties having been disclosed and assignable, (vii) no expropriation nor written notice of expropriation of the Acquisition Properties, (viii) the use of certain materials on the Acquisition Properties and the absence of notices of violations or outstanding work orders under environmental laws, and (ix) the Purchased Shares being the only issued shares of Durham Leaseholds Limited and ECL Penhorn Mall (2011) Ltd.

As is Where is Basis — The Transaction Agreement provides that except as expressly set forth in the Transaction Agreement, the Environmental Indemnity Agreement, the Sobeys Leases, the Distribution Centre Leases, the Co-Ownership Agreements (as herein defined), the Lease Amendments or any other agreement delivered pursuant to the Transaction Agreement in connection with the closing of the Transaction, the Acquisition Properties are being purchased on an "as is where is" basis in reliance on Crombie LP's own due diligence.

NOI Adjustment — The Transaction Agreement provides that prior to May 27, 2016, Crombie LP shall examine the calculation of the estimated NOI (the "**Estimated NOI**") to be generated by the Acquisition Properties to determine if there were any errors in the calculation thereof prepared by the Vendors. If the NOI to be derived from the Acquisition Properties, as determined by Crombie LP, differs from the Estimated NOI by more than $500,000, the NOI for the Acquisition Properties will be increased or decreased, as the case may be, by adjusting the rent to be paid under one or more of the Sobeys Leases or Distribution Centre Leases such that the aggregate NOI to be derived from the Acquisition Properties will equal the Estimated NOI. No adjustments to rents payable shall be

made if the difference between the NOI as determined by Crombie LP and the Estimated NOI is less than $500,000. The NOI adjustment is intended to ensure that the combined annual NOI from the Acquisition Properties and Modernizations will not be less than $26.5 million.

Indemnities — The Transaction Agreement contains indemnity provisions between the Vendors, on one hand, and Crombie LP, on the other hand, whereby each agrees to indemnify the other and their respective partners, unitholders, shareholders, current and former directors, officers, employees and agents for any breaches or non-performance of the terms of the Transaction Agreements and any breaches of representations or warranties. Sobeys has also agreed to indemnify Crombie LP for certain environmental liabilities pursuant to the Environmental Indemnity Agreement, as described below.

Limits on Indemnification — Under the Transaction 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 $1.0 million (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 $100,000, which amount is not a deductible from the amount the indemnified party may be entitled to receive. The maximum liability of the Vendors, on one hand, and Crombie LP on the other hand, is limited to 100% of the aggregate purchase price actually received by Vendors.

Environmental Indemnity Agreement

As a condition to the closing of the Transaction, Sobeys, and its affiliate, as tenant, will provide an environmental indemnity with respect to each Acquisition Property to the extent that environmental issues are identified in the course of Crombie LP's due diligence investigation of the Acquisition Properties (the "**Environmental Indemnity Agreement**"). 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 Transaction, Crombie LP shall cause the Independent Engineers to complete such investigations and assessments within 120 days following the closing of the Transaction.

For any Acquisition Properties in respect of which such investigations or assessments identify the existence of hazardous materials in excess of amounts permitted under 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 under applicable environmental laws (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. Sobeys is to use commercially reasonable efforts to (i) complete remediation work in accordance with the applicable work plan with respect to certain of the Acquisition Properties within one year following the closing of the Transaction, and (ii) with respect to other Acquisition Properties, complete sufficient remediation so as to render such Acquisition Properties as capable of being financed by third party lenders, such remediation work to be completed with respect to Acquisition Properties representing 20% of the Acquisition Properties (by allocated purchase price), in each 12 month period following the closing of the Transaction. In the event that the remediation work is not completed within a specified time, Crombie LP will have the right to cause the remediation work to be completed at the cost of Sobeys.

Under the terms of the Environmental Indemnity Agreement, Sobeys will indemnify Crombie LP 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 Environmental Indemnity Agreement by Sobeys, including costs of remediation and monitoring work. The indemnity shall cease to apply with respect to any direct claims by Crombie LP 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 $2 million, Sobeys may repurchase such Acquisition Property at the purchase price allocated to such Acquisition Property under the Transaction Agreement

and transfer to Crombie LP another property or properties approved by Crombie LP in replacement therefor of not less value, with a Sobeys Lease and Environmental Indemnity Agreement for the replacement property or properties in place.

The form of Environmental Indemnity Agreement is attached to the Transaction Agreement as Schedule H.

Sobeys Leases

Crombie LP, through a nominee, will enter into separate lease agreements with respect to each of the Acquisition Properties (other than the Distribution Centres), whereby Crombie LP or such nominee will be the landlord and SCI or an affiliate thereof will be the tenant. Each of the Sobeys Leases will be triple net leases, such that the tenant shall be responsible for all property taxes, insurance and maintenance 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 addition, Crombie LP has commissioned property condition assessments for each of the Acquisition Properties, to be completed within 90 days after the closing of the Transaction. Absent any material misstatement of the recommended work, any repair work recommended in the property condition report to be completed within three years after the date of the assessment shall be completed by the applicable tenant at such tenant's cost within such three year period.

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 20 years after the date of the applicable Sobeys Lease (each, an "**Outside Date**"), which Outside Date may be extended at the tenant's option by up to six consecutive further periods of five years each. Prior to each initial Outside Date, 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 applicable Sobeys 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 20 years. The aggregate annual minimum rents under all the Sobeys Leases will increase annually by 1.5% per year until the Outside Date.

Distribution Centre Leases

Crombie LP and an affiliate will enter into separate lease agreements with SCI with respect to each of the Distribution Centres, whereby Crombie LP and SCI will be the co-landlords and an affiliate of Sobeys will be the tenant and with respect to which Sobeys will provide certain indemnification. The Distribution Centre Leases will be quadruple-net to the landlords, such that the tenant shall be responsible for all property taxes, insurance, maintenance and structural repairs during the term of the Distribution Centre Leases. The Distribution Centre 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 20 years after the date of the applicable Distribution Centre 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. Prior to the initial Outside Dates, the term of each Distribution Centre 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 Distribution Centre Lease is not terminable by the tenant unilaterally prior to the applicable Outside Date. The annual minimum rents under each Distribution Centre Lease will increase annually by 1.0% per year.

Co-Ownership Agreement

Crombie LP and an affiliate will enter into a co-ownership agreement with SCI with respect to each Distribution Centre (each, a "**Co-Ownership Agreement**"), whereby Crombie LP and SCI will co-own each Distribution Centre as tenants in common, each having a 50% interest (each, a "**Co-Owner**"). The REIT shall have no ownership interest in any equipment or fixtures located in each Distribution Centre. The Co-Ownership Agreement includes provisions governing the distribution of positive net cash flow generated by the Distribution Centre and requirements to provide funds in connection with the management and operation of the Distribution Centre as determined by a management committee consisting of one individual nominated by Crombie LP and one individual nominated by SCI.

Under the Co-Ownership Agreement, no Co-Owner may, directly or indirectly, sell, transfer, assign, mortgage, encumber or otherwise dispose of its interest in the Distribution Centre without the prior written consent of the other Co-Owner or except as otherwise provided in the Co-Ownership Agreement. If Sobeys or an affiliate of Sobeys is no longer the tenant under the applicable Distribution Centre Lease, or such Distribution Centre Lease expires or is terminated, and a Co-Owner desires to sell or receives an offer from a third party to buy all or a portion of such Co-Owner's interest in the Distribution Centre, the other Co-Owner shall have a right of first offer with respect to such interest.

Upon the occurrence of certain events, including default in any security granted by Crombie LP in its interest in the Distribution Centre, the occurrence of certain insolvency proceedings involving Crombie LP, a change of control in respect of the REIT or Crombie LP, a sale by Sobeys of all or substantially all of its store network serviced by such Distribution Centre, a decision by Sobeys to reorganize its logistical and distribution facilities, Crombie LP issues a notice with respect to the right of first offer, Sobeys and its affiliates ceasing to hold Units or Special Voting Units of the REIT representing at least 30% of the votes attached to all outstanding voting securities of the REIT, or if at any time after the tenth anniversary of the Co-Ownership Agreement Sobeys determines to reorganize or otherwise alter its operations conducted from the Distribution Centre such that Sobeys determines that it is in its best interests to exercise the option, Sobeys shall have the option to purchase the co-ownership interest of Crombie LP at a price equal to the original purchase price paid by Crombie LP increased by one percent on each anniversary of the date of the Co-Ownership Agreement.

Each Co-Owner may mortgage, encumber, charge or hypothecate its co-ownership interest, as mutually agreed by the parties, to secure construction financing or long term financing of the Distribution Centre or as part of the security for such Co-Owner's senior bank revolving credit facility, provided that any such security is subordinated to the Distribution Centre Lease.

Transaction Approvals

Competition Act Approval

The Transaction 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.

TSX Approval

The issuance of the Class B LP Units as partial consideration for the Transaction is subject to the approval of the TSX.

Unitholder Approval

The Vendors are affiliates of Empire. As Empire, indirectly through ECL, currently owns an approximate 41.5% economic and voting interest in the REIT, the TSX considers the Transaction to be a non-arm's length transaction under TSX rules.

Since the aggregate consideration payable to affiliates of Empire pursuant to the Transaction of approximately $418 million exceeds 10% of the REIT's market capitalization, the TSX is requiring the REIT to obtain approval for the Transaction and the issuance of the Class B LP Units as consideration under the Transaction Agreement from Unitholders unrelated to Empire. Consequently, a special meeting of the Unitholders has been scheduled to be held on June 28, 2016 (the "**Unitholder Meeting**"). The information circular and proxy in respect of the Unitholder Meeting is expected to be distributed to Unitholders on or about June 7, 2016.

Benefits of the Transaction

The REIT believes the Transaction will provide the following benefits to the REIT and its Unitholders:

- The REIT's total GLA will increase to 19.2 million square feet, including 50% of the total GLA of the Distribution Centres in which the REIT will have a 50% interest.

- The REIT's weighted average lease term will improve to 12.3 years (from approximately 11.2 years) upon the closing of the Transaction and the entering into of the Sobeys Leases, the Quebec Leases, the Distribution Centre Leases and the Modernization store lease amendments.

- The Transaction will increase the REIT's presence in Canada's six largest markets by population size, with approximately 80% of the value of the Acquisition Properties to be derived from such markets.

- Approximately $26.5 million in additional annual NOI to be generated by the Acquisition Properties, the Distribution Centres and the Modernizations.

- The Transaction will be accretive to the REIT's AFFO as measured on a per Unit basis upon the closing of the Transaction.

DESCRIPTION OF ACQUISITION PROPERTIES

The Acquisition Properties represent an aggregate of approximately 2.2 million square feet of GLA, including 50% of the total GLA of the Distribution Centres in which the REIT will have a 50% interest, and consist of 12 freestanding stores, seven retail plazas, each anchored by a grocery store bannered by IGA, Sobeys, Safeway or Thrifty Foods, two development properties and three Distribution Centres. The GLA information provided in the following table is based on information provided by the vendors and has not been independently verified by the REIT or the Underwriters. Except for the Distribution Centres, Crombie LP is acquiring a 100% interest in each of the Acquisition Properties.

Location	Property Type	Address	GLA (Sq. Ft.)	Banner
British Columbia				
Burnaby Heights	Retail Plaza	4440 Hastings Street, Burnaby, BC	62,000	Safeway
Robson	Retail Freestanding	1766 Robson Street, Vancouver, BC	42,000	Safeway
Marpole	Retail Freestanding	8555 Granville Street, Vancouver, BC	47,000	Safeway
Royal Oak	Retail Plaza	5235 Kingsway, Burnaby, BC	33,000	Safeway
Crown Isle SC	Retail Plaza	444 Lerwick Road, Courtenay, BC	97,000	Thrifty
Total British Columbia			281,000	
Alberta				
Strathcona Square SC	Retail Plaza	555 Strathcona Blvd SW, Calgary, AB	80,000	Sobeys
Cochrane	Retail Freestanding	304 - 5 Avenue West, Cochrane, AB.	53,000	Safeway
Coliseum	Retail Freestanding	8118 - 118 Avenue NW, Edmonton, AB	46,000	Safeway
Beacon Heights	Retail Freestanding	20 - 1818 Centre Street NE, Calgary, AB	36,000	Safeway
Stettler	Retail Freestanding	4607 - 50 Street, Stettler, AB	31,000	Sobeys
Total Alberta			246,000	
Ontario				
Fort Frances	Retail Freestanding	417 Scott Street, Fort Frances, ON	43,000	Safeway
Total Ontario			43,000	
Quebec				
Malartic	Retail Plaza	450 Royale, Malartic, QC	28,000	IGA
Bromptonville	Retail Plaza	50 Bourgeois, Bromptonville, QC	27,000	IGA
Matane	Retail Freestanding	551 du Phare Est, Matane, QC	30,000	IGA
Huntingdon	Retail Freestanding	2195 Ridge, Huntingdon, QC	19,000	IGA
Masson-Angers	Retail Plaza	1205 de Neuville, Gatineau, QC	31,000	IGA

Location	Property Type	Address	GLA (Sq. Ft.)	Banner
Louiseville	Retail Freestanding	714 St-Laurent Ouest, Louiseville, QC	23,000	IGA
Rouyn -Noranda	Retail Freestanding	680 Chaussée, Rouyn-Noranda, QC	43,000	IGA
St-Donat	Retail Freestanding	871 Principale, St-Donat, QC	34,000	IGA
Total Quebec			235,000	
Distribution Centres				
RockyView	Distribution Centre	260199 High Plains Blvd., Rocky View, AB	655,000[(1)]	
Terrebonne	Distribution Centre	1101 Boul. de la Pinière Ouest, Terrebonne, QC	335,000[(1)]	
Vaughan	Distribution Centre	8265 Huntington Road, Woodbridge, ON	397,000[(1)]	
Total Distribution			1,387,000	
Land				
Penhorn Lands		Dartmouth, NS		
Triangle Lands		Barrington Street, Halifax, NS		
Total Acquisition			2,192,000	

(1) The GLA of the Distribution Centres represents 50% of the total GLA of each of the Distribution Centres in accordance with the REIT's ownership percentage under the Co-Ownership Agreement**.**

CONSOLIDATED CAPITALIZATION

There have not been any material changes in the consolidated capitalization or indebtedness of the REIT since March 31, 2016, the date of the REIT's most recently filed financial statements, other than as described under "Recent Developments".

The following table sets forth the *pro forma* capitalization of the REIT as at March 31, 2016, as adjusted to give effect to transactions that have closed since March 31, 2016, the Transaction and the Offering.

	As at March 31, 2016	As at March 31, 2016 after giving effect to transactions of the REIT that have closed since March 31, 2016	As at March 31, 2016 after giving effect to transactions of the REIT that have closed since March 31, 2016, the Transaction and the Offering
	(unaudited) (expressed in 000's)	(unaudited) (expressed in 000's)	(unaudited) (expressed in 000's)
Indebtedness			
Mortgages	$1,509,925	$1,507,498	$1,507,498
Senior Unsecured Notes	$398,207	$398,207	$398,207
Convertible Debentures	$131,672	$131,672	$131,672
Revolving Credit Facility	8,706	$65,496	$264,235
Bilateral Credit Facility	-	-	-
Deferred Financing Charges	($9,756)	($9,756)	($9,756)
Total Indebtedness excluding Unitholders	$2,038,754	$2,093,117	$2,291,856
Unitholders[(1)]	$705,871	$705,871	$831,929
Special Voting Units and Class B LP Unitholders[(1)]	$460,746	$460,746	$553,949
TOTAL CAPITALIZATION	$3,205,371	$3,259,734	$3,677,734

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

USE OF PROCEEDS

The net proceeds to the REIT from the Offering, after deducting the Underwriters' Fee in respect of the Units issued and sold by the REIT and the estimated expenses of the Offering, are estimated to be $125.9 million. The net proceeds from the Offering of the Subscription Receipts, 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, if any, required to be made by the REIT and the remaining 50% of the Underwriters' Fee, are expected to be entirely used by the REIT to finance a portion of the purchase price for the Acquisition Properties and to fund the Modernizations.

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 (as defined below), which will be filed on SEDAR.

The Subscription Receipts will be issued at the closing of the Offering pursuant to a subscription receipt agreement to be dated the date of closing of the Offering among the REIT, the Subscription Receipt Agent (the "**Subscription Receipt Agreement**") and CIBC World Markets Inc., on behalf of the Underwriters. 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 Transaction. Upon the satisfaction of the Escrow Release Conditions, the Escrowed Funds less the remaining 50% 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 Transaction.

Forthwith upon the satisfaction or waiver of the conditions precedent to the completion of the Transaction pursuant to the Transaction Agreement (other than the payment of the purchase price for the Transaction), 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 Transaction 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 Subscription Receipt Holders will also be entitled to receive, without duplication, no earlier than the third business day following the Transaction 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 Transaction 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 Transaction closing date, plus an amount equal to the amount by which the Subscription Receipt Adjustment Payment exceeds the Actual Earned Interest, as a refund of a portion of the Subscription Price of the Subscription Receipts. 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 Transaction 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 Transaction Agreement has been terminated or that the REIT will not be proceeding with the Transaction, or (iii) the REIT formally announces to the public by way of a press release that it does not intend to proceed with the Transaction (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 the 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 Subscription Receipt 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 a Unitholder 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 (including any Earned Interest) 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 the 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 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

The following is a summary of the issuance of Class B Units and Special Voting Units within the preceding two years:

Date	Number of Class B LP Units and Special Voting Units	Date	Number of Class B LP Units and Special Voting Units
30/05/2014	3,018,868	15/09/2015	39,281
15/12/2014	15,153	15/10/2015	67,906
15/01/2015	17,487	13/11/2015	58,700
13/02/2015	17,606	15/12/2015	46,359
13/03/2015	18,300	15/01/2016	58,169
15/04/2015	20,040	15/02/2016	51,923
15/05/2015	25,401	15/03/2016	47,481
15/06/2015	24,789	15/04/2016	50,714
15/07/2015	22,875	13/05/2016	52,301
14/08/2015	24,292		

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 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, as amended.

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.

ECL 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 short form 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, Crombie Subsidiary Trust ("**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.

DRIP

The REIT has implemented a Distribution Reinvestment Plan ("**DRIP**") to enable Canadian resident Unitholders to automatically reinvest cash distributions paid on their Units in additional Units. Units to be issued under the DRIP will be issued directly from treasury of the REIT at a price equal to 97% of the volume-weighted average trading price of the Units on the TSX for the five trading days immediately preceding the relevant distribution payment date. The DRIP also permits owners of the outstanding Class B LP units of Crombie LP to reinvest distributions in additional Class B LP units on substantially the same terms. The REIT has reserved for issuance with the TSX four million additional Units to accommodate the purchase of Units under the DRIP.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have agreed to purchase on or about May 30, 2016, or on such later date as the REIT and the Underwriters may agree, 8,952,400 Subscription Receipts at a price of $14.70 per Subscription Receipt, for total gross proceeds to the REIT of $131,600,280. The Underwriters are, however, obligated to take up and pay for all of the Subscription Receipts if any of the Subscription Receipts are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Subscription Receipts are several (and not joint or joint and several). The terms of the Offering and the price of the Subscription Receipts has been determined by negotiation between the REIT and the Underwriters.

An Underwriter may terminate its obligations under the Underwriting Agreement at its discretion at or prior to the closing of the Offering if: (i) any inquiry, investigation or other proceeding is commenced, announced or threatened or any order is issued under or pursuant to any relevant statute or by any governmental body (unless based upon the activities or alleged activities of the Underwriters or their agents), or there is any change of law, or the interpretation or administration thereof, which, in the reasonable opinion of that Underwriter, acting in good faith, operates or could operate to prevent, suspend, hinder, delay, restrict or otherwise materially adversely affect the distribution of or the trading in the Units, (ii) there occurs any material change (actual, contemplated or threatened) in the business, affairs, operations, assets, liabilities (contingent or otherwise), capital or ownership of the REIT, certain of its affiliates or the Acquisition Properties, which in the opinion of that Underwriter could reasonably be expected to result in the purchasers of a material number of Units exercising their right under applicable securities laws to withdraw from or rescind their purchase thereof or which has or could reasonably be expected to have a significant adverse effect on the market price, value or marketability of the Units; (iii) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any outbreak or escalation of national or international hostilities or any crisis or calamity or act of terrorism or similar event or any governmental action, law, inquiry or other occurrence of any nature which, in the reasonable opinion of such Underwriter, materially adversely affects, or involves, or may materially adversely affect, or involve, the financial markets in Canada or the business, operations or affairs of the REIT and certain of its affiliates taken as a whole; or (iv) there is announced any change or proposed change in the income tax laws or the interpretation or administration thereof and such change would, in that Underwriter's reasonable opinion, be expected to have a significant adverse effect on the market price, value or marketability of the Units; or (v) the Transaction Agreement is terminated or the REIT delivers to the Underwriters a notice stating that it does not intend to proceed with the Transaction. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement.

Under the Underwriting Agreement, the REIT has agreed to pay the Underwriters a fee of $0.588 per Subscription Receipt for an aggregate fee payable by the REIT of $5,264,011.20, in consideration for their services in connection with the Offering, subject to the remainder of this paragraph. The Underwriters' Fee in respect of the Subscription Receipts is payable as to 50% upon satisfaction of the Escrow Release Conditions and 50% upon closing of the Transaction from the Escrowed Funds under the Subscription Receipt Agreement, in accordance with the terms and conditions thereof. If the Transaction is not completed and the 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 the Offering.

Except in connection with the Transaction, the REIT has agreed not to offer or issue, or enter into an agreement to offer or issue, equity securities or any securities convertible or exchangeable for equity securities 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 and the Units issuable pursuant to the Subscription Receipts 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 and the Units issuable pursuant to the Subscription Receipts being approved for listing on the TSX.

The Underwriters propose to offer the Subscription Receipts to the public initially at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Subscription Receipts at the offering price specified on the cover page, the offering price for the Subscription Receipts 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 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 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 at levels other than those that would prevail on the open market. Such transactions, if commenced, may be discontinued at any time

Neither the Subscription Receipts nor the underlying Units have been or will be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**") or applicable state securities laws, and may not be offered, sold or delivered, directly or indirectly, within the United States, except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and state securities laws, it will not offer or sell any of the Subscription Receipts within the United States. The Underwriting Agreement permits the Underwriters to offer and resell the Subscription Receipts purchased by them outside the United States in compliance with Regulation S under the 1933 Act. The Underwriting Agreement also permits the Underwriters to offer and resell the Subscription Receipts that it has acquired pursuant to the Underwriting Agreement in the United States to persons who are "qualified institutional buyers," as such term is defined in Rule 144A under the 1933 Act, where such offers and resales are made in compliance with Rule 144A under the 1933 Act and applicable state securities laws. Subscription Receipts offered or resold in the United States will be "restricted securities" within the meaning of Rule 144(a)(3) promulgated under the 1933 Act.

This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Subscription Receipts in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Subscription Receipts offered hereby or the underlying Units within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act unless such offer or offer is made pursuant to an exemption from registration under the 1933 Act.

Terms used and not defined in the preceding two paragraphs shall have the meanings ascribed thereto by Regulation S under the 1933 Act.

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., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. are lenders to the REIT under the Revolving Credit Facility. An affiliate of Scotia Capital Inc. is the lender to the REIT under the Bilateral Credit Facility. 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. and Barbara Palk, a trustee of the REIT, is a member of the board of directors of an affiliate of TD Securities Inc. Accordingly, the REIT may be considered to be a "connected issuer" of each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. within the meaning of applicable Canadian securities legislation.

As at May 13, 2016, approximately $74 million was outstanding under the Revolving Credit Facility and nothing was outstanding under the Bilateral 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 the Bilateral 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 four properties and related personal property held by the REIT, second mortgages on two properties and related personal property held by the REIT and a security interest in all of the personal property of the REIT subject to certain exceptions relating to site-specific financing. The Bilateral Credit Facility is currently unsecured. There has been no material change in the financial position of the REIT since the execution of the agreements governing the Revolving Credit Facility or Bilateral Credit Facility, except as described elsewhere in this short form prospectus and in the documents incorporated by reference herein.

The decision to purchase Units by the Underwriters was made independently of their being 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 Units. The offering price of the Units 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. None of CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial 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 and the lenders' receipt of their pro rata share of any repayments under the Revolving Credit Facility.

RETAINED INTEREST

Pursuant to the exchange agreement dated March 23, 2006 (the "**Exchange Agreement**") between the REIT, Crombie LP, Crombie Subsidiary Trust, Crombie General Partner Limited ("**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), 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 Developments Limited ("**ECL**") and has assigned its pre-emptive right to ECL. ECL Properties is a wholly-owned subsidiary of Empire Company Limited ("**Empire**").

As of the date hereof, ECL holds 41.5% of the economic and voting interest in the REIT through its ownership of 53,918,890 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, ECL has waived its pre-emptive rights under the Exchange Agreement to acquire Units of the REIT. Instead, affiliates of ECL will receive 6,353,741 Class B LP Units and the associated Special Voting Units as partial consideration for the Transaction, and it is expected that such Class B LP Units and the associated Special Voting Units will be transferred to ECL following the closing of the Transaction. Members of the Board of Trustees of the REIT who are considered to be independent of both the REIT and Empire approved the issuance of Class B LP Units and the associated Special Voting Units under the terms of the Transaction Agreement on the basis that such Class B LP Units and the associated Special Voting Units 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 such Class B LP Units are being valued at a price per Class B LP Unit and the associated Special Voting Units equal to the offering price per Unit under the Offering.

In addition, as a result of ECL's 41.5% economic and voting interest in the REIT, the Transaction constitutes a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holdings in*

Special Transactions ("**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. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. The REIT has obtained exemptive relief which, subject to certain conditions, permits it to include ECL's indirect economic and voting interest in the REIT in the calculation of the REIT's market capitalization for purposes of calculating the 25% threshold under MI 61-101. As a result, 25% of the REIT's market capitalization for purposes of MI 61-101 was approximately $463 million as of May 12, 2016. Members of the Board of Trustees of the REIT who are considered to be independent of both the REIT and Empire, acting on behalf of the full Board of Trustees, determined that the fair market value of the subject matter of the Transaction was less than the 25% threshold based on a number of factors, including advice obtained from a qualified third party appraiser, the commercial terms of the investment in the Modernizations, the fact that the $418 million purchase price was negotiated on an arm's length basis and approved by Empire's Board of Directors and the implied Transaction capitalization rates on the Acquisition Properties compared to market rates and rates implied by similar recent transactions. As a result of the determination that the fair market value of the subject matter of the Transaction is below the 25% threshold, the Transaction will not be subject to the valuation and minority approval requirements of MI 61-101.The issuance of the Class B LP Units to the Vendors pursuant to the terms of the Transaction Agreement will be completed by way of an exemption from the prospectus requirements under the applicable securities laws.

Following closing of the Transaction and the Offering, ECL and its affiliates will continue to hold a 41.5% economic and voting interest in the REIT through its ownership of 60,272,631 Class B LP Units and Special Voting Units and 909,090 Units. Should all Outstanding Debentures, including those held by Empire, be converted into Units in accordance with their terms, then ECL's economic and voting interest in the REIT could be decreased to approximately 40.3%.

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, as beneficial owner, Subscription Receipts pursuant to this short form prospectus. This summary is applicable to a holder, who, for purposes of the Tax Act, and at all relevant times, (i) is or is deemed to be resident in Canada, (ii) deals at arm's length with and is not affiliated with the REIT or the Underwriters and (iii) holds the Subscription Receipts and any Units acquired under the terms of the Subscription Receipts (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 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 Units should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Holder: (i) that is a "financial institution" subject to the mark-to-market rules; (ii) that is a "specified financial institution"; (iii) that is a partnership; (iv) an interest in which would be a "tax shelter investment"; (v) that has elected to determine its "Canadian tax results" in a foreign currency pursuant to the "functional currency" reporting rules; or (vi) that enters into a "derivative forward agreement" with respect to any Securities, each as 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. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Securities under the Offering.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) before the date hereof ("**Proposed Amendments**"), counsel's understanding of the current published administrative policies of the Canada Revenue Agency (the "**CRA**"), and a certificate as to certain factual matters from an executive officer of the REIT. Except for Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations which may differ significantly from the Canadian federal income

tax considerations discussed herein. No assurance can be given that the Proposed Amendments will be enacted in the form proposed or at all.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Securities. The income and other tax consequences of acquiring, holding or disposing of Securities will vary depending on a Holder's particular status and circumstances, including the province or territory in which the Holder resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any prospective Holder.

Prospective Holders should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units in their own 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 Transaction. The adjusted cost base of a Unit received by a Holder pursuant to a Subscription Receipt will generally be equal to the amount paid to acquire the Subscription Receipt less the portion of the Subscription Receipt Adjustment Payment that will be paid out of the Escrowed Funds as a partial refund of the Subscription Price and that reduces the Holder's cost of the Unit as described under "Taxation of the Holders of Subscription Receipts – Completion of Transaction". 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 the Holders of Subscription Receipts – Taxation of Earned Interest") and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Subscription Receipt to the Holder thereof.

One-half of any capital gain (a "taxable capital gain") realized by the Holder from a disposition or deemed disposition of a Subscription Receipt 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 ("an allowable capital loss") realized on a disposition of a Subscription Receipt may be generally deducted against any taxable capital gains realized by the Holder in the year of disposition, and any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained 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 Holder that is a "Canadian controlled-private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income for the year including taxable capital gains. The rate of this refundable tax increased from 6 2/3% to 10 2/3% for taxation years that end after 2015. For a taxation year beginning before 2016 and ending in 2016, the rate increase is prorated based on the number days in the taxation year after 2015 over the total number of days in the taxation year.

Taxation 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, except to the extent that such Earned Interest was included in computing the Holder's income for a preceding taxation year.

Since the Subscription Receipt Agent will be holding the Escrowed Funds for the account of the holders of the Subscription Receipts, any interest received or receivable on the Escrowed Funds by the Subscription Receipt Agent will be considered received or receivable, as the case may be, 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 the Holder's pro rata share of 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 a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income for the year, including interest income. The rate of this refundable tax increased from 6 2/3% to 10 2/3% for taxation years that end after 2015. For a taxation year beginning before 2016 and ending in 2016, the rate increase is prorated based on the number days in the taxation year after 2015 over the total number of days in the taxation year.

Completion of Transaction

As described above under "Description of the Subscription Receipts", if the Transaction 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 an amount equal to the amount by which the Subscription Receipt Adjustment Payment exceeds the Actual Earned Interest as a refund of a portion of the Subscription Price of the Subscription Receipt.

The Actual 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 paid out of the Escrowed Funds as a partial refund of the Subscription Price paid for the Subscription Receipt and will generally reduce the cost to a Holder of the Unit acquired on exchange of a Subscription Receipt for a Unit.

Mutual Fund Trust Status

This summary is based on the assumption that the REIT will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. An executive officer of the REIT has advised counsel that it intends to ensure that the REIT will meet the requirements necessary for it to qualify as a mutual fund trust at all times. If the REIT were not to qualify as a mutual fund trust at all times, the income tax considerations, in certain respects, would be materially and adversely different from those described below.

SIFT Rules and the REIT Exception

The summary is also based on the assumption that the REIT will at no time be a "SIFT Trust" as defined in the rules applicable to "SIFT trusts", "SIFT partnerships" and their investors (the "**SIFT Rules**"). The SIFT Rules effectively tax certain income of a publicly-traded trust or partnership that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable Canadian corporation and distributed by way of dividends to its shareholders. These rules apply only to "SIFT trusts", "SIFT partnerships" (each as defined in the Tax Act) and their investors.

Where the SIFT Rules apply, distributions of a SIFT trust's "non-portfolio earnings" are not deductible in computing the SIFT trust's net income. Non-portfolio earnings generally are defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than certain dividends) from, and capital gains from the disposition of, "non-portfolio properties" (as defined in the Tax Act). The SIFT trust is itself liable to pay income tax on an amount equal to the amount of such non-deductible distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Nondeductible distributions paid to a holder of units of the SIFT trust generally are deemed to be taxable dividends received by the holder of such units from a taxable Canadian corporation. Such deemed dividends will qualify as "eligible dividends" for purposes of the enhanced gross-up and dividend tax credit available under the Tax Act to individuals resident in Canada and for purposes of computing a Canadian resident corporation's "general rate income pool" or "low rate income pool", as the case may be (each as defined in the Tax Act). In general, distributions paid as returns of capital will not be subject to the SIFT Rules.

The REIT will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it qualifies as a "real estate investment trust", as defined in the Tax Act, throughout the year (the "**REIT Exception**"). The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. An executive officer of the REIT has advised counsel that the REIT expects to qualify for the REIT Exception in 2016 and future years. However, no assurances can be given that subsequent investments or activities undertaken by the REIT will not result in the REIT failing to qualify for the REIT Exception in 2016 or any subsequent taxation year. See "Risk Factors- Status for Tax Purposes" in the AIF. If the REIT is subject to the SIFT Rules, certain of the income tax considerations described below would, in some respects, be materially and adversely different, and the SIFT Rules may have a material adverse effect on the after-tax returns of certain Unitholders.

The remainder of this summary assumes that the REIT is at all times eligible for the REIT Exception and, accordingly, that the SIFT Rules will not apply to the REIT.

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 and on other indebtedness 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 or other indebtedness of CS Trust, 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). The cost to the REIT of the Series 2 Trust Notes and Series 3 Trust Notes so acquired generally will be the fair market value thereof at the time of the exchange.

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. 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 the REIT intends that an amount equal to all of the REIT's income (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 otherwise 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**"). Any 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.

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, CDL is subject to tax on its taxable income determined under the Tax Act.

Taxation of Holders

REIT Distributions

A Holder generally will be required to include in computing income for a particular taxation year the portion of the net income of the REIT, including net realized taxable capital gains, that is paid or payable to the Holder in that taxation year, whether or not those amounts are received in cash, additional Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of a Holder. The Declaration of Trust provides that income and net taxable capital gains of the REIT will, for purposes of the Tax Act, be allocated to Unitholders in the same proportion as distributions received by the Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be reasonable in the circumstances.

Provided that the appropriate designations are made by the REIT, net taxable capital gains realized by the REIT that are paid or become payable to a Holder will retain their character as taxable capital gains to Holders for purposes of the Tax Act. The non-taxable portion of any net realized capital gains of the REIT that is paid or payable to a Holder in a year will not be included in computing the Holder's income for the year. Any other amount in excess of the net income of the REIT that is paid or payable to a Holder in a year generally should not be included in the Holder's income for the year but will reduce the adjusted cost base of the Units held by such Holder. To the extent that the adjusted cost base of a Unit otherwise would be less than zero, the Holder will be deemed to have realized a capital gain equal to the negative amount and the Holder's adjusted cost base of the Units will be increased by the amount of such deemed capital gain.

Provided that the appropriate designations are made by the REIT, such portions of the taxable dividends received, or deemed to be received, on shares of taxable Canadian corporations as are paid or payable, or deemed to be paid or payable, by the REIT to Holders effectively will retain their character and be treated and taxed as such in the hands of Holders for purposes of the Tax Act. The normal (or in the case of eligible dividends, the enhanced) gross-up and dividend tax credit rules will apply to Holders who are individuals (other than certain trusts) and the deduction in computing taxable income will apply to Holders that are corporations. Holders that are private corporations (and certain other corporations) may be subject to the refundable tax under Part IV of the Tax Act.

Holders considering participating in the DRIP are strongly encouraged to consult their own tax advisors for advice as to the consequences of participating in the DRIP.

Disposition of Units

Upon the disposition or deemed disposition of Units by a Holder, whether on a redemption or otherwise, the Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the REIT which represents an amount that must otherwise be included in the Holder's income as described herein) are greater (or less) than the aggregate of the Holder's adjusted cost base of the Units immediately before such disposition and any reasonable costs of disposition.

The adjusted cost base to a Holder of a Unit generally will include all amounts paid by the Holder for the Unit subject to certain adjustments and may be reduced by distributions made by the REIT to a Holder of Units as described above. The cost of additional Units received in lieu of a cash distribution will be the amount of income of the REIT distributed by the issuance of such Units. For the purpose of determining the adjusted cost base of a Holder, 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 Holder as capital property immediately before that acquisition. A consolidation of Units following a distribution of additional Units will not be regarded as a disposition of Units.

A redemption of Units in consideration for cash or Series 2 or Series 3 Trust Notes, as the case may be, will be a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such Series 2 or Series 3 Trust Notes, as the case may be, less any income or capital gain realized by the REIT in connection with the redemption of those Units to the extent such income or capital gain is designated by the REIT to the redeeming Holder. Holders exercising the right of redemption consequently will realize a capital gain, or sustain a capital loss, depending upon whether such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the Units redeemed.

Capital Gains and Capital Losses

Any taxable capital gains realized by a Holder from a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by the REIT in respect of the Holder will be included in the Holder's income under the Tax Act as a taxable capital gain. Any allowable capital losses realized on a disposition or deemed disposition of Units will be deducted against any taxable capital gains realized by the Holder in the year of disposition, and any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

Refundable Tax

A Holder that is a Canadian-controlled private corporation (as defined in the Tax Act) will be subject to a refundable tax in respect of its aggregate "investment income" for the year The rate of this refundable tax increased from 6 2/3% to 10 2/3% for taxation years that end after 2015. For a taxation year beginning before 2016 and ending in 2016, the rate increase is prorated based on the number days in the taxation year after 2015 over the total number of days in the taxation year..

Alternative Minimum Tax

A Holder who is an individual or trust (other than certain specified trusts) may have an increased liability for alternative minimum tax as a result of (i) capital gains realized on a disposition of Units and (ii) net income of the REIT, paid or payable, or deemed to be paid or payable, to the Holder and that is designated as taxable dividends or net taxable capital gains.

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 the following Units issued pursuant to the REIT's DRIP and Employee Unit Purchase Plan ("**EUPP**").

Date	Number of Units	Type of Transaction	Date	Number of Units	Type of Transaction
6/15/2015	34,956	DRIP	2/15/2016	73,219	DRIP
7/15/2015	32,257	DRIP	3/15/2016	66,955	DRIP
8/14/2015	34,256	DRIP	4/15/2016	71,514	DRIP
9/15/2015	55,392	DRIP	5/13/2016	73,753	DRIP
10/15/2015	95,759	DRIP	6/30/2015	14,594	EUPP
11/13/2015	82,776	DRIP	3/16/2016	2,352	EUPP
12/15/2015	65,373	DRIP	3/18/2016	8,309	EUPP
1/15/2016	82,027	DRIP			

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
May 2015	$13.44	$12.53	3,638,181
June 2015	$12.87	$12.26	4,194,960
July 2015	$13.02	$12.33	2,053,726
August 2015	$13.28	$12.29	7,407,257
September 2015	$13.24	$12.51	3,651,250
October 2015	$13.38	$12.65	2,741,520
November2015	$13.18	$12.47	2,496,164
December 2015	$13.00	$12.21	3,211,038
January 2016	$13.38	$12.29	3,604,163
February 2016	$13.40	$12.60	2,546,426
March 2016	$14.09	$13.25	4,439,592
April 2016	$14.37	$13.69	3,539,943
May 2016 (1 to 13)	$15.15	$13.83	2,170,213

On May 12, 2016, the last full trading day prior to the public announcement of the Offering, the closing price of the Units on the TSX was $15.13. On May 13, 2016, the last trading day prior to the date of this short form prospectus, the closing price of the Units on the TSX was $14.71.

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
May 2015	$104.50	$102.03	714,000
June 2015	$104.01	$102.00	527,000
July 2015	$105.01	$104.50	309,000
August 2015	$105.25	$104.75	133,500
September 2015	$105.50	$103.25	309,000
October 2015	$103.25	$102.74	223,000
November2015	$104.95	$101.99	308,000
December 2015	$104.00	$102.25	526,000
January 2016	$103.53	$99.99	360,000
February 2016	$103.01	$100.94	445,000
March 2016	$103.25	$102.06	233,000
April 2016	$103.25	$102.00	197,000
May 2016 (1 to 13)	$103.26	$102.75	85,000

On May 12, 2016, 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 $102.75. On May 13, 2016, 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 $102.75.

Series E Debentures

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

Month	High	Low	Volume
May 2015	$105.00	$104.25	654,000
June 2015	$104.50	$103.50	1,147,000
July 2015	$105.00	$103.50	730,000
August 2015	$106.75	$105.50	695,000
September 2015	$107.80	$104.00	473,000
October 2015	$103.92	$101.75	517,000
November2015	$104.75	$102.50	349,000
December 2015	$104.99	$101.72	731,000
January 2016	$103.01	$100.90	1,077,000
February 2016	$103.00	$101.50	594,000
March 2016	$103.00	$102.00	649,000
April 2016	$104.26	$102.87	296,000
May 2016 (1 to 13)	$105.01	$103.75	208,000

On May 12, 2016, the last full trading day prior to the public announcement of the Offering, the closing price of the Outstanding Series E Debentures on the TSX was $105.01. On May 13, 2016, the last trading day prior to the date of this short form prospectus, the closing price of the Outstanding Series E Debentures on the TSX was $105.00.

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 2015 management's discussion and analysis and the REIT's management's discussion and analysis for the three months ended March 31, 2016, 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 Transaction

Potential Undisclosed Liabilities Associated with the Transaction

The REIT has not completed the REIT's normal due diligence procedures, including receipt of discrete property appraisals, environmental condition assessments and property condition reports, prior to the execution of the Transaction Agreement. The REIT is continuing to conduct its due diligence review of the Acquisition Properties, however, the closing of the Transaction is not subject to the satisfactory completion of such due diligence procedures. 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 Transaction and the REIT may not be indemnified for some or all of these liabilities under the Transaction Agreement or the 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.

Closing of the Transaction

The closing of the Offering will occur before the closing of the Transaction. The closing of the Transaction is subject to the satisfaction of certain closing conditions and regulatory approval under the Competition Act and disinterested 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 Transaction and on the REIT's business, financial condition or results of operations. See "The Transaction". The REIT intends to consummate the Transaction as soon as practicable after obtaining the required regulatory and Unitholder approvals and satisfying the required closing conditions. If closing of the Transaction does not take place as contemplated, the REIT could suffer adverse consequences, including the loss of investor confidence.

Possible Failure to Acquire all Acquisition Properties

The Transaction involves risks that could materially and adversely affect the REIT's business plan, including the failure to acquire all the Acquisition Properties under the Transaction Agreement. Certain mechanisms under the Environmental Indemnity Agreement allow for the removal of Acquisition Properties based on certain environmental findings, and the possible inclusion of comparable replacement properties. 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. The acquisition of any properties not described in this short form prospectus would be subject to the same terms and conditions as the Acquisition Properties. See "The Transaction – Transaction Agreement" and "The Transaction – Environmental Indemnity Agreement".

Increased Exposure to Largest Tenant

After giving effect to the Transaction, 54.0% of the REIT's annual minimum rent will be generated from Sobeys, up from 50.6% as at March 31, 2016. Therefore, the REIT is dependent on the sustainable operation by Sobeys in the locations leased from the REIT.

The REIT May Not Realize its Expected Returns on the Transaction

Acquisitions involve risks that could materially and adversely affect the REIT's business plan, including the failure of the Transaction to realize the results the REIT expects. While the Board of Trustees, based on an analysis of accretion provided by management (as well as other information deemed appropriate and sufficient for such purposes), believes the Transaction will be accretive to the REIT's AFFO per Unit and FFO per Unit, such determination is based on certain assumptions and should not be regarded as a guarantee of future performance or

results. If the Transaction fails to realize the results that the REIT expects, including continued high occupancy rates and renewal rates, the Transaction could have a material adverse effect on the REIT and its financial results.

Risk Factors Related to the Offering

Market Price

There is currently no trading market for the Subscription Receipts. The REIT has applied to have the Subscription Receipts and the Units issuable pursuant to the Subscription Receipts 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 will develop or be sustained. If an active or liquid market for the Subscription Receipts fails to develop or be sustained, the prices at which the Subscription Receipts 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 Transaction and other factors may affect the trading price of the Subscription Receipts differently than the trading price of the Units.

Structural Subordination of Units

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. The Units 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.

Subscription Receipt Structure

The Subscription Receipts will be automatically exchanged for Units upon the satisfaction of the Escrow Release Conditions. The REIT may, in its sole discretion, waive certain closing conditions in its favour in the Transaction Agreement or agree with the Vendors to amend the Transaction Agreement and consummate the Transaction on terms that may be substantially different from those contemplated in this short form prospectus. As a result, the expected benefits of the Transaction may not be fully realized. See "The Transaction". There can be no assurance that the Escrow Release Conditions 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 Transaction, 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 Transaction. Until the Transaction closing date occurs and the Units are delivered pursuant to the Subscription Receipt Agreement, Subscription Receipt Holders have only the rights described under "Description of the Subscription Receipts".

Dilution

While the net proceeds to the REIT of the Offering are expected to be applied towards the uses specified in "Use of Proceeds", to the extent that any of the net proceeds of the Offering remain uninvested pending their use, or are used to pay down indebtedness with a low interest rate, the Offering may result in dilution, on a per Unit basis, to the REIT's increase/decrease in net assets attributable to Unitholders and other measures used by the REIT.

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:

- the Transaction Agreement; and
- the Underwriting Agreement;

A copy of the foregoing agreements may be obtained on request without charge from the Secretary 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.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the REIT is PricewaterhouseCoopers LLP, 1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, B3J 3P6, Canada.

The transfer agent and registrar for the Units is CST 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 securities of the REIT and its associates and affiliates. PricewaterhouseCoopers LLP has advised the REIT that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

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 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: May 16, 2016

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) "*Frank C. Sobey*"
FRANK C. SOBEY
Trustee

CERTIFICATE OF THE UNDERWRITERS

Dated: May 16, 2016

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*"

BMO Nesbitt Burns Inc.

By: (Signed) "*Onorio Lucchese*"

Scotia Capital Inc.

By: (Signed) "*Bryce Stewart*"

TD Securities Inc.

By: (Signed) "*David Barnes*"

National Bank Financial Inc.

By: (Signed) "*Andrew Wallace*"

RBC Dominion Securities Inc.

By: (Signed) "*David Switzer*"

Canaccord Genuity Corp.

By: (Signed) "*Justin Bosa*"

Raymond James Ltd.

By: (Signed) "*Lucas Atkins*"

Desjardins Securities Inc.

By: (Signed) "*Mark Edwards*"

Crombie
REIT