



MANAGEMENT PROXY CIRCULAR

**CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST
ANNUAL AND SPECIAL MEETING OF UNITHOLDERS**

APRIL 29, 2015

THIS DOCUMENT CONTAINS:

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS
MANAGEMENT PROXY CIRCULAR



MANAGEMENT PROXY CIRCULAR

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March 19, 2015

Dear Fellow Unitholder,

I am pleased to invite you to our Annual and Special Meeting of Unitholders, which will be held on Wednesday, April 29, 2015, at 11:00 a.m. (Toronto time) at the St. Andrew's Club & Conference Centre, St. Andrew's Hall, 150 King Street West, 27th Floor, Toronto, Ontario, Canada.

The Notice of Annual and Special Meeting of Unitholders and related materials are enclosed.

This Management Proxy Circular describes the business to be conducted at the meeting. The Circular contains information on our governance practices and our approach to executive compensation. At the meeting, unitholders will be voting on important matters. We hope that you take the time to review these meeting materials and that you exercise your vote. You may vote either in person at the meeting or by completing and sending in your proxy form. Please read the enclosed materials as they contain relevant information for voting on the business to be conducted at the meeting.

We hope you will be able to join us in person or through our live webcast, which will be available at the Investor Relations section of our website at www.choicereit.ca. This meeting is an opportunity to meet, listen to and ask questions of the people who are responsible for the performance of Choice Properties Real Estate Investment Trust. The webcast of the meeting will be archived on our website following the meeting.

We thank you for your continued support of Choice Properties and look forward to seeing you at the meeting.

Yours very truly,

A handwritten signature in black ink, appearing to read "Galen G. Weston".

Galen G. Weston
Chairman



NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

The 2015 Annual and Special Meeting of Unitholders of Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") will be held at the St. Andrew's Club & Conference Centre, St. Andrew's Hall, 150 King Street West, 27th Floor, Toronto, Ontario, Canada, on Wednesday, April 29, 2015 at 11:00 a.m. (Toronto time) for the following purposes:

- A. to receive the audited consolidated financial statements of the Trust for the financial year ended December 31, 2014, and the external auditors' report thereon;
- B. to elect members of the Board of Trustees of Choice Properties;
- C. to appoint the external auditors and to authorize the trustees to fix the external auditors' remuneration;
- D. to approve the amendment of the Employee Unit Option Plan increasing the number of units authorized for issuance under the Employee Unit Option Plan; and
- E. to transact such other business as may properly be brought before the Annual and Special Meeting or on the day of any reconvening of an adjourned or postponed meeting thereof.

Record Date

Only unitholders of record at the close of business on March 16, 2015 are entitled to vote at the Annual and Special Meeting.

Notice and Access

Choice Properties is using the "notice-and-access" procedure adopted by the Canadian Securities Administrators for the delivery of the Management Proxy Circular (the "Circular") and the 2014 Annual Report that includes management's discussion and analysis and the annual audited consolidated financial statements of the Trust for the fiscal year ended December 31, 2014 (collectively, the "Meeting Materials"). Under the notice-and-access procedure, you will receive a form of proxy or a voting instruction form enabling you to vote at the meeting. However, instead of paper copies of the Meeting Materials, you are receiving this Notice which contains information about how to access the Meeting Materials electronically. The principal benefit of the notice-and-access procedure is that it reduces costs and the environmental impact of producing and distributing paper copies of documents in large quantities. Unitholders that have consented to electronic delivery of materials are receiving this Notice of Meeting in an electronic format.

The Circular and form of proxy (or voting instruction form) for the units of the Trust (the "Units") and the special voting units of the Trust issued in connection with the Class B limited partnership units of Choice Properties Limited Partnership (the "Special Voting Units" and, together with the Units, the "Voting Units") provide additional information concerning the matters to be dealt with at the meeting. **You should access and review all information contained in the Circular before voting.**

Unitholders with questions about the notice and access procedures can call Broadridge Financial Services toll free at 1-855-887-2244.

Websites Where Meeting Materials are Posted

The Circular can be viewed online on Choice Properties' website, www.choicereit.ca, or under Choice Properties' SEDAR profile at www.sedar.com.

Beneficial and Registered Unitholders

If you would like paper copies of the Meeting Materials, you should first determine whether you are (i) a beneficial holder of the Voting Units, as are most of the Trust's unitholders; or (ii) a registered holder of Voting Units.

- You are a beneficial unitholder (also known as a non-registered unitholder) if you own Voting Units indirectly and your Voting Units are registered in the name of a bank, trust company, broker or other intermediary. For example, you are a beneficial unitholder if your Voting Units are held in a brokerage account of any kind.
- You are a registered unitholder if you hold a paper unit certificate or certificates and your name appears directly on the unit certificate(s).

How to Obtain Paper Copies of the Meeting Materials

All Voting Unitholders may request that paper copies of the Circular be mailed to them at no cost for up to one year from the date that the Circular was filed on SEDAR.

If you are a non-registered Voting Unitholder, requests for paper copies of the Circular may be made by going to www.proxyvote.com and entering the 12-digit control number located on your voting instruction form and following the instructions provided. Alternatively, you may submit a request by calling Broadridge at 1-877-907-7643. Requests should be received by April 20, 2015 (i.e., at least seven business days in advance of the voting deadline) if you would like to receive the Circular in advance of the voting deadline and meeting date.

If you hold a paper unit certificate or certificates and your name appears directly on the unit certificate(s), then requests may be made by calling CST Trust Company ("CST") at 1-888-433-6443 or emailing fulfilment@canstockta.com. A request must be received by April 20, 2015 (i.e., at least seven business days in advance of the voting deadline) if you would like to receive the Circular in advance of the voting deadline and meeting date.

Voting

Beneficial unitholders should exercise their right to vote by completing, signing and returning a voting instruction form in accordance with the directions on the form. Voting instruction forms will be provided by Broadridge or your intermediary. Voting instruction forms may be returned as follows:

INTERNET: www.proxyvote.com
TELEPHONE: 1-800-474-7493 (English) or 1-800-474-7501 (French)
FACSIMILE: 905-507-7793
MAIL: Data Processing Centre, P.O. Box 2800, Stn. LCD, Malton, Mississauga, Ontario L5T 2T7

Broadridge must receive your voting instructions at least one business day in advance of the proxy deposit date noted on your voting instruction form. If a beneficial unitholder wishes to attend and vote at the meeting in person (or have another person attend and vote on the unitholder's behalf), the unitholder must complete the voting instruction form in accordance with the directions provided.

Registered unitholders who are unable to be present at the meeting should exercise their right to vote by signing and returning the form of proxy, or voting via the Internet, in accordance with the directions on the form. CST must receive completed proxies not later than 5:00 p.m. (Toronto time) on April 27, 2015 or, if the meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before the meeting is reconvened.

By Order of the Board of Trustees,



Adam Walsh
Vice President, General Counsel and Secretary

March 19, 2015
Toronto, Ontario

VOTING INFORMATION

ABOUT THIS CIRCULAR AND RELATED PROXY MATERIALS

We are providing you with this Management Proxy Circular (the “Circular”) and other proxy materials in connection with the 2015 Annual and Special Meeting of Unitholders (the “Meeting”) of Choice Properties Real Estate Investment Trust (“Choice Properties” or the “Trust”) to be held on Wednesday, April 29, 2015, at 11:00 a.m. (Toronto time) at the St. Andrew’s Club & Conference Centre, St. Andrew’s Hall, 150 King Street West, 27th Floor, Toronto, Ontario, Canada.

This Circular describes the items to be voted on at the Meeting as well as the voting process, and provides information about trustee and executive compensation, our governance practices and other relevant matters.

Please see the “Questions and Answers on the Voting Process” section below for an explanation of how you can vote on the matters to be considered at the Meeting, whether or not you decide to attend the Meeting.

Unless otherwise indicated, the information contained in this Circular is given as of March 16, 2015 and all dollar amounts used are in Canadian dollars.

NOTICE AND ACCESS

Choice Properties is using the notice and access procedure that allows Choice Properties to furnish proxy materials over the internet instead of mailing paper copies to unitholders. Under the notice and access procedure, Choice Properties will deliver proxy-related materials by: (i) posting the Circular (and other proxy related materials) on a website other than SEDAR, in this case www.choicereit.ca; and (ii) sending the Notice of Meeting informing holders of units of Choice Properties (the “Units”) and holders of the special voting units of Choice Properties issued in connection with the Class B limited partnership units of Choice Properties Limited Partnership (the “Special Voting Units”, and together, the Units and the Special Voting Units are the “Voting Units” and the holders of the Voting Units are the “Voting Unitholders”) that the Circular and proxy related materials have been posted on the Trust’s website and explaining how to access them.

On or about March 30, 2015, Choice Properties will send to the Voting Unitholders the Notice of Meeting and the relevant voting document (a form of proxy or a voting instruction form). The Notice of Meeting contains basic information about the Meeting and the matters to be voted on, instructions on how to access the proxy materials, and explains how to obtain a paper copy of the Circular.

QUESTIONS AND ANSWERS ON THE VOTING PROCESS

Q: What items of business am I voting on?

A: You will be voting on:

- the election of trustees;
- the appointment of the external auditors and authorization of the trustees to fix the external auditors’ remuneration; and
- an amendment of the Employee Unit Option Plan (the “Unit Option Plan”) to increase the number of Units authorized for issuance under the Unit Option Plan.

Q: Am I entitled to vote?

A: You are entitled to vote if you were a Voting Unitholder as at the close of business on March 16, 2015, which is the record date of the Meeting. As at March 16, 2015, Choice Properties had 89,679,137 Units outstanding and 306,297,770 Special Voting Units outstanding, each carrying the right to one vote per Unit or Special Voting Unit, as the case may be. Special Voting Units are issued only in connection with or in relation to Class B limited partnership units of Choice Properties Limited Partnership (“Class B LP Units”) for the purpose of providing voting rights with respect to Choice Properties to the holders of such exchangeable securities. The Class B LP Units are, in all material respects, economically equivalent to the Units on a per Unit basis. All of the outstanding Special Voting Units are held by Loblaw Companies Limited and its subsidiaries (collectively “Loblaw”).

Q: How do I vote?

A: How you vote depends on whether you are a registered or a non-registered Voting Unitholder. Please read the voting instructions below that are applicable to you.

Q: Am I a registered Voting Unitholder?

A: You are a registered Voting Unitholder if you hold Units or Special Voting Units in your own name and you have a unit certificate. As a registered Voting Unitholder, you are identified on the unit register maintained by Choice Properties' registrar and transfer agent, CST Trust Company ("CST").

Q: Am I a non-registered or beneficial Voting Unitholder?

A: Most Voting Unitholders are non-registered Voting Unitholders. You are a non-registered Voting Unitholder if your Units are held in an account in the name of an intermediary, such as a bank, broker or trust company. As a non-registered Voting Unitholder, you do not have a unit certificate registered in your name, but your ownership interest in Units is recorded in an electronic system. As such, you are not identified on the unit register maintained by CST as being a Voting Unitholder. Instead, Choice Properties' unit register shows the holder of your Units as being the intermediary or depository through which you own your Units.

The Trust distributes copies of the proxy-related materials in connection with the Meeting to intermediaries so that they may distribute the materials to the non-registered Voting Unitholders. Intermediaries often forward the materials to non-registered Voting Unitholders through a service company (such as Broadridge Investor Communications Corporation). Non-registered Voting Unitholders who have not objected to their intermediary disclosing certain information about them to the Trust are referred to as "NOBOs", whereas non-registered Voting Unitholders who have objected to their intermediary disclosing ownership information about them to the Trust are referred to as "OBOs". The Trust pays for an intermediary to deliver the proxy-related materials to OBOs.

Q: How do I vote if I am a registered Voting Unitholder?

A: If you are a registered Voting Unitholder, you may vote your Units or Special Voting Units at the Meeting or by proxy.

1. Voting at the Meeting

If you wish to vote your Units or Special Voting Units in person at the Meeting, do not complete or return the form of proxy sent to you. Your vote will be taken and counted at the Meeting. Please register with CST upon arrival at the Meeting.

2. Voting by proxy

You can vote by proxy whether or not you attend the Meeting. To vote by proxy, please complete the enclosed form of proxy and return it by mail, courier or hand to CST at the address listed below.

You may authorize the management representatives named in the enclosed proxy form to vote your Voting Units, or you may appoint another person or company to be your proxyholder. The names already inserted on the form of proxy are Galen G. Weston, Chairman and Daniel F. Sullivan, Lead Trustee, of Choice Properties. Unless you choose another person or company to be your proxyholder, you are giving these persons the authority to vote your Voting Units at the Meeting.

To appoint another person or company to be your proxyholder, you must insert the other person's or company's name in the blank space provided. That person or company must be present at the Meeting to vote your Voting Units. If you do not insert a name in the blank space, the management representatives named above are appointed to act as your proxyholder. You may also use a different form of proxy than the one included with the materials sent to you.

Please note that in order for your vote to be recorded, your proxy must be received by CST at Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1 no later than 5:00 p.m. (Toronto time) on April 27, 2015, or two business days before any reconvening of the adjourned or postponed Meeting.

Q: How will my Voting Units be voted?

A: On the form of proxy, you can indicate how you want your proxyholder to vote your Voting Units or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your Voting Units to be voted on a particular issue (by marking FOR or WITHHOLD or AGAINST), then your proxyholder must vote your Voting Units accordingly. If you have not specified on the form of proxy how you want your Voting Units to be voted on a particular issue, then your proxyholder can vote your Voting Units as he or she sees fit.

Unless contrary instructions are provided, Voting Units represented by proxies appointing the Trust's representative provided as the proxyholder will be voted:

- **FOR the election of the trustees;**
- **FOR the re-appointment of KPMG LLP as the external auditors of Choice Properties and the authorization of the trustees to fix the external auditors' remuneration; and**
- **FOR the proposed amendment of Unit Option Plan increasing the number of Units authorized for issuance under the Unit Option Plan.**

Q: How do I vote if I am a non-registered Voting Unitholder?

A: If you are a non-registered Voting Unitholder, you may vote your Units in one of the following ways:

1. Through your intermediary

A voting instruction form will be included with the materials sent to you. The purpose of this form is to instruct your intermediary on how to vote on your behalf. Please follow the instructions provided on the voting instruction form.

2. Attend the Meeting

If you wish to vote your Units in person at the Meeting, you should take these steps:

- Insert your name in the space provided on the voting instruction form provided by your intermediary and sign and return it in accordance with the instructions provided. By doing so, you are instructing your intermediary to appoint you as proxyholder.
- Do not otherwise complete the form, as you will be voting at the Meeting.
- Please register with CST upon arrival at the Meeting.

3. Designate another person to be appointed as your proxyholder

You can choose another person (including someone who is not a Voting Unitholder) to vote for you as a proxyholder. If you appoint someone else, he or she must be present at the Meeting to vote for you. If you wish to appoint a proxyholder, you should insert that person's name in the space provided on the voting instruction form provided to you by your intermediary and sign and return it in accordance with the instructions provided. By doing so, you are instructing your intermediary to appoint that person as proxyholder. Do not otherwise complete the form, as your proxyholder will be voting at the Meeting. When your proxyholder arrives at the Meeting, he or she should register with CST upon arrival at the Meeting.

Q: Can I revoke my proxy or voting instruction?

A: If you are a **registered Voting Unitholder**, you may revoke your proxy by taking one of the following steps:

- you may submit a new proxy to CST before 5:00 p.m. (Toronto time) on April 27, 2015, or two business days before any reconvening of an adjourned Meeting;
- you (or your attorney, if authorized in writing) may sign a written notice of revocation addressed to the Secretary of Choice Properties and deposited at the registered office of CST at any time up to and including the last business day preceding the day of the Meeting or an adjourned or postponed Meeting, at which the proxy is to be used; or
- you (or your attorney, if authorized in writing) may sign a written notice of revocation and deliver it to the Chair of the Meeting on the day of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used.

If you are a **non-registered Voting Unitholder**, you should contact your intermediary through which you hold Units and obtain instructions regarding the procedure for the revocation of any voting or proxyholder instructions that you have previously provided to your intermediary.

Q: What if there are amendments or if other matters are brought before the Meeting?

A: Your proxyholder has discretionary authority to vote in respect of amendments that are made to matters identified in the Notice of Meeting and other matters that may properly come before the Meeting or the date that any adjourned Meeting has been reconvened. As of the date of this Circular, management of the Trust is not aware of any such amendments or other matters to be presented at the Meeting; however, if any such matter is presented, your Voting Units will be voted in accordance with the best judgment of the proxyholder named in the form. If you have not specifically appointed a person as proxyholder, a Trust representative named in the enclosed proxy form will be your proxyholder, and your Voting Units will be voted in accordance with the best judgment of the Trust representative.

GENERAL INFORMATION**Q: How many Voting Units are entitled to be voted?**

A: The board of trustees of Choice Properties (the “Board” or “Board of Trustees”) has fixed March 16, 2015 as the record date for the purpose of determining which Voting Unitholders are entitled to vote at the Meeting. On March 16, 2015, there were 89,679,137 Units and 306,297,770 Special Voting Units outstanding. Each Unit and Special Voting Unit is entitled to one vote on each matter to be voted upon at the Meeting.

Q: Who counts the vote?

A: For any matter for which a vote is taken at the Meeting by ballot, the votes, including those cast by way of proxies, will be counted by representatives of CST who will be appointed as scrutineers at the Meeting.

Q: Who is soliciting my proxy?

A: Management of the Trust is soliciting your proxy. Proxies will be solicited primarily by mail, but employees and agents of the Trust may also use electronic means. Intermediaries will be reimbursed for their reasonable charges and expenses in forwarding the proxy materials to non-registered Voting Unitholders. The Trust will bear the cost of all proxy solicitations on behalf of management of the Trust.

Q: Can I access the annual disclosure documents electronically?

A: The Trust’s Annual Report, which includes its annual financial statements and notes, the Circular and the Annual Information Form, are available for review on its website at www.choicereit.ca or under the Trust’s SEDAR profile at www.sedar.com.

Q: Who do I contact if I have questions?

A: If you have any questions, you may call CST at 1-800-387-0825 for further information.

UNIT CAPITAL AND PRINCIPAL UNITHOLDER

As of March 16, 2015, the record date for the Meeting, there were 89,679,137 Units outstanding. Loblaw beneficially owned 21,500,000 Units and 306,297,770 Special Voting Units, representing a 82.8% effective interest in the Trust. In addition, George Weston Limited (“Weston”), Loblaw’s controlling shareholder, through certain subsidiaries, held a total of 21,743,349 Units, representing a 5.5% effective interest in the Trust. Mr. W. Galen Weston, the controlling shareholder of Weston, also beneficially held 75,000 Units of the Trust representing a 0.02% effective interest in the Trust as at March 16, 2015.

As of March 16, 2015, Weston beneficially owned, directly and indirectly, a total of 187,815,136 Loblaw common shares, representing approximately 45.5% of Loblaw’s outstanding common shares. Weston is controlled by Mr. W. Galen Weston who, as of March 16, 2015, also beneficially owned 5,096,189 Loblaw common shares, representing approximately 1.24% of Loblaw’s outstanding common shares.

To the knowledge of the Trust, except as set out above, no other person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the outstanding Units or Special Voting Units.

BUSINESS TO BE TRANSACTED AT THE MEETING

The following business will be transacted at the Meeting:

1. RECEIVING THE FINANCIAL STATEMENTS

- Management will present the annual audited consolidated financial statements of the Trust at the Meeting and Voting Unitholders and proxyholders will be given an opportunity to discuss the financial results with management.

2. ELECTION OF THE BOARD OF TRUSTEES

- Nine trustee nominees are proposed for election to the Board. Voting Unitholders and proxyholders will vote on the election of the trustees.

3. APPOINTMENT OF THE EXTERNAL AUDITORS

- The Board, on the advice of the Audit Committee, recommends the re-appointment of KPMG LLP as the Trust's external auditors. Voting Unitholders and proxyholders will vote on the re-appointment of the external auditors and the authorization of the Board to fix the auditors' compensation.

4. AMENDMENT OF THE UNIT OPTION PLAN

- The Board is proposing to increase the number of Units authorized for issuance under the Unit Option Plan. Voting Unitholders and proxyholders will vote on this amendment to the Unit Option Plan.

RECEIVING THE FINANCIAL STATEMENTS

Choice Properties' annual audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2014 and the external auditors' report thereon will be placed before the Voting Unitholders at the Meeting. These documents are included in Choice Properties' 2014 Annual Report. Copies of the 2014 Annual Report in English or French may be obtained from the Secretary of Choice Properties upon request and will be available at the Meeting. The 2014 Annual Report in English or French is also available under the Trust's SEDAR profile at www.sedar.com or on the Trust's website at www.choicereit.ca.

ELECTION OF THE BOARD OF TRUSTEES

Majority Voting

The Board has determined that nine trustees will be elected at the Meeting. At the Meeting, the trustee nominees will be voted on individually and the voting results for each nominee will be publicly disclosed. Each trustee will be elected to hold office until the next annual meeting of unitholders or until such office is earlier vacated.

A majority voting policy generally requires that any trustee nominee of a public issuer who receives a greater number of votes "withheld" than "for" his or her election must tender his or her resignation for consideration by the entity's board. The Toronto Stock Exchange ("TSX") amended its Company Manual rules to require that, effective June 30, 2014, all public issuers, other than controlled entities, are required to adopt a majority voting policy.

Choice Properties is a "controlled entity" by virtue of Loblaw holding an approximate 83% effective interest of its Voting Units and is exempt from the TSX rule. Controlled entities have unique considerations in relation to corporate governance matters. This uniqueness and the prevalence of controlled entities in Canada have been noted by regulators, market participants and organizations such as the Canadian Coalition for Good Governance and most recently, the TSX. In a controlled entity, the controlling unitholder has the ability to control the outcome of the election of trustees, making it virtually impossible that more votes for an individual trustee will be "withheld" than voted "for". For this reason, the Board does not believe it is necessary to implement a majority voting policy. The Governance, Compensation and Nominating Committee ("Governance Committee") will review and consider the voting results for each nominee following the Meeting.

Proposed Nominees

The nominees proposed for election as trustees were recommended to the Board by the Governance Committee. The proposed nominees to the Board are listed below:


Kerry D. Adams**Michelle Felman****Daniel F. Sullivan****Christie J.B. Clark****Michael P. Kitt****Paul R. Weiss****Graeme M. Eadie****John R. Morrison****Galen G. Weston**


All nominees have established their eligibility and willingness to serve as trustees. Seven of the nine nominees are independent. All nine nominees are currently trustees of the Trust. Management does not believe that any of the nominees will be unable to serve as a trustee, but if that should occur for any reason prior to the Meeting, the proxyholder may vote for another nominee at their discretion.

The following pages include a profile of each trustee nominee, with a description of their background and experience, year first elected or appointed as a trustee, age, meeting attendance, other boards on which they sit and the number of securities of the Trust held. The equity holdings of each trustee nominee in the Trust as of March 16, 2015 and February 28, 2014, consisting of Units and Deferred Units (“DUs”) is also indicated.

The persons designated in the accompanying form of proxy intend to vote **FOR** the election of the nominees listed and described in the “Nominees for Election to the Board of Trustees” on pages 7 to 11.

Nominees for Election to the Board of Trustees

| | | | | | | | | | |
|---|--|------------|---|--|----------------------------------|---------------------------------|---|---------------|--|
|  | <p>Kerry D. Adams⁽¹⁾ F.C.A., F.C.P.A, 62 Toronto, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee since 2013 Independent | | <p>Ms. Adams serves as President of K. Adams & Associates Limited. She is a member of the Bank of Nova Scotia's Master Trust and Pension Investment and Administration Committees.</p> <p>Ms. Adams is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant and holds a B.A. (Honours Economics) from Queen's University. Ms. Adams is an Institute-certified Director of the Institute of Corporate Directors.</p> <p>Ms. Adams serves as a member of Fidelity Investments Canada ULC's Independent Review Committee. In addition to her public board experience, Ms. Adams has served as a Commissioner and Director of the Ontario Securities Commission, and Chair of its Investor Education Fund and was a member of the board and governance committee of the Investment Industry Regulatory Organization of Canada. Ms. Adams has also served as Director of Walmart Canada Bank, President of Widcor Limited and Widcor Financial and was a Partner of KPMG Peat Marwick.</p> | | | | | | |
| | <p>Board/Committee Membership</p> | | <p>Attendance</p> | | <p>Attendance (Total)</p> | | <p>Trustee Fees Received⁽²⁾</p> | | |
| Board | | 11/11 | | 19/19 | 100% | Year | | Amount | |
| Audit Committee | | 4/4 | | | | 2014 | | \$139,000 | |
| Governance Committee | | 4/4 | | | | 2013 | | \$86,638 | |
| Equity Ownership | | | | | | | | | |
| Year | Units | DUs | Total Units and DUs | Total Market Value of Units and DUs⁽³⁾ | | Minimum Equity Ownership | In Process / Meets Unit Ownership Guidelines | | |
| 2014 | 25,000 | 14,894 | 39,894 | \$452,398 | | \$360,000 | Yes | | |
| 2013 | 25,000 | 4,889 | 29,889 | \$313,536 | | | | | |
| Current Public Board Memberships | | | | | Public Board Interlocks | | | | |
| — | | | | | Trustee | | Board | | |
| — | | | | | — | | — | | |
| Former Public Board Memberships in Last Five Years | | | | | | | | | |
| Indigo Books & Music Inc. | | | 2006 to 2009 | | — | | — | | |
| Primaris Real Estate Investment Trust | | | 2007 to 2013 | | | | | | |

| | | | | | | | | | |
|---|---|------------|---|--|----------------------------------|---------------------------------|---|---------------|--|
|  | <p>Christie J.B. Clark⁽¹⁾ F.C.A., F.C.P.A, 61 Toronto, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee since 2013 Independent | | <p>Mr. Clark, a corporate director, was a former Chief Executive Officer and senior partner of PricewaterhouseCoopers LLP from 2005 to 2011. Prior to being elected as its Chief Executive Officer, Mr. Clark was a National Managing Partner and a member of the firm's Executive Committee from 2001 to 2005.</p> <p>Mr. Clark graduated from Queen's University with a B.Comm. and the University of Toronto with an M.B.A. He is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.</p> <p>In addition to his public company board memberships listed below, Mr. Clark is Chair of the Finance Committee of Alpine Canada and a member of the Advisory Council of Queen's University School of Business.</p> | | | | | | |
| | <p>Board/Committee Membership</p> | | <p>Attendance</p> | | <p>Attendance (Total)</p> | | <p>Trustee Fees Received⁽²⁾</p> | | |
| Board | | 10/11 | | 14/15 | 93% | Year | | Amount | |
| Governance Committee | | 4/4 | | | | 2014 | | \$124,000 | |
| | | | | | | 2013 | | \$79,575 | |
| Equity Ownership | | | | | | | | | |
| Year | Units | DUs | Total Units and DUs | Total Market Value of Units and DUs⁽³⁾ | | Minimum Equity Ownership | In Process / Meets Unit Ownership Guidelines | | |
| 2014 | 19,677 | — | 19,677 | \$1,018,737 ⁽⁵⁾ | | \$360,000 | Yes | | |
| 2013 | 14,800 | — | 14,800 | \$822,326 ⁽⁵⁾ | | | | | |
| Current Public Board Memberships | | | | | Public Board Interlocks | | | | |
| Loblaw Companies Limited Air Canada | | | | | Trustee | | Board | | |
| | | | 2011 to present 2013 to present | | Galen G. Weston | | Loblaw Companies Limited | | |
| Former Public Board Memberships in Last Five Years | | | | | | | | | |
| Brookfield Office Properties Inc. | | | 2012 to 2014 | | — | | — | | |
| IGM Financial Inc. | | | 2012 to 2014 | | | | | | |

NOMINEES FOR ELECTION TO THE BOARD OF TRUSTEES



Graeme M. Eadie⁽¹⁾ 62

Toronto, Ontario, Canada

Trust Board Details:

- Trustee since 2013
- Independent

Mr. Eadie is the Senior Managing Director, Head of Real Estate Investments for Canada Pension Plan Investment Board. Prior to joining the Canada Pension Plan Investment Board, Mr. Eadie held multiple positions at Cadillac Fairview, including Chief Financial Officer, Chief Operating Officer and President.

Mr. Eadie graduated from the University of British Columbia with a B.Comm. and Master of Science in Business Administration.

In addition to his public company board membership listed below, Mr. Eadie previously served as a trustee of Morguard Real Estate Investment Trust and was a director of the Ontario Realty Corporation.

| Board/Committee Membership | | Attendance | | Attendance (Total) | | Trustee Fees Received ⁽²⁾ | |
|---|--------|------------|---------------------|--|--------------------------|--|---------------|
| Board | | 10/11 | | 14/15 | 93% | Year | Amount |
| Audit Committee | | 4/4 | | | | 2014 | \$125,000 |
| | | | | | | 2013 | \$80,188 |
| Equity Ownership | | | | | | | |
| Year | Units | DUs | Total Units and DUs | Total Market Value of Units and DUs ⁽³⁾ | Minimum Equity Ownership | In Process / Meets Unit Ownership Guidelines | |
| 2014 | 10,000 | — | 10,000 | \$113,400 | \$360,000 | Yes ⁽⁴⁾ | |
| 2013 | 10,000 | — | 10,000 | \$104,900 | | | |
| Current Public Board Memberships | | | | Public Board Interlocks | | | |
| Aliance Shopping Centers S.A. | | | | 2013 to present | | Trustee | Board |
| Former Public Board Memberships in Last Five Years | | | | — | | | |
| — | | | | — | | | |



Michelle Felman⁽¹⁾ 52

Westport, Connecticut, United States

Trust Board Details:

- Trustee since 2013
- Independent


Ms. Felman, a corporate director, is a former Executive Vice President, Acquisitions of Vornado Realty Trust. Prior to joining Vornado, Ms. Felman held the positions of Managing Director, Portfolio Acquisitions and Business Ventures and Managing Director, Business Development at GE Capital, Real Estate Division.


Ms. Felman graduated from the University of California, Berkeley with a B.A. (Honours) and from The Wharton School at the University of Pennsylvania with an M.B.A., where she is currently an adjunct professor.

Ms. Felman serves on the Executive Committee of The Zell-Lurie Center at the University of Pennsylvania, formerly served on the Fisher Center Policy Advisory Board at the University of California and was formerly a Trustee of Big Brothers Big Sisters of New York. Ms. Felman is also a former director of LNR Property LLC.

| Board/Committee Membership | | Attendance | | Attendance (Total) | | Trustee Fees Received ⁽²⁾ | |
|---|--------|------------|---------------------|--|--------------------------|--|---------------|
| Board | | 11/11 | | 15/15 | 100% | Year | Amount |
| Governance Committee | | 4/4 | | | | 2014 | \$126,000 |
| | | | | | | 2013 | \$79,575 |
| Equity Ownership | | | | | | | |
| Year | Units | DUs | Total Units and DUs | Total Market Value of Units and DUs ⁽³⁾ | Minimum Equity Ownership | In Process / Meets Unit Ownership Guidelines | |
| 2014 | 25,000 | 18,545 | 43,545 | \$493,800 | \$360,000 | Yes | |
| 2013 | 25,000 | 5,838 | 30,838 | \$323,491 | | | |
| Current Public Board Memberships | | | | Public Board Interlocks | | | |
| — | | | | — | | Trustee | Board |
| Former Public Board Memberships in Last Five Years | | | | — | | | |
| — | | | | — | | | |

NOMINEES FOR ELECTION TO THE BOARD OF TRUSTEES

|  <p>Michael P. Kitt⁽¹⁾ 49 Toronto, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee since 2013 Independent | | <p>Mr. Kitt is Executive Vice President, Canada of Oxford Properties Group. Prior to joining Oxford Properties, Mr. Kitt held various senior roles at Cadillac Fairview Corporation, leading both its Investment and Development Groups.</p> <p>Mr. Kitt graduated from the University of Manitoba with a B.Comm. and holds a Chartered Financial Analyst designation.</p> <p>Mr. Kitt is a member of Building Owners and Managers Association of Canada's National Advisory Council.</p> | | | | | |
|--|--------|---|---------------------|--|------|--------------------------------------|--|
| Board/Committee Membership | | Attendance | | Attendance (Total) | | Trustee Fees Received ⁽²⁾ | |
| Board | | 11/11 | | 19/19 | 100% | Year | Amount |
| Audit Committee | | 4/4 | | | | 2014 | \$139,000 |
| Governance Committee | | 4/4 | | | | 2013 | \$86,638 |
| Equity Ownership | | | | | | | |
| Year | Units | DUs | Total Units and DUs | Total Market Value of Units and DUs ⁽³⁾ | | Minimum Equity Ownership | In Process / Meets Unit Ownership Guidelines |
| 2014 | 50,000 | 20,501 | 70,501 | \$799,481 | | \$360,000 | Yes |
| 2013 | 50,000 | 6,480 | 56,480 | \$592,475 | | | |
| Current Public Board Memberships | | | | Public Board Interlocks | | | |
| — | | | | Trustee | | Board | |
| — | | | | — | | — | |
| Former Public Board Memberships in Last Five Years | | | | | | | |
| InnVest Real Estate Investment Trust | | | 2002 to 2013 | | — | | — |
| InnVest Operations Trust | | | 2010 to 2013 | | — | | — |

|  <p>John R. Morrison⁽¹⁾ 58 Toronto, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee since 2013 Non-Independent | | <p>Mr. Morrison is the President and Chief Executive Officer of the Trust. Prior to joining the Trust, Mr. Morrison was President and Chief Executive Officer of Primaris Real Estate Investment Trust. Prior to serving in that role, Mr. Morrison was President, Real Estate Management, at Oxford Properties Group.</p> <p>Mr. Morrison is a past Trustee of the International Council of Shopping Centres and served on the Executive Committee as Divisional Vice President for Canada.</p> <p>In 2014, Mr. Morrison became an Institute-certified Director of the Institute of Corporate Directors.</p> | | | | | |
|--|---------|---|---------------------|---|------|--------------------------------------|--------|
| Board/Committee Membership | | Attendance | | Attendance (Total) | | Trustee Fees Received ⁽²⁾ | |
| Board | | 11/11 | | 11/11 | 100% | Year | Amount |
| | | | | | | 2014 | — |
| | | | | | | 2013 | — |
| Equity Ownership | | | | | | | |
| Year | Units | DUs | Total Units and DUs | The value of Mr. Morrison's current eligible holdings is \$1,277,841. Mr. Morrison is in the process of satisfying the unit ownership level as set out under the Executive Unit Ownership Guidelines. For details relating to his equity-based unit ownership as an executive, please see the table on page 34. | | | |
| 2014 | 100,000 | — | 100,000 | | | | |
| 2013 | 100,000 | — | 100,000 | | | | |
| Current Public Board Memberships | | | | Public Board Interlocks | | | |
| — | | | | Trustee | | Board | |
| — | | | | — | | — | |
| Former Public Board Memberships in Last Five Years | | | | | | | |
| Primaris Real Estate Investment Trust | | | 2010 to 2013 | | — | | — |

NOMINEES FOR ELECTION TO THE BOARD OF TRUSTEES



Daniel F. Sullivan⁽¹⁾ 72

Toronto, Ontario, Canada

Trust Board Details:

- Trustee since 2013
- Independent
- Lead Trustee

Mr. Sullivan, a corporate director, held the position of Consul General for Canada in New York City from 2006 to 2011. Prior to Mr. Sullivan's appointment as Consul General for Canada, he spent a majority of his career in the financial services sector with a focus on real estate, including serving as Deputy Chairman of Scotia Capital Inc., the corporate and investment banking division of Scotiabank.

Mr. Sullivan graduated from Columbia University with a B.A. and an M.B.A. and also holds an M.B.A. from the University of Toronto.

In addition to his public company board memberships listed below, Mr. Sullivan is a director of the Ontario Teachers' Pension Plan and IMP Group International Inc. Mr. Sullivan is a former Chairman and director of The Toronto Stock Exchange and former Chairman of the Investment Dealers Association of Canada. Mr. Sullivan is also a former director of Allstream Inc., Cadillac Fairview Corporation, Camco Inc., Monarch Development Corporation and Schneider Corporation.

Mr. Sullivan has also served on advisory boards or committees of Canada Post Corporation, Canada Deposit Insurance Corporation, the Canadian Securities Administrators and the Ontario Securities Commission.

| Board/Committee Membership | | Attendance | | Attendance (Total) | | Trustee Fees Received ⁽²⁾ | | | |
|--|--------|------------|---------------------|--|-----|--------------------------------------|--|-------|--|
| Board Governance Committee (Chair) | | 10/11 | | 14/15 | 93% | Year | Amount | | |
| | | 4/4 | | | | 2014 | \$150,000 | | |
| | | | | | | 2013 | \$95,500 | | |
| Equity Ownership | | | | | | | | | |
| Year | Units | DUs | Total Units and DUs | Total Market Value of Units and DUs ⁽³⁾ | | Minimum Equity Ownership | In Process / Meets Unit Ownership Guidelines | | |
| 2014 | 10,000 | 11,283 | 21,283 | \$241,349 | | \$360,000 | Yes ⁽⁴⁾ | | |
| 2013 | 10,000 | 3,704 | 13,704 | \$143,755 | | | | | |
| Current Public Board Memberships | | | | Public Board Interlocks | | | | | |
| Allied Properties Real Estate Investment Trust Crius Energy Trust | | | | 2004 to present 2012 to present | | Trustee | | Board | |
| | | | | | | | | | |
| Former Public Board Memberships in Last Five Years | | | | | | | | | |
| — | | | | — | | | | | |



Paul R. Weiss⁽¹⁾ F.C.A., F.C.P.A., 67

Niagara-on-the-Lake, Ontario, Canada

Trust Board Details:


- Trustee since 2013
- Independent

Mr. Weiss, a corporate director, spent his career with KPMG LLP Canada and prior to his retirement served as a member of the Management Committee and as a member of the International Global Audit Steering Group, and as the Managing Partner for KPMG LLP Canada's Canadian Audit Practice. Earlier in his career, Mr. Weiss was responsible for KPMG LLP Canada's Real Estate Practice.

Mr. Weiss graduated from Carleton University with a B.Comm. and is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.

In addition to his public board memberships listed below, Mr. Weiss is a former director of Bell Aliant Inc., Empire Life Insurance Company and ING Bank of Canada. Mr. Weiss is past Chairman and director of Souleppier Theatre Company and past Chairman of Toronto Rehab Foundation.

| Board/Committee Membership | | Attendance | | Attendance (Total) | | Trustee Fees Received ⁽²⁾ | | | |
|--|-------|------------|---------------------|---|-----|--------------------------------------|--|-------|--|
| Board Audit Committee (Chair) | | 10/11 | | 14/15 | 93% | Year | Amount | | |
| | | 4/4 | | | | 2014 | \$140,000 | | |
| | | | | | | 2013 | \$89,375 | | |
| Equity Ownership | | | | | | | | | |
| Year | Units | DUs | Total Units and DUs | Total Market Value of Units and DUs ⁽³⁾ | | Minimum Equity Ownership | In Process / Meets Unit Ownership Guidelines | | |
| 2014 | 5,000 | 14,141 | 19,141 | \$217,059 | | \$360,000 | Yes ⁽⁴⁾ | | |
| 2013 | 5,000 | 4,549 | 9,549 | \$100,169 | | | | | |
| Current Public Board Memberships | | | | Public Board Interlocks | | | | | |
| Bell Canada BCE Inc. Torstar Corporation | | | | 2009 to present 2009 to present 2009 to present | | Trustee | | Board | |
| | | | | | | | | | |
| Former Public Board Memberships in Last Five Years | | | | | | | | | |
| — | | | | — | | | | | |

|  <p>Galen G. Weston⁽¹⁾ 42 Toronto, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee since 2013 Non-Independent | | <p>Mr. Weston is Chair of the Board of Trustees and the Executive Chairman and President of Loblaw. He previously held several senior executive positions with Loblaw and its subsidiaries. Prior to joining Loblaw, he was an investment banking analyst for Salomon Brothers in the U.K.</p> <p>Mr. Weston graduated from Harvard University with a B.A. and from Columbia University with an M.B.A.</p> <p>In addition to his directorship at Loblaw, Mr. Weston is a director of Wittington Investments, Limited and Chair of President's Choice Bank.</p> | | | | | |
|--|--------|--|---------------------|--|--------------------------|--------------------------------------|--|
| Board/Committee Membership | | Attendance | | Attendance (Total) | | Trustee Fees Received ⁽²⁾ | |
| Board (Chair) | | 11/11 | | 11/11 | 100% | Year | Amount |
| | | | | | | 2014 | \$144,000 |
| | | | | | | 2013 | \$91,500 |
| Equity Ownership | | | | | | | |
| Year | Units | DUs | Total Units and DUs | Total Market Value of Units and DUs ⁽³⁾ | | Minimum Equity Ownership | In Process / Meets Unit Ownership Guidelines |
| 2014 | 50,000 | 21,253 | 71,253 | \$808,009 | | \$360,000 | Yes |
| 2013 | 50,000 | 6,727 | 56,727 | \$595,066 | | | |
| Current Public Board Memberships | | | | Public Board Interlocks | | | |
| Loblaw Companies Limited | | 2006 to present | | Trustee | Board | | |
| | | | | Christie J.B. Clark | Loblaw Companies Limited | | |
| Former Public Board Memberships in Last Five Years | | | | | | | |
| — | | | | — | | | |

- (1) None of the trustee nominees of Choice Properties, as at the date of this Circular, is or has been within the 10 years before the date of this Circular, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.
- No nominee has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromised with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the trustee, executive officer or shareholder.
- No nominee has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.
- (2) "Trustee Fees Received" includes compensation received as a trustee of the Trust. Mr. Morrison, who is a member of the Trust's management, does not receive any remuneration for his role as a trustee of the Trust.
- (3) "Total Market Value of Units and DUs" for non-management trustees is calculated for 2014 based on the closing price of the Units on the TSX on March 16, 2015, which was \$11.34 and for 2013, the closing price of the Units on the TSX on February 28, 2014, which was \$10.49.
- (4) Pursuant to the Trustee Unit Ownership Guidelines, the current trustees have two more years to satisfy the minimum level of equity ownership required.
- (5) Mr. Clark currently holds 19,677 Units in the Trust and held 12,750 Loblaw common shares as at July 5, 2013, the date of Choice Properties' IPO, indirectly through his spouse as permitted under the Trust's Unit Ownership Guidelines. The Guidelines allow trustees to count any Loblaw common shares held as of the date of Choice Properties' IPO towards satisfying the ownership requirements. The value of these holdings on March 16, 2015 was \$1,018,737 based on the March 16, 2015 closing price for the Units on the TSX which was \$11.34 and the closing price of the Loblaw common shares on the TSX which was \$62.40. The value of Mr. Clark's holdings for 2013 was \$822,326 based on the closing price of the Units on the TSX on February 28, 2014, which was \$10.49 and the closing price of the Loblaw common shares on the TSX on February 28, 2014, which was \$45.69.

Board and Committee Attendance

The following table provides a summary of each trustee's attendance at Board and committee meetings in 2014:

| Name | Board (11 meetings) | Audit Committee (4 meetings) | Governance Committee (4 meetings) | Overall Attendance | |
|---------------------|------------------------|------------------------------------|---|-----------------------|------|
| Kerry D. Adams | 11/11 | 4/4 | 4/4 | 19/19 | 100% |
| Christie J.B. Clark | 10/11 | — | 4/4 | 14/15 | 93% |
| Graeme M. Eadie | 10/11 | 4/4 | — | 14/15 | 93% |
| Michelle Felman | 11/11 | — | 4/4 | 15/15 | 100% |
| Michael P. Kitt | 11/11 | 4/4 | 4/4 | 19/19 | 100% |
| John R. Morrison | 11/11 | — | — | 11/11 | 100% |
| Daniel F. Sullivan | 10/11 | — | 4/4 | 14/15 | 93% |
| Paul R. Weiss | 10/11 | 4/4 | — | 14/15 | 93% |
| Galen G. Weston | 11/11 | — | — | 11/11 | 100% |
| TOTAL | 96% | 100% | 100% | 97% | |

TRUSTEE COMPENSATION

Trustee compensation for Choice Properties is structured to compensate trustees appropriately for their time, commitment and responsibility as a Board member and to remain competitive with director and trustee compensation practices in Canada. Choice Properties' trustee compensation program is designed with the following objectives: (i) to attract and retain committed and qualified trustees; and (ii) to align their compensation with the long-term interests of unitholders. To align compensation with the interests of unitholders of the Trust, trustees are generally required to take \$50,000 of their board retainer in DUs.

Trustee Deferred Unit Plan

A DU is a right to receive an amount from the Trust equal to the value of one Unit. Trustees receive \$50,000 of their annual retainer in the form of DUs and have the option to receive up to 100% of all fees that are otherwise payable in cash in DUs pursuant to the Deferred Unit Plan ("DU Plan"). The number of DUs to be awarded to a trustee is equal to the value of the compensation that the trustee elects or is required to receive in the form of DUs divided by the volume-weighted average trading price of a Unit on the TSX for the five trading days prior to the date of the award (rounded down to the nearest whole DU). Trustees must complete an election form to receive DUs in lieu of the cash component of their fees no later than December 31 of the year preceding the applicable grant year. Elections are irrevocable for the year in respect of which they are made. DUs do not entitle a trustee to any voting or other unitholder rights.

Distribution equivalents in the form of additional DUs that are equal in value to distributions paid on Units are credited to the trustee's account on each distribution payment date based on the number of DUs in such account on the distribution record date. The number of notional equivalents of distributions (rounded down to the nearest whole DU) are credited to the trustee's account on the first business day following the applicable cash distribution payment date by multiplying the aggregate number of DUs held by the trustee on the relevant distribution record date by the amount of cash distributions paid on each Unit, and dividing the result by the volume-weighted average trading price of a Unit on the TSX for the five trading days prior to such record date.

The maximum number of Units issuable pursuant to the DU Plan at any time cannot exceed 4,075,000 Units. The aggregate number of Units issued to insiders of the Trust within any 12-month period, or issuable to insiders of the Trust at any time, under the DU Plan and any other security-based compensation arrangement of the Trust, may not exceed 10% of the total number of issued and outstanding Voting Units of the Trust during such period or at such time, as applicable.

A trustee's DUs vest immediately as at each applicable award date. DUs are non-transferable and non-assignable other than by operation of law. DUs are not paid out until the trustee ceases to serve on the Board, thereby providing an equity stake in the Trust throughout the trustee's term as a Board member. Following cessation of Board service, settlement of DUs will be made either in Units or in cash. Generally, a trustee may elect to defer this exercise until December 15th of the calendar year following the year when he or she ceases to be a trustee. If the trustee (or the trustee's beneficiary) fails to exercise by such date, they will be deemed to have elected to receive Units as of that date. In the event of any consolidation, subdivision or reclassification of the Units or any other relevant changes in the capital structure of the Trust, the number of outstanding DUs will be appropriately adjusted by the Governance Committee to ensure that such DUs represent a benefit substantially similar to the benefit they represented before such event.

The Governance Committee reviews and confirms the terms of the DU Plan from time to time and may, subject to applicable stock exchange rules, amend or suspend the DU Plan in whole or in part as well as terminate the DU Plan without prior notice as it deems appropriate; provided, however, that any amendment to the DU Plan that would: (a) result in any increase in the number of Units issuable under the DU Plan; (b) extend eligibility to participate in the DU Plan to persons other than non-employee trustees of Choice Properties; (c) permit awards other than DUs; (d) extend the term of DUs; (e) increase the insider participation limits; or (f) amend the amendment provision, is subject to the approval of the Voting Unitholders.

Without limitation, the Governance Committee may, without obtaining the approval of the Voting Unitholders: (a) make minor changes of a "house-keeping" nature; (b) make amendments which are necessary or desirable to remove conflicts or inconsistencies in the DU Plan; (c) make amendments as necessary or desirable as a result of changes in tax laws; and (d) make a change to or the addition of any vesting provisions for DUs. Notwithstanding the foregoing, and subject to the terms of the DU Plan, no amendment may be made that may adversely affect the DUs previously granted under the DU Plan without the written consent of the affected trustee.

Trustee Unit Ownership Guidelines

The Board has established Trustee Unit Ownership Guidelines for non-management trustees. Under these Guidelines, non-management trustees are expected to hold Units and/or DUs with a value of not less than four times the amount of the trustees’ annual retainer. Based on this multiple of the annual retainer, the ownership requirement was \$360,000 in 2014. For purposes of the Guidelines, securities are valued at their market value and trustees are expected to meet the required level of Unit ownership within four years of initially being elected or appointed to the Board.

The market value of the Units and DUs held by each trustee as at March 16, 2015 can be found under “Nominees for Election to the Board of Trustees” on pages 7 to 11. All trustees either meet the required level of unit ownership or are in the process of accumulating securities as required under the Guidelines. Management trustees are subject to the Executive Unit Ownership Guidelines described on page 34.

2014 Trustee Compensation Review

The Board, through the Governance Committee, is responsible for reviewing and approving any changes to the trustees’ compensation arrangements. In 2013, the Governance Committee approved the compensation structure and amounts to be paid to the Trust’s non-management trustees taking into account the compensation paid to the Weston and Loblaw directors and the compensation arrangements of board members at other real estate investment trusts (“REITs”) and real estate companies listed in the below table. The Governance Committee did not engage or perform any formal benchmarking analysis of trustee compensation. Rather, board compensation at a select group of real estate entities was reviewed to confirm the appropriateness of the trustees’ compensation, which would largely mirror the compensation structure and amounts paid to the Loblaw and Weston directors. As such, the Governance Committee did not identify a median or percentile as a target for the total compensation paid to the trustees.

| Comparator Group | | |
|---------------------------|---------------|---------------|
| H&R REIT | Crombie REIT | RioCan REIT |
| Boardwalk REIT | Calloway REIT | CREIT |
| First Capital Realty Inc. | Retrocom REIT | Morguard REIT |
| Partners REIT | | |

In 2014, the Governance Committee reviewed the trustees’ compensation structure and determined that no changes were required at this time.

Trustee Compensation Amounts

A summary of the 2014 trustee compensation amounts are set out below:

| Type of Fee | Amount (\$) |
|---------------------------------|-----------------------|
| Annual Fees | |
| • Board Retainer cash | 40,000 ⁽¹⁾ |
| • Board Retainer DUs | 50,000 |
| Total Board Retainer | 90,000 |
| Chair and Committee Fees | |
| Board Chair | 30,000 |
| Governance Committee Chair | 30,000 ⁽²⁾ |
| Governance Committee member | 4,000 |
| Audit Committee Chair | 20,000 ⁽²⁾ |
| Audit Committee member | 5,000 |
| Attendance Fees | |
| Board or committee meeting | 2,000 |

(1) Trustees may elect to receive up to 100% of the fees in the form of DUs.

(2) Includes fee received as a committee member. The Chair of the Governance Committee is also the Lead Trustee.

TRUSTEE COMPENSATION

Mr. Morrison is the President and Chief Executive Officer of Choice Properties and does not receive any remuneration for his role as a trustee. The details of his executive compensation arrangements are set out in the Compensation Discussion and Analysis section.

2014 Summary of Trustee Compensation

The following table sets out the compensation elements and total compensation earned by each non-management trustee in 2014 and the manner in which the compensation was paid:

| Name | Fee Breakdown | | | | Total Trustee Fees Earned (\$) | All Other Compensation (\$) | Total Compensation (\$) | Allocation of Total Trustee Fees | | |
|------------------------------------|---------------------|--|---------------------------------|-------------------------------------|--------------------------------|-----------------------------|-------------------------|----------------------------------|-------------------------|---|
| | Board Retainer (\$) | Board & Committee Chair Retainers (\$) | Committee Member Retainers (\$) | Attendance Fees (\$) ⁽¹⁾ | | | | Cash (\$) | DUs (\$) ⁽²⁾ | Allocation of Fees between Cash and DUs (%) |
| Kerry D. Adams | 90,000 | – | 9,000 | 40,000 | 139,000 | – | 139,000 | 40,000 | 99,000 | 71% DUs |
| Christie J.B. Clark ⁽³⁾ | 90,000 | – | 4,000 | 30,000 | 124,000 | – | 124,000 | 124,000 | – | 0% DUs |
| Graeme M. Eadie ⁽³⁾ | 90,000 | – | 5,000 | 30,000 | 125,000 | – | 125,000 | 125,000 | – | 0% DUs |
| Michelle Felman | 90,000 | – | 4,000 | 32,000 | 126,000 | – | 126,000 | – | 126,000 | 100% DUs |
| Michael P. Kitt | 90,000 | – | 9,000 | 40,000 | 139,000 | – | 139,000 | – | 139,000 | 100% DUs |
| Daniel F. Sullivan | 90,000 | 30,000 | – | 30,000 | 150,000 | – | 150,000 | 75,000 | 75,000 | 50% DUs |
| Paul R. Weiss | 90,000 | 20,000 | – | 30,000 | 140,000 | – | 140,000 | 45,000 | 95,000 | 68% DUs |
| Galen G. Weston | 90,000 | 30,000 | – | 24,000 | 144,000 | – | 144,000 | – | 144,000 | 100% DUs |
| Total (\$) | 720,000 | 80,000 | 31,000 | 256,000 | 1,087,000 | – | 1,087,000 | 409,000 | 678,000 | |

- (1) Each trustee received a \$2,000 fee for each Board or committee meeting attended.
- (2) Amounts reflect the grant date fair value of DUs based on the volume weighted average trading price of the Units on the TSX for the five trading days prior to the date of the grant in accordance with the DU Plan. As well, additional DUs were accumulated based on notional equivalents of distributions paid on Units throughout the year. These notional equivalents of distributions are not included in the table.
- (3) Messrs. Eadie and Clark have been exempted from the requirement to take \$50,000 of their board retainer in DUs provided that they satisfy the Trustee Unit Ownership Guidelines within four years of initially being appointed to the Board.

Outstanding Unit-Based Awards

The following table sets forth the value of all Unit-based awards (DUs) granted to non-management trustees that were outstanding as at January 2, 2015:

| Name of Participant | Number of Units That Have Not Vested (#) | Market or Payout Value of Unit-Based Awards That Have Not Vested (\$) | Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed (\$) ⁽¹⁾ |
|---------------------|--|---|--|
| Kerry D. Adams | – | – | 156,417 |
| Christie J.B. Clark | – | – | – |
| Graeme M. Eadie | – | – | – |
| Michelle Felman | – | – | 194,789 |
| Michael P. Kitt | – | – | 215,322 |
| Daniel F. Sullivan | – | – | 118,503 |
| Paul R. Weiss | – | – | 148,525 |
| Galen G. Weston | – | – | 223,224 |

- (1) The value of outstanding DUs awarded to the trustees is based on the closing price of the Units on the TSX on January 2, 2015, which was \$10.65 multiplied by the number of outstanding DUs as of that date.

Trustees’ Skills

The Governance Committee maintains a matrix that contains the skills and experiences of each trustee in areas that are relevant for the Trust. The information is used to assess the Board’s overall strengths and to assist in the Board’s ongoing renewal process, which balances the need for experience and knowledge of the Trust’s business with the benefit of board renewal and diversity. The current trustees’ skills matrix is set out below:

| Skills | Adams | Clark | Eadie | Felman | Kitt | Morrison | Sullivan | Weiss | Weston |
|--|-------|-------|-------|--------|------|----------|----------|-------|--------|
| Real Estate Industry | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Executive Leadership | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Real Estate Construction, Planning and Development | | | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Strategic Planning | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Accounting | ✓ | ✓ | ✓ | | ✓ | | | ✓ | |
| Risk Management | | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ |
| HR / Compensation | | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Finance/Capital Markets | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| M&A | ✓ | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ |

Further information regarding this assessment process is more fully set out in the section “Statement of Governance Practices - Assessment of the Board and its Committees”.

Gender Diversity

Choice Properties values diversity of views, experience, skill sets, gender and ethnicity and supports the identification and nomination of female trustees and candidates for executive officer positions. Gender diversity is one factor that is taken into account in identifying and selecting Board members and in considering the hiring, promotion and appointment of executive officers.

The Trust does not have specific targets or policies respecting the representation of women on the Board and in executive officer positions, but focuses instead on choosing the most appropriate candidate for the position. However, in assessing the appropriateness of candidates for Board and executive officer appointments, the Trust actively considers gender diversity an important quality in the overall assessment process.

Two of our nine trustees are women representing 22% of the Board’s composition. There are currently no female executive officers at Choice Properties or its subsidiaries. There is however a strong pool of female talent holding high potential and executive level positions at the Trust, with four of seven or 57% of vice-president positions held by women. Choice Properties is also committed to ensuring that it attracts and retains the most highly qualified and experienced trustees and executive officers and recognizes that gender diversity is an important consideration in creating and maintaining effective boards and senior management teams.

Trustee Tenure

Choice Properties has a Board Tenure Policy which states that the Chairman and the Governance Committee will undertake an assessment of a trustee’s continued participation on the Board following the completion of a five-year term or upon reaching the age of 72, whichever occurs first. In addition, we have established three-year terms for Committee chairs, subject to renewal.

The Governance Committee, in conjunction with its review of the trustees’ skills and experience, also reviews each trustee’s tenure on the Board as further set out below.

In addition to its Tenure Policy, the Governance Committee:

1. has an annual Board effectiveness evaluation that enables the Governance Committee and the Board to solicit feedback regarding trustee contribution, skill set and expertise;
2. maintains a trustee skills matrix to ensure that, in choosing trustee candidates, it focuses appropriately on critical skills and experience; and
3. annually reviews Board Chairs and Committee memberships with a view to balancing a desire for fresh perspectives with the need for experience and subject matter expertise.

In summary, each year, the Governance Committee undertakes a review of the composition and performance of the Board and the mandate and composition of the committees of the Board. Recommendations for changes, if any, are developed and subsequently discussed with the full Board. The Board is of the view that this process has worked well and has resulted in governance that has been both effective and adaptive to the changing nature of the business and the markets in which Choice Properties operates. The leadership and mandates of the committees of the Board will also evolve over time, to reflect the changing needs of Choice Properties and the experience and capabilities of the individual trustees.

AUDIT COMMITTEE AND APPOINTMENT OF THE EXTERNAL AUDITORS

Audit Committee

The Audit Committee assists the Board in its oversight over the integrity of the Trust's consolidated financial statements. It also has responsibility for supporting the Board in overseeing the quality and integrity of the Trust's financial reporting and has oversight responsibility for the Trust's internal control over financial reporting, disclosure controls and internal audit function. The Committee also assists the Board in its oversight of the Trust's compliance with applicable legal and regulatory requirements.

The Audit Committee evaluates the qualifications, performance and independence of the external auditors and oversees procedures for the receipt, retention and follow-up of any complaints regarding the Trust's accounting, internal controls and auditing matters.

The Audit Committee also reviews all related party transactions approved by management as part of the normal quarterly reporting process. Material related party transactions require the prior approval of the full Board.

The members of the Audit Committee are Messrs. Paul R. Weiss (Chair), Graeme M. Eadie, Michael P. Kitt and Ms. Kerry D. Adams. All members of the Audit Committee are independent and financially literate as required under applicable Canadian securities legislation.

Audit and Other Service Fees

Each year, the Audit Committee recommends the appointment of the external auditors to the Board and to Voting Unitholders for approval. The following table sets forth the consolidated fees billed for professional services rendered by the independent external auditors, KPMG LLP, for the fiscal years 2014 and 2013, respectively:

| | 2014 | 2013 |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| Audit fees ⁽¹⁾ | 885,000 | 624,750 |
| Audit-related fees ⁽²⁾ | 110,000 | 38,850 |
| Tax fees | — | — |
| All other fees | — | — |
| Total Fees | 995,000 | 663,600 |

(1) *Audit fees include fees for services related to the audit of the Trust's consolidated financial statements, review of quarterly financial statements and auditor involvement with prospectus and offering documents.*

(2) *Audit-related fees include fees for French translation services associated with the Trust's financial and regulatory filings.*

As part of the Trust's governance practices, the Audit Committee has adopted a policy prohibiting the external auditors from providing non-audit services to the Trust or its subsidiaries unless the services are approved in advance by the Audit Committee. The external auditors are required to report directly to the Audit Committee.

Audit Committee Report

The Audit Committee reviewed and discussed with management the Trust's annual consolidated financial statements and management's discussion and analysis for the fiscal year ended December 31, 2014 and the external auditors' report thereon. The Audit Committee recommended to the Board that the Trust's audited consolidated financial statements be approved and released on February 24, 2015.

The Audit Committee has concluded that KPMG LLP is independent from the Trust and from management and recommended to the Board that KPMG LLP be proposed for re-appointment as the external auditors of the Trust at the Meeting.

Throughout the year, the Chair of the Audit Committee met periodically with the external auditors, representatives of the internal audit services group and senior members of the Trust's financial reporting group.

In 2014, the Audit Committee regularly reviewed and approved the report on internal control compliance for Choice Properties. The Audit Committee also approved Choice Properties' 2014 internal audit plan, the enterprise risk management ("ERM") framework, including its risk management processes and Choice Properties' ERM Policy. The Audit Committee oversaw management's implementation of a significant new enterprise resource planning system and the internalization of their property management and leasing functions.

Respectfully submitted,

Audit Committee

Paul R. Weiss (Chair)
Kerry D. Adams
Graeme M. Eadie
Michael P. Kitt

Appointment of the External Auditors

The Board, on the recommendation of the Audit Committee, is proposing that KPMG LLP be appointed as the external auditors of the Trust until the next annual meeting of unitholders of Choice Properties and that the trustees be authorized to fix the external auditors' remuneration. The persons named in the accompanying form of proxy intend to vote **FOR** the appointment of KPMG as the Trust's auditors until the next meeting of unitholders.

AMENDMENT OF THE UNIT OPTION PLAN

At the Meeting, Voting Unitholders are being asked to vote on an amendment to the Unit Option Plan to increase the number of Units authorized for issuance under the plan by 15,669,697 Units. The Governance Committee and the Board approved the proposed amendment and recommend that holders of Voting Units vote FOR this change.

Unit options issued under the Unit Option Plan are an important component of the overall compensation of the Trust's executives. Options incent the recipients to deliver strong performance and reward them for creating value for Unitholders. As such, options help to attract and retain senior executives and to align their interests with those of the Trust's Voting Unitholders (see pages 31 and 32 for a full description of the Unit Option Plan). To ensure that there are sufficient Units available to continue granting options, an increase in the number of Units reserved for issuance under the Unit Option Plan is necessary.

Effective July 5, 2013, Choice Properties established the Unit Option Plan with 4,075,000 Units reserved for issuance, representing approximately 5% of the total number of issued and outstanding Units as of that date. As of March 16, 2015, options to purchase 3,594,524 Units were outstanding. The Trust had 362,167 Units available for future option grants, which represents approximately 0.4% of the issued and outstanding Units. If Voting Unitholders approve the proposed amendment, the total number of Units reserved for issuance under the Unit Option Plan, taking into account the number of options that have been exercised under the Unit Option Plan, would be 19,744,697, representing approximately 5% of the total issued and outstanding Voting Units as at the date of this Circular.

The Board has amended the Unit Option Plan to provide that the insider participation limits under the plan are calculated and expressed in respect of all Voting Units rather than only in respect of the Units. Accordingly, the aggregate number of Units issued to insiders of the Trust within any 12 month period, or issuable to insiders of the Trust at any time, under the Unit Option Plan and any other security based compensation arrangement of the Trust, cannot exceed 10% of the total number of issued and outstanding Voting Units during such period of time, as applicable.

The Unit reserve increase must be approved by a majority of the votes cast by Voting Unitholders at the Meeting.

Resolution Approving Proposed Amendment of the Unit Option Plan

The resolution to approve the amendment to the Trust's Unit Option Plan to increase the maximum number of Units authorized for issuance under the Unit Option Plan will be presented at the Meeting and, if deemed appropriate, adopted with or without variation, is as follows:

1. THAT the amendment made to the Trust's Unit Option Plan by the Board of Trustees to increase the maximum number of Units authorized for issuance under the Unit Option Plan to 19,744,697, as described in the Management Proxy Circular, is hereby approved; and
2. THAT any two officers or trustees of the Trust are hereby authorized to do all such things and to sign, execute and deliver any and all documents and instruments as may be necessary or advisable in order to give effect to this resolution.

THE BOARD OF TRUSTEES RECOMMENDS THAT VOTING UNITHOLDERS VOTE "FOR" THE AMENDMENT TO THE UNIT OPTION PLAN.

GOVERNANCE

ROLE OF GOVERNANCE COMMITTEE

The Governance Committee is responsible for developing and implementing good governance principles and practices of the Trust consistent with high standards of governance. The Governance Committee is also responsible for overseeing executive compensation, including the design and structure of the Trust's incentive programs and the individual compensation of the named executive officers (the "NEOs") identified on page 23. In addition, the Governance Committee oversees talent management and succession planning for the Trust's senior executive positions. As part of its mandate, the Governance Committee, together with the Chairman, identifies and recommends candidates for nomination to the Board as trustees and reviews the composition of the Board's committees.

The Governance Committee recommends to the Board for approval any changes to the trustees' compensation arrangements. It also monitors the orientation program for new trustees and continuing education for all trustees and oversees the process for assessing the performance of the Board and its committees as well as the performance of individual trustees.

The members of the Governance Committee are Messrs. Daniel F. Sullivan (Chair), Christie J.B. Clark and Michael P. Kitt and Ms. Kerry D. Adams and Michelle Felman. All members of the Governance Committee are independent trustees.

The Board believes that the members of the Governance Committee individually and collectively have the requisite knowledge, skill and experience in governance and compensation matters, including human resource management, executive compensation matters and general business leadership, to fulfill the Governance Committee's mandate. All members of the Governance Committee have substantial knowledge and experience as current and former senior executives of large and complex organizations and as board members of other publicly traded entities, including real estate investment trusts.

The chart below sets out the relevant experience of each member of the Governance Committee.

Governance Committee Members - Skills Matrix

| Name of Member | Experience in Governance and Executive Compensation |
|----------------------------|---|
| Kerry D. Adams | <ul style="list-style-type: none"> • Member of the Bank of Nova Scotia's Master Trust and Pension Investment and Administration Committees • Member of Fidelity Investments Canada ULC's Independent Review Committee • Public company board experience as former trustee of Primaris Real Estate Investment Trust and former director of Indigo Books & Music Inc. • Former Chair of Primaris Real Estate Investment Trust's Governance Committee and former member of Investment Industry Regulatory Organization of Canada's Governance Committee • Knowledge of governance and executive compensation issues as a former Commissioner and director of the Ontario Securities Commission • Obtained the Institute of Corporate Directors ICD.D certificate |
| Christie J.B. Clark | <ul style="list-style-type: none"> • Governance and executive compensation experience as former Chief Executive Officer and senior partner of PricewaterhouseCoopers LLP • Public company board experience as director of Loblaw and Air Canada and as a former director of Brookfield Office Properties Inc. and IGM Financial Inc. • Governance Committee experience as former Chair of the Governance Committee of Alpine Canada and Chair of the Board of Canadian Partnership Against Cancer Corporation |
| Michelle Felman | <ul style="list-style-type: none"> • Experience in real estate industry governance and executive compensation matters as former Executive Vice President, Acquisitions of Vornado Realty Trust • Executive compensation and governance experience as a former director of LNR Property LLC |
| Michael P. Kitt | <ul style="list-style-type: none"> • Experience in real estate industry governance and executive compensation matters as Executive Vice President, Canada at Oxford Properties Group and through various senior roles at Cadillac Fairview including, leading both Investment and Development Groups • Public company board experience as former trustee of InnVest Real Estate Investment Trust • Governance Committee experience as a former member of InnVest Real Estate Investment Trust's Governance Committee |
| Daniel F. Sullivan | <ul style="list-style-type: none"> • Executive compensation and governance experience as former Deputy Chairman of Scotia Capital Inc., former Chairman of the Toronto Stock Exchange; and former Chairman of the Investment Dealers Association of Canada • Considerable experience in executive compensation and governance matters as a current director of the Ontario Teachers' Pension Plan, IMP Group International Inc., Crius Energy Trust and Allied Properties Real Estate Investment Trust • Former director of Allstream Inc., Cadillac Fairview Corporation, Camco Inc., Monarch Development Corporation and Schneider Corporation |

GOVERNANCE COMMITTEE REPORT TO UNITHOLDERS

Dear Unitholder:

This report provides a brief overview of our Committee's philosophy and approach to compensation of the Trust's senior executives and highlights our most significant accomplishments in 2014.

EXECUTIVE COMPENSATION PHILOSOPHY

The Governance Committee reviews and approves the Trust's compensation philosophy and programs for executive officers, which are as follows:

We believe that our compensation structure must be designed to continue to attract, motivate and retain the best candidates for the challenging roles that Choice Properties' executive officers fulfill. To this end, we continue to ensure that our executive compensation programs are competitive with market and industry practices to enable Choice Properties to attract, motivate and retain executives with the talent and experience to ensure that the Trust meets its strategic and operational objectives.

Pay for performance is a cornerstone of Choice Properties' compensation philosophy. Our compensation programs are results oriented. We believe that a strong pay-for-performance focus should align compensation with the successful execution of business strategy and unitholder interests. This objective is achieved through the design of our short- and long-term incentive plans ("STIP" and "LTIP" respectively).

Executive compensation should align with the long-term interests of Unitholders. We believe our STIP and LTIP programs accomplish this objective. The Trust's STIP is a balanced program comprised of different performance measures that focus executives on the key drivers of the business and value creation over both the short- and long-term. The LTIP balances the use of Unit options, which align an executive's interest with Unitholders in unit price appreciation, and restricted units ("RUs"), which serve as a key component in retaining executives.

The Trust also mandates unit ownership guidelines that apply to every executive at the vice president level and higher. These Guidelines serve to reinforce the alignment between executive compensation and long-term Unitholder interests. Units and the in-the-money value of vested Unit options are the only eligible securities that count towards an executive's target Unit ownership level. The Executive Unit Ownership Guidelines apply to all executives at Choice Properties and we are pleased to report that, to date, all executives are on track towards satisfying the Unit Ownership Guidelines.

HIGHLIGHTS OF 2014 NEO COMPENSATION

Executive Compensation

The Trust's 2014 STIP and LTIP plans include a number of performance measures, including Unit price appreciation, net operating income, funds from operations per Voting Unit, strategic growth, and general and administrative ("G&A") expense management. These metrics are the key drivers of the Trust's business and focus executives on Choice Properties' operating financial goals. This year the Committee approved a revised maximum payout for all corporate objectives (increasing from 100% to 200% for executives) to incent executives to overachieve on the STIP's key business objectives. For the strategic growth objective, however, a stretch target was incorporated into this component such that overachievement on this measure relative to target required the achievement of more than \$100 million in external development projects and acquisitions (excluding acquisitions from Loblaw).

NEO compensation is comprised principally of base salary, short-term cash incentives and long-term equity based incentives. We implemented compensation programs to provide an appropriate balance of risk and reward in relation to Choice Properties' overall business strategies. The metrics of the short- and long-term incentives align with Choice Properties' strategic objectives and are the drivers of maximizing unitholder value. These metrics are also designed to focus senior executives on the achievement of long-term strategic objectives in addition to meeting the short-term business and financial objectives contained in Choice Properties' annual business plan. In light of this, we have reviewed and recommended to the Board for approval, the Compensation Discussion and Analysis included in this Circular.

GOVERNANCE PRACTICES

Our Committee is committed to ensuring that the Trust's approach to governance practices satisfies regulatory requirements and aligns with best practices. We continue to work with management to ensure adherence to a robust

process for reviewing and approving related party transactions. This is particularly relevant for Choice Properties given that Loblaw is the Trust's largest tenant and controlling unitholder. We are confident that Choice Properties has considered the relevant legal and governance considerations associated with related party transactions and has implemented a sound governance framework to address them when they arise.

BOARD TENURE

Our Committee believes that it is important for the Board to commit to ongoing renewal and improvement of its membership while balancing the need for experience and knowledge of the Choice Properties' business and affairs. Choice Properties has a Board Tenure Policy that the Chairman and the Governance Committee will undertake an assessment of a trustee's continued participation on the Board following the completion of a five-year term or upon reaching the age of 72, whichever occurs first. In addition, the Trust has established three-year terms for Committee chairs, subject to renewal.

SUCCESSION PLANNING

The Governance Committee is entrusted with the responsibility of overseeing the Trust's approach to talent management and succession planning for senior executive roles. This year, our succession planning process includes an annual review with management of each senior executive position. The Committee also receives reports on the performance evaluation process, designed to improve individual leadership and management skills, and updates on the talent management plans across the organization.

NOMINATING PROCESS

Our Committee is also responsible for oversight of the identification of individuals qualified to become Board members. Each year, we will assess and evaluate the effectiveness of the Board and identify areas where the Board may benefit from trustees with additional skills and experience. Our Committee appreciates the need to maintain a strong, vibrant and engaged Board that understands the Trust's dynamic business needs and the real estate industry generally. This year, we have once again included a skills matrix that identifies certain key skills of our Board members.

The Board considers diversity to be an important criterion in the trustee succession planning process and in maintaining an effective board. Our Board is committed to ensuring that it attracts and retains the most highly qualified and experienced trustees. We also recognize that board diversity mitigates against the risk that a board will approach issues too narrowly or fail to adequately consider alternative ideas or options on issues affecting the organization. In our on-going review of prospective trustee nominees, the Governance Committee aims for a board with diversity, including diversity of gender, perspectives and experiences.

GOVERNANCE MATTERS

We are confident that we have strong and practical governance systems in place and well-designed and administered executive compensation programs to appropriately incent and reward our executives for performance while not taking on unacceptable risk. At the same time, we are not complacent. You can be confident that we will continue to closely monitor industry trends and regulatory developments and adjust our governance practices and compensation programs accordingly. To this end, the Governance Committee has committed to reviewing the Trust's long-term incentive program in 2015 to ensure that it optimally meets the Trust's executive compensation philosophy and design.

Respectfully submitted,

Governance Committee

Daniel F. Sullivan (Chair)

Kerry D. Adams

Christie J.B. Clark

Michelle Felman

Michael P. Kitt

For additional information regarding each member of the Governance Committee, please see pages 7 through 11. For additional information regarding the activities of the Governance Committee, see the Trust's Statement of Governance Practices on pages 43 through 49.

COMPENSATION DISCUSSION AND ANALYSIS

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INTRODUCTION

This Compensation Discussion and Analysis describes the compensation programs of the NEOs.

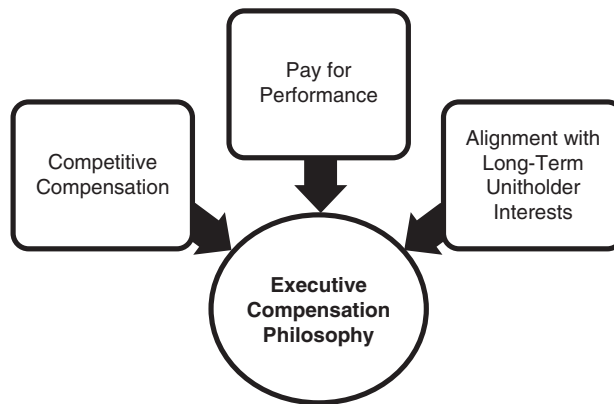
For 2014, the NEOs were:

| Name | Position |
|------------------------------|--|
| John R. Morrison | President and Chief Executive Officer |
| Bart Munn | Executive Vice President, Chief Financial Officer |
| Jane Marshall ⁽¹⁾ | Former Executive Vice President, Chief Operating Officer |

(1) Ms. Marshall left the Trust effective September 30, 2014.

EXECUTIVE COMPENSATION PHILOSOPHY

The Trust’s executive compensation programs are designed to attract, retain and incent outstanding executives who are committed to improving Choice Properties’ performance and creating value for its unitholders. Three key principles underlie Choice Properties’ executive compensation programs as set out below:



1. Competitive Compensation

Competitive compensation is important as it enables Choice Properties to attract and retain talented and qualified individuals to lead the business. Choice Properties has developed processes to ensure that its compensation programs are competitive with market and industry practices and support the attraction and retention of high quality executives.

2. Pay for Performance

Choice Properties structures its compensation programs to align executive compensation with the financial performance of the Trust, including the performance of its Units. A significant portion of executive compensation is in the form of at-risk pay, namely STIP and LTIP compensation. This creates a performance-based culture that rewards individual and team based contributions to the achievement of the Trust’s goals and increases in total return to unitholders. The at-risk components (the STIP and LTIP awards) for the NEOs in 2014 ranged from 55% to 70% of their total compensation.

3. Alignment of Executive Compensation Programs with Long-Term Unitholder Interests

Choice Properties structures its executive compensation programs to align the interests of its executives with those of its unitholders. A significant portion of executive compensation takes the form of long-term equity-based awards. Structuring executive compensation in this manner rewards executives for the creation of sustainable, long-term unitholder value.

EXECUTIVE COMPENSATION AND RISK MANAGEMENT

RISK MITIGATION PRACTICES

The Trust has designed its compensation programs to provide an appropriate balance of risk and reward in relation to its overall business strategy. The Governance Committee believes that the compensation programs do not encourage executives to take excessive or inappropriate risks. The Governance Committee, in its review of risk mitigation practices, believes that having a compensation program that comprises a mix of compensation elements, with a significant portion of compensation in the form of long-term equity based awards, acts as a deterrent to executives taking excessive risks. Additionally, the Trust has risk mitigation practices that include: designing balanced incentive plans that are not focused on a single financial measure, a clawback policy for short- and long-term compensation, unit ownership requirements for the NEOs and trading restrictions, each of which are described in more detail below.

1. Incentive Plan Design

Choice Properties' 2014 short-term incentive plan had a variety of performance measures which are considered annually and weighted in order of their importance, including net operating income ("NOI"), funds from operations per Voting Unit ("FFO per Voting Unit"), strategic growth, G&A expense management and an individual component. Using multiple performance measures requires that in order for executives to achieve the maximum compensation award, the operating results of the Trust must outperform in all key metrics. This balanced approach reduces the risk of a disproportionate focus by executives on any single aspect of the business for the sole purpose of increasing their compensation.

Short-term incentives are designed to focus executives on the key drivers of value creation over both the short- and long-term and, as such, minimize the likelihood of inappropriate or excessive risk-taking. The Trust's STIP has a maximum payout level that limits the amount that an executive can be paid.

A significant portion of executive compensation is allocated to long-term incentives to focus executives on sustainable value creation. The Trust's objective is to design incentive plans that do not motivate executives to take excessive or inappropriate short-term risks given the potential negative impacts on the long-term equity components of compensation.

The Governance Committee regularly reviews each compensation plan and has the discretion to make adjustments to incentive awards, as appropriate.

2. Clawback Policy

The Trust has a clawback policy on STIP and LTIP payments for senior executives including the NEOs. Under this policy, the Trust can require an executive to repay STIP and LTIP grants when (i) the executive engages in misconduct that results in the need for the correction or restatement of financial results, (ii) the executive receives an award calculated on the achievement of those financial results, and (iii) the award received would have been lower had the financial results been properly reported. The clawback policy also provides that a clawback may be triggered if an executive commits a material breach of the Trust's Code of Conduct. The policy requires that when the clawback is triggered, the executive must repay all incentive payments received over the two-year period preceding the triggering event.

3. Unit Ownership Requirements

All executives are required to maintain a significant equity investment in the Trust. The Trust's Executive Unit Ownership Guidelines are designed to align executives' interests with those of the Trust's unitholders, and to mitigate the likelihood of undue risk taking. The Executive Unit Ownership Guidelines establish minimum Unit ownership levels for executives, which based on their position, are set at a multiple of base salary.

4. Trading and Hedging Restrictions

All trustees and employees, including the NEOs, are also subject to the Trust's Securities Trading Policy, which prohibits trading in the securities of the Trust, Loblaw or Weston while in possession of material undisclosed information about these companies. Pursuant to the Securities Trading Policy, these individuals are also prohibited from entering into certain types of hedging transactions involving the securities of the Trust, Loblaw or Weston, such as short sales, puts and calls. Furthermore, the Trust permits executives (including the NEOs) to trade in the Trust's securities, including the exercise of Unit options, only during prescribed trading windows.

ROLE OF MANAGEMENT AND COMPENSATION CONSULTANTS

ROLE OF MANAGEMENT IN DETERMINING COMPENSATION AND EVALUATING PERFORMANCE

The Chairman and the President and CEO participate in the compensation design process, evaluate the performance of key senior executives and make recommendations to the Governance Committee with respect to the compensation of the other executives and the specific business goals to be used as performance targets for the various incentive programs. The views of the Chairman and the President and CEO are valued because of their day-to-day involvement with key senior executives. As a result, they are in the best position to effectively assess the performance of the other executives and how their efforts have contributed to the achievement of the Trust’s strategic objectives and operational targets. The Chairman makes recommendations to the Governance Committee with respect to the compensation of the President and CEO.

These evaluations are based on the achievement of objectives and targets related to both the individual and the Trust and include an assessment of leadership capabilities and team development. The results of these evaluations are presented to the Governance Committee. The Chief Financial Officer and the Vice President, Human Resources assist the Chairman and the President and CEO in developing and presenting management’s recommendations and supporting materials to the Governance Committee regarding the design of the incentive plans and the compensation of the other senior executives.

COMPARATIVE MARKET DATA

Comparative market data was one factor used in setting the compensation of each NEO when the Trust was established in 2013. Other factors considered by the Governance Committee included personal performance, leadership ability, internal equity among executives and the operating results of the business or area for which the NEO has responsibility. The Governance Committee reviewed base salary, annual and long-term incentive arrangements for comparable NEO positions at other REITs and real estate companies listed below to ensure that Choice Properties’ programs were generally competitive within the real estate industry. However, the Governance Committee did not engage or perform any formal benchmarking analysis, although select comparator information was used on an informal basis in reviewing the NEOs’ executive compensation arrangements. As part of this review, the Governance Committee received select compensation information set out in the Real Property Association of Canada’s (REALpac) 2013 *Canadian Real Estate Compensation Survey*. The Governance Committee did not identify a median or percentile as a target for the total compensation of the NEOs.

| Comparator Group | | |
|-------------------------------------|---------------------------|----------------------|
| Allied Properties REIT | Cominar REIT | Morguard REIT |
| Boardwalk REIT | Crombie REIT | Partners REIT |
| Brookfield Canada Office Properties | CREIT | Primaris Retail REIT |
| Calloway REIT | Dream REIT | Retrocom REIT |
| Canadian Apartments Properties REIT | H&R REIT | RioCan REIT |
| Chartwell Retirement Residences | First Capital Realty Inc. | |

From time to time, the Governance Committee intends to use benchmarking or comparisons of compensation programs from an appropriate peer group of companies to confirm that the Trust’s programs remain competitive.

ROLE OF COMPENSATION CONSULTANTS

The Governance Committee did not retain any compensation advisors in 2014 to perform services, nor did the Trust’s management retain any compensation advisors in 2014. Rather than engaging a consultant on a continuing basis, the Governance Committee determined that it will retain an independent compensation advisor on an as-needed basis.

COMPONENTS OF COMPENSATION

The 2014 NEO compensation was comprised principally of base salary, short-term cash incentives and long-term incentives (Restricted Units and Unit options) as described in the table that follows. Benefits, pensions and perquisites generally comprise a relatively small part of an NEO's total annual compensation.

OVERVIEW OF COMPONENTS

| Components | Form | Period | Program Objectives and Details | |
|------------------------------|---|--------------------------|--|--|
| Fixed Compensation | Base Salary | Cash | Annual | <ul style="list-style-type: none"> Reflects the executive's level of responsibility and experience, internal equity among executives and the executive's overall performance. |
| Variable Compensation | Short-Term Incentive Plan ("STIP") | Cash | Annual | <ul style="list-style-type: none"> Incentive program is linked to the achievement of specific financial and/or operating performance targets in the fiscal year. Each executive has a target annual bonus (% of base salary). Actual payout is determined by the achievement of predetermined financial and/or operating performance objectives and individual performance objectives. |
| | Long-Term Incentive Plan ("LTIP") | Restricted Units ("RUs") | Three year vesting period | <ul style="list-style-type: none"> Motivates and rewards executives for total unitholder value and used to retain key executives. RU grants are generally made once per year. Individual awards are differentiated based on role and expected future performance. RUs comprise 50% of the total value of LTIP grants to executives. RUs are settled in cash or Units acquired in the open market at the end of the applicable vesting period. RU Plan provides for the crediting of additional RUs in respect of distributions paid on Units for the period when an RU is outstanding. |
| | | Unit Options | Four year vesting period (25% per year); 7 year term | <ul style="list-style-type: none"> Motivates and rewards executives for increasing Unit price. Unit option grants are generally made once per year. Individual awards are differentiated based on role and expected future performance. Unit options comprise 50% of the total value of LTIP grants to executives. |
| Benefits | Group health, dental and insurance benefits | | Employment and post-employment | <ul style="list-style-type: none"> Executive benefit plans, paid for by the Trust, provide health, dental, disability and insurance coverage. |
| Pensions | Defined Benefit Pension Plan/ Defined Contribution Pension Plan/ Supplemental Executive Retirement Plan | | Post-employment | <ul style="list-style-type: none"> Plans are designed to provide a reasonable level of retirement income to executives to reward them for their service to the Trust. In 2014, senior executives participated in either the executive defined benefit registered pension plan or the executive defined contribution registered pension plan and in a supplemental executive retirement plan. New executives participate in the executive defined contribution registered pension plan. |
| Perquisites | Cash allowance/reimbursement for professional services | | Annual | <ul style="list-style-type: none"> A limited number of personal benefits are provided, including a car allowance, an annual medical examination, a discretionary health care spending account and the ability to participate in the employee unit purchase plan. |

COMPONENTS OF EXECUTIVE COMPENSATION FOR 2014

BASE SALARY

Base salaries for the NEOs are set on an individual basis and not within formalized salary ranges. Base salaries are set taking into account the level of responsibility and experience and internal equity among executives. The Governance Committee annually reviews the base salary of the NEOs. The Governance Committee may make adjustments to an NEO’s salary as a result of a change in the NEO’s duties and responsibilities, or in the performance and contribution of the NEO.

The following table sets out the base salary for each NEO for 2014:

| Name | 2014 Base Salary (\$) | Increase from 2013 (%) |
|------------------------------|-----------------------|------------------------|
| John R. Morrison | 630,000 | Nil |
| Bart Munn | 400,000 | Nil |
| Jane Marshall ⁽¹⁾ | 475,000 | Nil |

(1) Ms. Marshall left the Trust effective September 30, 2014 and her pro-rated base salary for 2014 was \$356,250.

SHORT-TERM INCENTIVE PLAN

The Trust’s STIP is designed to incent executives, including the NEOs, to meet the Trust’s annual business and financial objectives. The STIP objectives include financial performance targets and pre-set goals for individual NEOs as determined annually by the Governance Committee.

All executives have STIP award targets that are expressed as a percentage of their base salary, with such targets determined by the executive’s position and level within the organization. Depending on actual performance relative to the performance targets, payouts for each performance target range from zero to a maximum of 200% of target for each of the business and individual components. The STIP award payments are made in cash following approval by the Governance Committee.

Plan Design

The Governance Committee believes that the STIP should be designed to properly incent the NEOs to achieve the Trust’s annual business plan and strategic objectives. Prior to the beginning of each fiscal year, the Governance Committee establishes the STIP design, including specific business performance measures, weightings and targets, and presents it to the Board for approval. In determining the performance measures, weightings, targets and payout ranges for each fiscal year, the Governance Committee takes into account the key components of the Trust’s business plan, budget and strategic objectives. In 2014, the Governance Committee focused on “stretch” targets. To this end, Choice Properties’ NOI target was limited to NOI from ancillary (non-Loblaw) tenants only. The Governance Committee also increased the weighting of the strategic growth component and stipulated that overachievement on this measure relative to target required the achievement of more than \$100 million in external development projects and acquisitions (excluding acquisitions from Loblaw).

Following year-end, the Governance Committee reviewed the financial results of the Trust against the performance targets and considered whether any adjustments were required to account for unexpected events during the year that may have affected the Trust’s financial performance.

The 2014 STIP incorporated the following performance measures and weightings: 15% based on NOI, 30% based on FFO per Voting Unit, 25% based on strategic growth, 5% based on G&A expense management and 25% based on individual objectives. STIP payouts are determined separately for each performance measure and then aggregated to determine the final amount.

COMPENSATION DISCUSSION AND ANALYSIS

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for each NEO for 2014:

| | |
|------------------------------|------------------------------|
| Business Objectives 75% | Net Operating Income 15% |
| | Funds From Operations 30% |
| | Strategic Growth 25% |
| | G&A Expense Management 5% |
| Individual Objectives 25% | Individual Objectives 25% |

In 2014, the STIP payout amounts for the NEOs, which account for each performance measure and its respective weighting, was 123.3% of target for the business objectives and 100% and 140% of target for Messrs. Morrison's and Munn's respective individual components, as set out below.

| Name | Base Salary (\$) | STIP Target as Percentage of Base Salary (%) | STIP Target (\$) | Maximum STIP Award (\$) | 2014 STIP Award | | | | | Total (\$) |
|------------------|------------------|--|------------------|-------------------------|--------------------|--------------------|---------------------------------|---------------------------------------|---------------------------|------------------------|
| | | | | | NOI Component (\$) | FFO Component (\$) | Strategic Growth Component (\$) | G&A Expense Management Component (\$) | Individual Component (\$) | |
| John R. Morrison | 630,000 | 100 | 630,000 | 1,260,000 | 82,688 | 302,400 | 134,505 | 63,000 | 157,500 | 740,093 |
| Bart Munn | 400,000 | 60 | 240,000 | 480,000 | 31,500 | 115,200 | 51,240 | 24,000 | 84,000 | 305,940 |
| Jane Marshall | 475,000 | 80 | 380,000 | 760,000 | 51,656 | 165,371 | 84,598 | 33,250 | 95,000 | 429,875 ⁽¹⁾ |

(1) Ms. Marshall's 2014 STIP award was calculated to reflect the Trust's business performance until she left the Trust on September 30, 2014. Following September 30, 2014, Ms. Marshall's 2014 STIP award was calculated at her targeted amount. Ms. Marshall's final STIP payout reflected a blended payout at 113.1% of target.

A description of each performance measure and the actual achievements against these measures are also set forth below.

Net Operating Income Performance

Choice Properties' target NOI from ancillary tenants is based on cash rental revenue from investment properties less property operating expenses as set forth in the Trust's annual business plan. NOI excludes certain expenses included in the determination of net income such as interest expense, general and administrative expenses, fair value adjustments and amortization. For 2014, the NOI target for Choice Properties' STIP was \$56.6 million.

The NOI component for 2014 was designed so that:

- 100% of the bonus amount awarded for the NOI component would be paid if Choice Properties' actual NOI was \$56.6 million;
- A \$110,000 increase or decline in NOI relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for NOI;
- no bonus amount would be awarded for the NOI component if Choice Properties' actual NOI was equal to or less than \$55.5 million, which is 98% of target; and
- 200% of the bonus amount award for the NOI component would be paid if Choice Properties' actual NOI was equal to or greater than \$57.7 million.

Early in 2015, the Governance Committee reviewed the 2014 financial results of Choice Properties and calculated NOI for STIP purposes in accordance with the plan at \$56.5 million, resulting in a payout of 87.5% of target for this component of the STIP.

Funds From Operations per Voting Unit Performance

Choice Properties' target FFO per Voting Unit is calculated as net income in accordance with Canadian GAAP, adjusted by removing the impact of (i) fair value adjustments on investment properties; (ii) other fair value adjustments including fair value adjustments on redeemable or exchangeable units; (iii) gains and losses on the sale of investment properties; (iv) amortization of tenant incentives; and (v) distributions on redeemable or exchangeable units treated as interest expense, divided by the weighted average of Voting Units outstanding. For 2014, the STIP FFO per Voting Unit target for Choice Properties' STIP was \$0.895.

The FFO per Voting Unit component for 2014 was designed so that:

- 100% of the bonus amount awarded for the FFO per Voting Unit component would be paid out if Choice Properties' actual FFO per Voting Unit was \$0.895;
- a positive or negative change of \$0.001 in FFO per Voting Unit relative to the target would have a corresponding 7.69% increase or decrease in the bonus amount awarded for the FFO per Voting Unit component;
- no bonus amount would be awarded for the FFO per Voting Unit component if Choice Properties' actual FFO per Voting Unit was equal to or less than \$0.882, which is 98% of target; and
- 200% of the bonus amount award for the FFO per Voting Unit component would be paid if Choice Properties' actual FFO per Voting Unit was equal to or greater than \$0.908 million.

Early in 2015, the Governance Committee reviewed the 2014 financial results of Choice Properties and calculated FFO per Voting Unit for STIP purposes in accordance with the plan, excluding adjustments for certain events such as the one-time costs associated with the internalization of property management, leasing and accounting functions and the financial impact of the early retirement of certain debt to Loblaw. Choice Properties FFO per Voting Unit for 2014, calculated in accordance with the STIP, was \$0.902 per unit, resulting in a payout of 159.9% of target for this component of the STIP. In 2014, Choice Properties' FFO per Voting Unit performance exceeded target due to accretive acquisitions, savings in G&A, interest and other financing charges.

Strategic Growth Performance

Choice Properties' strategic growth plan is designed to focus executives on specific milestones to support long term growth. For 2014, the strategic growth plan measure was revised to include two components, a target of \$400 million in acquisitions from Loblaw and a target of \$100 million of third party acquisition and development.

The strategic growth plan component for 2014 was designed so that:

- 100% of the bonus amount awarded for the strategic growth plan would be paid out if Choice Properties' actual strategic growth was \$400 million in acquisitions from Loblaw and \$100 million through third party acquisitions and developments;
- a positive or negative change of \$2.5 million relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the strategic growth plan; and
- no bonus amount would be awarded for the strategic growth plan component if Choice Properties' actual strategic growth was equal to or less than \$475 million, of which acquisitions from Loblaw cannot exceed \$400 million, which is 95% of target.
- 200% of the bonus amount award for the strategic growth component would be paid if Choice Properties' actual strategic growth was equal to or greater than \$400 million in acquisitions from Loblaw and \$125 million of third party acquisitions and development.

Early in 2015, the Governance Committee reviewed Choice Properties' strategic growth for 2014 which was \$411 million for Loblaw acquisitions and \$92.7 million for third party acquisitions and development, resulting in a payout of 85.4% of target for this component of the STIP. In 2014, Choice Properties' acquisitions from Loblaw met target but acquisition development activity with third parties was slightly below target.

General and Administrative ("G&A") Expense Management Performance

Choice Properties' target G&A expense management costs is calculated as the operational costs of the business with budgets established at the outset of the year. For 2014, the STIP G&A expense management costs target for Choice Properties' was \$22.9 million.

The G&A expense management component for 2014 was designed so that:

- 100% of the bonus amount awarded for the G&A expense management would be paid out if Choice Properties' actual G&A expense management costs were \$22.9 million or less;
- an decrease or increase of 0.3% in G&A expense management costs relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the G&A expense management component;
- no bonus amount would be awarded for the G&A expense management component if Choice Properties' actual G&A expense management costs were equal to or more than 3% above target, which is \$23.6 million; and
- 200% of the bonus amount award for the G&A expense management component would be paid if Choice Properties' actual G&A expense management was equal to or less than 3% below target, which is \$22.2 million.

Early in 2015, the Governance Committee reviewed the 2014 financial results of Choice Properties and calculated G&A expense management costs for STIP purposes in accordance with the plan. Choice Properties' G&A expense management costs for 2014, calculated in accordance with the STIP, were \$21.9 million excluding adjustments for certain events such as the one-time costs associated with internalization of property management, leasing and accounting functions, resulting in a payout of 200% of target for this component of the STIP. In 2014, Choice Properties' G&A expense management performance exceeded target due to lower than anticipated labour costs.

Individual Component

The Governance Committee considered the overall performance of each NEO to determine the individual performance component of the executive's STIP award. The individual performance component of Choice Properties' STIP was weighted at 25% of the total STIP target amount and the payout for this component was capped at 200% of each NEO's targeted amount.

John R. Morrison, President and CEO

The individual performance component of the STIP amount awarded to the President and Chief Executive Officer for 2014 was determined at the discretion of the Governance Committee based on certain predetermined performance objectives, including objectives relating to Mr. Morrison's leadership, the development of Choice Properties' strategic plan and the internalization of all real estate functions into the organization. In its assessment of Mr. Morrison's performance, the Governance Committee considered the successful execution of the internalization project, the delivery of the strategic plan and the overall development of people and culture at the Trust during its first full year of operation. Mr. Morrison's individual component is targeted at 25% of his targeted STIP award, which based on his base salary for 2014 was \$157,500. Based on Mr. Morrison's strong performance in 2014, the Governance Committee awarded him \$157,500 for this component of his STIP award, representing 100% of target.

Bart Munn, Executive Vice President, Chief Financial Officer

The individual component of the STIP amount awarded to the CFO was determined at the discretion of the Governance Committee based on certain predetermined performance objectives relating to Mr. Munn's leadership and strategic objectives established for 2014. These objectives were focused on developing and executing on Choice Properties' strategic plan, building a strong capital structure, implementing a new enterprise resource planning system and supporting the President and CEO in building a high performing and collaborative organizational culture. The Governance Committee concluded that, in consideration of his individual contributions to the Trust and delivering on his personal objectives, Mr. Munn demonstrated strong leadership and performance in 2014. The Committee also recognized that Mr. Munn undertook significant additional responsibilities with the departure of the Chief Operating Officer. Mr. Munn's individual component is 25% of his targeted STIP award, which based on his base salary for 2014, was \$60,000. Based on Mr. Munn's achievement of his individual objectives, the Governance Committee awarded Mr. Munn \$84,000 for this component of his STIP award, representing 140% of target.

LONG-TERM INCENTIVE PLAN

The Trust's equity-based LTIP is designed to incent executives to deliver sustained financial performance resulting in increased total unitholder return. Under the LTIP, the Trust awards executives long-term incentives in the form of Unit options and RUs, the values of which are directly linked to the market value of the Units, and to the distributions in the case of RUs. Executives eligible for LTIP grants generally receive them on an annual basis. One-half of the grant value is delivered through RUs, and the other half is delivered through Unit options valued using the Black-Scholes-Merton methodology.

The LTIP balances the use of Unit options, which align an executive's interest with unitholders in Unit price accretion, and RUs, which serve as a key component in retaining executives. The value of an LTIP grant to a participating

executive is generally based on a percentage of the executive’s base salary. All grants are reviewed and approved by the Governance Committee as part of its regular review of compensation.

Annual LTIP awards are granted in the first quarter during the open trading window following the announcement of the Trust’s year-end financial results in accordance with the Trust’s Securities Trading Policy. “Off-cycle” grants are made to newly hired executives, and to executives promoted part way through a year, during open trading windows following the release of quarterly financial results.

In 2014, the Governance Committee approved annual LTIP awards to the NEOs as follows:

| Name | Base Salary (\$) | Annual LTIP Grant as a Percentage of Base Salary ⁽¹⁾ (%) | Grant Date Fair Value (\$) | Type of LTIP Grant ⁽¹⁾ |
|------------------------------|------------------|---|----------------------------|-----------------------------------|
| John R. Morrison | 630,000 | 150 | 945,005 | Unit options, RUs |
| Bart Munn | 400,000 | 75 | 300,000 | Unit options, RUs |
| Jane Marshall ⁽²⁾ | 475,000 | 95 | 451,251 | Unit options, RUs |

(1) Unit options and RUs each comprise 50% of the annual LTIP grant.

(2) Ms. Marshall’s 2014 Unit option grant was forfeited when she left the Trust effective September 30, 2014.

The key features of the Trust’s Unit Option Plan and RU Plan are described below.

Employee Unit Option Plan

Under the Trust’s Unit Option Plan, the size of the annual option award an executive receives is determined as part of the executive’s total LTIP award. The Governance Committee administers the Unit Option Plan, approves the participants, makes grants of options and establishes any limitations, restrictions and conditions on any grants, including vesting. Any employee of the Trust or any of its affiliates (including officers, whether or not trustees), as determined by the Governance Committee, may participate in the Unit Option Plan.

As of March 16, 2015, options to purchase 3,594,524 Units were outstanding. The Trust had 362,167 Units available for future option grants, which represents approximately 0.4% of the issued and outstanding Units. The Unit Option Plan provides that Units issuable pursuant to outstanding options that are cancelled, expired, forfeited or terminated for any reason without having been exercised will again be available for grant under the Unit Option Plan. Options are not transferable or assignable otherwise than by will or by laws of descent and distribution, and during the lifetime of a participant will be exercisable only by him or her.

The exercise price for options may not be less than the fair market value of a Unit, which is defined as the greater of: (i) the volume-weighted average of the trading price of a Unit on the TSX for the five trading days prior to the grant date; or (ii) the volume-weighted average of the trading price of a Unit on the TSX on the trading day immediately preceding the grant date.

Options may not be exercised prior to the first anniversary of the date of the grant. The vesting of options is otherwise determined on the grant of the option. Generally, options vest over a four-year period at a rate of 25% per year and expire at the end of seven years. Under the Unit Option Plan, each option has a term of not less than five and not more than 10 years.

Unvested options immediately expire upon termination of employment. No vested option is exercisable after the earlier of: (i) the date of death or retirement; (ii) the time of notice of resignation or receipt of notice of termination (with or without cause); or (iii) the occurrence of any other cessation of employment event, except as set forth below:

- (a) If a participant is terminated without cause, vested options may be exercised within 30 days following the earlier of the date of termination or the date of the termination notice.
- (b) If a participant retires, vested options may be exercised within 90 days following the date of retirement.
- (c) If a participant dies while employed or during the 30-day or 90-day window in (a) or (b) above, then the participant’s beneficiary may exercise vested options within 180 days following the date of death.

Nothing in (a), (b) or (c) above extends the expiry date of any option.

In the event of a change of control or potential change of control (as determined by the Board), the Board has the power to accelerate vesting and make other changes to the terms of options as it considers fair and appropriate in the

circumstances, including modifying the terms of options to allow participants to tender into a take-over bid or other transaction leading to a change of control and terminating any unexercised options following the completion of the bid or transaction.

If the expiry date of an option occurs during a blackout period or other period during which an insider is prohibited from trading in securities of the Trust pursuant to the Securities Trading Policy, the expiry date will automatically be extended for 10 business days after the blackout period ends.

The aggregate number of Units issued to insiders of the Trust within any 12 month period, or issuable to insiders of the Trust at any time, under the Unit Option Plan and any other security based compensation arrangement of the Trust, may not exceed 10% of the total number of issued and outstanding Voting Units during such period of time, as applicable.

In the event of a consolidation, subdivision or reclassification of the Units, or any other relevant changes in the capital structure of the Trust, the Board or the Governance Committee will make appropriate adjustments to the number of Units subject to any options then outstanding and the exercise price thereof. The Unit Option Plan provides that unitholder approval is not required for any amendments to the Unit Option Plan or an option granted under the Unit Option Plan, except for any amendment or modification that:

1. increases the number of Units that can be issued under the Unit Option Plan;
2. reduces the exercise price of an option (including, without limitation, a cancellation and re-grant of an option, constituting a reduction of the exercise price of such option), except in connection with a change in the number of the Trust’s outstanding Units by reason of a consolidation, subdivision or reclassification of Units, or another relevant change in the capital structure of the Trust affecting Units;
3. extends the term of an option beyond its original expiry date, except where the expiry date would have occurred during a blackout period or at any other time when the holder may be prohibited from trading in securities of the Trust pursuant to the Trust’s Securities Trading Policy;
4. changes the provisions relating to the transferability of an option other than for normal estate settlement purposes;
5. permits awards, other than options, to be made under the Unit Option Plan;
6. extends eligibility to participate in the Unit Option Plan to a non-employee trustee;
7. requires unitholder approval under applicable laws, regulations or stock exchange rules; or
8. affects the amending provisions of the Unit Option Plan.

Subject to any required regulatory review or approval, the Board may make all other amendments to the Unit Option Plan without unitholder approval. These amendments include, but are not limited to: the termination of the Unit Option Plan; amendments designed to comply with applicable laws or regulatory requirements; and “house-keeping” administrative changes (such as correcting an immaterial inconsistency or curing any ambiguity).

At the Meeting, Voting Unitholders are being asked to vote on an amendment to the Unit Option Plan to increase the number of Units authorized for issuance under the plan by 15,669,697 Units. For further details on the proposed amendment, see “Amendment of the Unit Option Plan” on page 18.

In 2014, the NEOs received Unit option grants from the Trust as described in the table below:

| Name | Options Granted (#) | Exercise Price (\$) | Grant Date Fair Value (\$) | Vesting Schedule | Term of Grant |
|------------------------------|----------------------------|----------------------------|-----------------------------------|-------------------------|----------------------|
| John R. Morrison | 536,932 | 10.81 | 472,500 | 25% per year | 7 years |
| Bart Munn | 170,455 | 10.81 | 150,000 | 25% per year | 7 years |
| Jane Marshall ⁽¹⁾ | 256,392 | 10.81 | 225,625 | 25% per year | 7 years |

(1) Ms. Marshall’s 2014 Unit option grant was forfeited when she left the Trust effective September 30, 2014.

Restricted Unit Plan

RUs entitle an executive to receive the value of the RU award in cash or Units at the end of the applicable vesting period, which is usually three years in length. A participant receives either a cash payment or the number of Units (acquired on the open market) equal to the number of RUs granted, with the ultimate award value determined by the

Unit price at the end of the applicable vesting period. The RU Plan provides for the payment of additional RUs in respect of distributions paid on Units for the period when an RU is outstanding.

If a participant is either terminated for cause or voluntarily resigns prior to the end of the applicable vesting period, all RUs are cancelled on the date of cessation of employment and no payments are made in respect of such RUs.

If a participant’s employment is terminated: (i) due to death; (ii) retirement; or (iii) by the Trust without cause, then the RUs vest on a pro-rata basis for the period of time the participant was actively employed. All other RUs are cancelled. Settlement of vested RUs is made as soon as practicable following the last day of active employment.

In 2014, the NEOs were awarded RUs as follows:

| Name | RUs Granted (#) | Grant Value Per Unit (\$) | Grant Date Fair Value (\$) | Vesting Date |
|------------------------------|-----------------|---------------------------|----------------------------|----------------|
| John R. Morrison | 43,710 | 10.81 | 472,505 | March 28, 2017 |
| Bart Munn | 13,876 | 10.81 | 150,000 | March 28, 2017 |
| Jane Marshall ⁽¹⁾ | 20,872 | 10.81 | 225,626 | March 28, 2017 |

(1) Ms. Marshall received a pro-rated payment of her 2014 RU grant when she left the Trust effective September 30, 2014.

Long-Term Incentive Plan Clawback

All LTIP grants include a clawback provision stating that if an executive accepts employment with a competitor of the Trust within six months after leaving the employment of the Trust, the gross dollar value of all Unit option and RU payments received in the 12 months of employment immediately prior to the date of cessation of employment must be repaid to the Trust.

Securities Authorized for Issuance under Equity Compensation Plans as of December 31, 2014

The following table shows the number of securities authorized for issuance under equity compensation plans of the Trust:

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) |
|---|---|---|---|
| Equity Compensation Plans Approved by Securityholders | | | |
| • Unit Option Plan | 1,682,510 | 10.48 | 2,274,181 ⁽¹⁾ |
| • Deferred Unit Plan | 82,564 ⁽²⁾ | N/A | 3,992,436 |
| Equity Compensation Plans not Approved by Securityholders | N/A | N/A | N/A |
| Total | 1,765,074 | | 6,266,617 |

(1) If the amendment to the Unit Option Plan is approved by Voting Unitholders at the Meeting, the number of Units authorized for issuance under the plan will increase by 15,669,697 Units. For further details on the proposed amendment, see “Amendment of the Unit Option Plan” on page 18.

(2) As at January 2, 2015, the Trust had 99,230 DUs outstanding. DUs were granted to trustees on January 2, 2015 in relation to their 2014 fourth quarter fees.

RETIREMENT AND PENSION ARRANGEMENTS

The Trust’s retirement and pension arrangements are designed to provide a reasonable level of retirement income to executives. The Trust is a participating employer in the Loblaw and Weston retirement arrangements and, accordingly, senior executives participate in the Loblaw and Weston executive defined benefit registered pension plan (the “Executive DB Plan”) or the executive defined contribution registered pension plan (the “Executive DC Plan”). All new executives join the Executive DC Plan. In addition, senior executives of the Trust whose pensionable earnings exceed prescribed levels, including the NEOs, participate in a non-contributory supplemental executive retirement plan (the “SERP”). All of the costs of the NEOs’ participation in the Loblaw and Weston plans are paid by the Trust.

EXECUTIVE BENEFIT PLANS

The Trust provides the NEOs, as a participating employer in Loblaw’s and Weston’s executive benefit program, with designated health, dental, disability and insurance coverage through executive benefit plans paid for by the Trust.

PERQUISITES

NEOs receive a limited number of perquisites. These include a car allowance, an annual medical examination, a discretionary health care spending account and the ability to participate in the employee unit purchase plan.

EXECUTIVE UNIT OWNERSHIP GUIDELINES

The Trust maintains Executive Unit Ownership Guidelines to align the interests of executives with those of the Trust’s unitholders. The Executive Unit Ownership Guidelines establish minimum Unit ownership levels for executives, which based on their executive level, are set at a multiple of their base salary.

Under the Executive Unit Ownership Guidelines, Units and the in-the-money value of vested Unit options of the Trust are the only eligible holdings included in determining an executive’s ownership value. The value of RUs is not included. The Executive Unit Ownership Guidelines apply to every executive at the vice president level and higher.

Under the Executive Unit Ownership Guidelines, executives are expected to own eligible equity-based holdings with a value equal to a multiple of their base salary as determined by their position:

- President and Chief Executive Officer – 3 times base salary
- Chief Financial Officer – 2 times base salary
- Vice Presidents – 0.5 times base salary

The NEOs are expected to attain the required ownership level by July 2017, which is within four years of their appointment to the Trust. Executives who transfer from Loblaw or Weston to the Trust may also include holdings of Loblaw or Weston common shares and the in-the-money value of unexercised Loblaw or Weston options acquired prior to their transfer to the Trust in determining whether he or she meets the relevant target ownership level.

The dollar values of each NEO’s eligible equity-based holdings, based on the market value on March 16, 2015 of \$11.34, are set forth in the following table:

| Name | Value of Equity-Based Holdings | | | Ownership Requirement | |
|------------------|--------------------------------|---------------------------------------|------------|-----------------------|--------------------|
| | Units (\$) | Vested In-The-Money Unit Options (\$) | Total (\$) | (\$) | Multiple of Salary |
| John R. Morrison | 1,134,000 | 143,841 | 1,277,841 | 1,890,000 | 3 |
| Bart Munn | 655,010 | 41,990 | 697,000 | 800,000 | 2 |

2014 COMPENSATION DECISIONS REGARDING THE NAMED EXECUTIVE OFFICERS

The following outlines the rationale underlying the compensation decisions for each of the NEOs for 2014.

John R. Morrison, President and CEO

Mr. Morrison serves as the Trust’s President and Chief Executive Officer and is responsible for managerial and executive oversight of the Trust. In accordance with his employment agreement, Mr. Morrison’s annual base salary is \$630,000 and his STIP target is 100% of his annual base salary. Mr. Morrison’s arrangements also provide for an annual LTIP grant with a grant date fair value of approximately 150% of his annual base salary that he received on March 28, 2014. This grant was comprised (by grant value) of 50% Unit options and 50% RUs. The Governance Committee also evaluated Mr. Morrison’s performance in 2014 in determining the individual performance component of his STIP amount. The individual performance component is targeted at 25% of Mr. Morrison’s targeted STIP award, which based on his base salary for 2014 was \$157,500. As described previously, the Governance Committee awarded Mr. Morrison \$157,500 for this component of his STIP award, representing 100% of target.

Bart Munn, Executive Vice President, Chief Financial Officer

Mr. Munn serves as the Trust's Chief Financial Officer. In accordance with his employment agreement, Mr. Munn's annual base salary is \$400,000 and his STIP target is 60% of his annual base salary. Mr. Munn's arrangements also provide for an annual LTIP grant with a grant date fair value of approximately 75% of his annual base salary that he received on March 28, 2014. This grant was comprised (by grant value) of 50% Unit options and 50% RUs. The Governance Committee also evaluated Mr. Munn's performance in 2014 in determining the individual performance component of his STIP amount. Mr. Munn's individual performance component is 25% of his targeted STIP award, which based on his base salary for 2014, was \$60,000. As described previously, the Governance Committee awarded Mr. Munn \$84,000 for this component of his STIP award, representing 140% of target.

TERMINATION AND CHANGE OF CONTROL BENEFITS

None of the NEOs' employment agreements provides for change of control benefits, however, the Trust's compensation plans have termination and change of control provisions. The table below summarizes the termination and change of control benefits provided under each plan in situations that result in cessation of employment or change of control.

| Type of Compensation | Separation Event | | | | |
|----------------------------------|--|---|--|--|--|
| | Resignation | Termination without Cause | Termination with Cause | Retirement | Change of Control |
| Short-Term Incentive Plan | No payment | Bonus for the applicable year is prorated to the termination date | No payment | Bonus for the applicable year is prorated to the retirement date | Governance Committee discretion to grant or adjust bonus |
| Unit Option Plan | Options forfeited at time of notice of resignation | 30 days from notice of termination to exercise vested options | All outstanding options cancelled at time of notice of termination | 90 days to exercise vested options | Board discretion to accelerate vesting of options |
| Restricted Unit Plan | RUs forfeited at time of notice of resignation | Value of RUs paid out on a prorated basis provided termination date is more than 12 months after the grant date | All outstanding RUs forfeited at time of notice of termination | Value of outstanding RUs paid out on a prorated basis | Governance Committee discretion to adjust grant |

The Governance Committee has discretion to make adjustments to the general plan provisions for a particular executive if considered appropriate in the circumstances. The following summarizes the termination benefits described above as they relate to the specific arrangements under each NEO's employment agreement.

John R. Morrison, President and CEO

If Mr. Morrison's employment is terminated without cause, he is entitled to receive (a) his salary for up to 18 months, (b) his STIP bonus for up to 18 months up to a maximum of his target bonus amount, and (c) applicable incentive and unit based payments as provided for under the terms of the applicable LTIP. Upon termination, Mr. Morrison will be subject to confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of his employment agreement, including non-competition and non-solicitation covenants for a period of 12 months following the cessation of his employment.

Bart Munn, Executive Vice President, Chief Financial Officer

If Mr. Munn's employment is terminated without cause, he is entitled to receive (a) his salary for up to 12 months, (b) his STIP bonus for up to 12 months up to a maximum of his target bonus amount, and (c) applicable incentive and unit based payments as provided for under the terms of the applicable LTIP. Mr. Munn's special one-time grant of RUs received in 2013 with a grant date fair value of approximately \$400,000 will immediately vest and be paid out in the event that he is terminated without cause. If Mr. Munn resigns or is terminated with cause prior to the second anniversary of his start date, his one-time, lump sum cash payment of \$250,000 will be subject to prorated repayment. Upon termination, Mr. Munn will be subject to confidentiality covenants and certain restrictive covenants that will

continue to apply following the termination of his employment agreement, including non-competition and non-solicitation covenants for a period of 12 months following the cessation of his employment.

POTENTIAL AMOUNTS PAID ON TERMINATION

The following table sets forth the estimated incremental payments or benefits that the NEOs would have received upon termination of employment on December 31, 2014 for the various reasons described below.

| Name | Event | Amounts Due on Termination | | | | | | |
|--|---------------------------|----------------------------|----------------------------------|---------------------------|------------|----------------------------------|-------------------------|------------|
| | | Contractual Severance | | Long-Term Incentive Plans | | | | Total (\$) |
| | | Salary ⁽¹⁾ (\$) | Annual Bonus ⁽¹⁾ (\$) | Benefits (\$) | Other (\$) | Unit Options ⁽²⁾ (\$) | RUs ⁽³⁾ (\$) | |
| John R. Morrison President and CEO | Termination with cause | — | — | — | — | — | — | — |
| | Termination without cause | 945,000 | 945,000 | — | — | — | — | 1,890,000 |
| | Resignation | — | — | — | — | — | — | — |
| | Retirement | — | — | — | — | — | — | — |
| | Change of Control | — | — | — | — | — | — | — |
| Bart Munn Executive Vice President, Chief Financial Officer | Termination with cause | — | — | — | — | — | — | — |
| | Termination without cause | 443,151 ⁽⁴⁾ | 240,000 | — | — | — | 212,957 | 896,108 |
| | Resignation | — | — | — | — | — | — | — |
| | Retirement | — | — | — | — | — | — | — |
| | Change of Control | — | — | — | — | — | — | — |

(1) The Salary and Annual Bonus figures reflect contractual entitlements and may be paid by salary continuance and are subject to mitigation obligations. Annual bonus is valued at target level.

(2) The NEOs are entitled to exercise vested options where an NEO retires or following termination without cause in accordance with the Unit Option Plan.

(3) RUs are paid out on a prorated basis where the NEO retires or is terminated without cause in accordance with the RU Plan.

(4) At the time of his hire, Mr. Munn received a one-time lump sum cash payment of \$250,000 which he would be entitled to keep in full had he been terminated on December 31, 2014. A significant portion of this award had vested prior to December 31, 2014. The unvested portion that would vest upon a termination without cause event on December 31, 2014 was \$43,151.

Ms. Marshall left the Trust effective September 30, 2014. Pursuant to the terms of her employment agreement and separation agreement with the Trust, Ms. Marshall will receive (a) her salary for up to 12 months, (b) her STIP bonus for up to 12 months, subject to a maximum payment of her target bonus amount, and (c) applicable incentive and unit based payments as provided for under the terms of the applicable LTIP. Ms. Marshall is subject to confidentiality covenants and certain restrictive covenants that will continue to apply following the cessation of her employment agreement, including non-competition and non-solicitation covenants for a period of 12 months following the cessation of her employment.

COMPENSATION DECISIONS FOR 2015

2015 SHORT-TERM INCENTIVE PLAN

The Governance Committee determined that Choice Properties' 2015 STIP design for NEOs will be the same as its 2014 design. The 2015 STIP measures and weightings are set out below:

| | |
|------------------------------|------------------------------|
| Business Objectives 75% | Net Operating Income 15% |
| | Funds From Operations 30% |
| | Strategic Growth 25% |
| | G&A Expense Management 5% |
| Individual Objectives 25% | Individual Objectives 25% |

2015 LONG-TERM INCENTIVE PLAN GRANTS

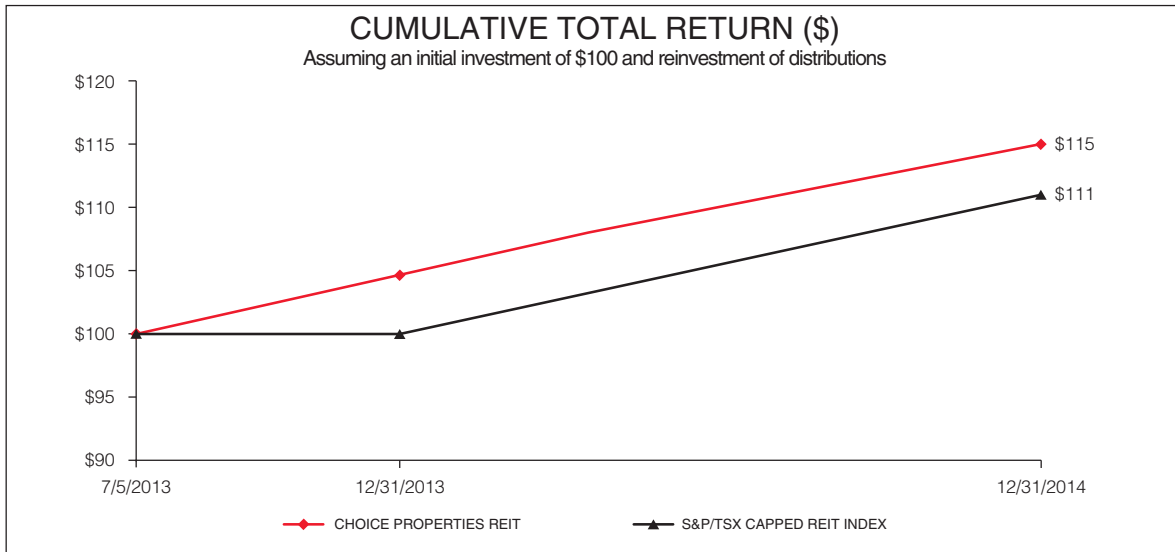
In February 2015, the Governance Committee approved LTIP awards to the Trust' NEOs as set out below. These annual LTIP grants were comprised of equal grants (by grant value) of Unit options and RUs and were awarded during an open trading window on March 4, 2015.

| Name | Grant Date Fair Value (\$) ⁽¹⁾ | Unit Options (#) | RUs (#) |
|--|---|------------------|---------|
| John R. Morrison President and CEO | 944,997 | 908,654 | 41,051 |
| Bart Munn Executive Vice President, Chief Financial Officer | 300,000 | 288,462 | 13,032 |

(1) These amounts reflect the grant date fair value of the options and RUs when granted. The grant date fair value of Unit options is calculated in the following manner: Unit Option Value = Number of Unit Options Granted x Black-Scholes-Merton Value. The grant date fair value of RUs is calculated in the following manner: Number of RUs Granted x the greater of the volume-weighted average unit price on the TSX for the one or five trading days preceding the grant date, which was \$11.51 as of March 3, 2015. In 2015, the assumptions used in the Black-Scholes-Merton Value model included an expected life of 7 years, which is based on the contractual term of the options and other relevant market based data including the Trust's historical unit price volatility. In 2014, the assumptions used in the Black-Scholes-Merton Value model also included an expected life of 7 years and other relevant market based data. However, the Black-Scholes-Merton Value was calculated using the average unit price volatility of the investment grade entities in an S&P/TSX REIT Index because sufficient historical data for Choice Properties was not available.

PERFORMANCE GRAPH

The graph below compares the cumulative total unitholder return on \$100 invested in Units on the date of Choice Properties’ IPO, being July 5, 2013, with the cumulative annual total return on the S&P/TSX Capped REIT Index over the same period, assuming the re-investment of all cash distributions of the Trust since July 5, 2013.



| | 05-Jul-13 | 31-Dec-13 | 31-Dec-14 |
|--------------------------------------|-----------|-----------|-----------|
| Choice Properties REIT | \$100 | \$108 | \$115 |
| S&P/TSX Capped REIT Index | \$100 | \$100 | \$111 |

For the period since July 5, 2013, Choice Properties’ total unitholder return out-performed the S&P/TSX Capped REIT Index. The annualized compensation for Choice Properties’ NEOs has not significantly increased since the trust was established in 2013.

NEO compensation is not strongly correlated to unitholder returns in the short term, in part because equity-based incentives are calculated at the time of grant using grant date fair values, which do not reflect the actual value of compensation received when such incentives vest or are exercised. In the longer term, NEO compensation is directly impacted by the Trust’s unit price performance. Unit options and RU awards directly correlate to the unit price and are therefore aligned with unitholder returns.

A substantial portion of NEO pay is at-risk. In addition to the LTIP awards, the Trust’s STIP awards are made based on the successful performance of key financial objectives that are tied to the business plan. These at-risk components (the STIP and LTIP awards) for the NEOs in 2014 ranged from 55% to 70% of the NEOs’ total compensation.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by the NEOs during 2014.

| Name and Principal Position | Year | Salary (\$) ⁽¹⁾ | Unit-Based Awards (\$) ⁽²⁾ | Option-Based Awards (\$) ⁽³⁾ | Non-Equity Incentive Plan Compensation | | Pension Value (\$) | All Other Compensation (\$) ⁽⁴⁾ | Total Compensation (\$) |
|---|------|----------------------------|---------------------------------------|---|--|--------------------------------|--------------------|--|-------------------------|
| | | | | | Annual Incentive Plans (\$) | Long-Term Incentive Plans (\$) | | | |
| John R. Morrison President and CEO | 2014 | 630,000 | 472,505 | 472,500 | 740,093 | — | 42,000 | 61,071 | 2,418,169 |
| | 2013 | 446,250 | 337,876 | 337,870 | 518,765 | — | 25,000 | 25,865 | 1,691,626 |
| Bart Munn Executive Vice President, Chief Financial Officer | 2014 | 400,000 | 150,000 | 150,000 | 305,940 | — | 40,000 | 62,402 | 1,108,342 |
| | 2013 | 262,308 | 498,637 ⁽⁵⁾ | 98,631 | 182,960 | — | 22,000 | 273,764 | 1,338,300 |
| Jane Marshall Former Executive Vice President, Chief Operations Officer | 2014 | 356,250 | 225,626 | 225,625 ⁽⁶⁾ | 429,875 ⁽⁷⁾ | — | 70,000 | 174,499 ⁽⁸⁾ | 1,481,875 |
| | 2013 | 230,497 | 111,273 | 361,267 ⁽⁹⁾ | 214,363 | — | 72,000 | 31,871 | 1,021,271 |

- (1) In 2013, the base salary amounts were prorated to each NEO's start date which was April 15, 2013 for Mr. Morrison; May 6, 2013 for Mr. Munn; and July 5, 2013 for Ms. Marshall.
- (2) Amounts represent the grant date fair value of RUs awarded to the NEOs, calculated as number of RUs granted x the greater of the volume-weighted average unit price on the TSX for the one or five trading days preceding the grant date as applicable. The grant date fair value of an RU award is the same as the accounting fair value of such award on the applicable grant date.
- (3) These amounts reflect the grant date fair value of the options when granted. The grant date fair value of Unit options is calculated in the following manner: Unit Option Value = Number of Unit Options Granted x Black-Scholes-Merton Value. The Trust has chosen to use Black-Scholes-Merton model as the methodology for calculating the fair value of the options granted as this methodology is commonly used by issuers. To determine the fair value of options granted using the Black-Scholes-Merton model an expected life of 7 years is used, which is based on the contractual term of the options. The other assumptions used in the model are based on relevant market data on the day of the valuation. The Trust also uses the Black-Scholes-Merton model for accounting purposes. However, the accounting value ascribed at the grant date for the Unit options is based on an expected life that reflects historical exercise patterns, as opposed to the contractual term of the option which is used for compensation reporting purposes (see Notes 2 and 14 to the Trust's annual audited consolidated financial statements for the year ended December 31, 2014, for the other assumptions and estimates used for this calculation). As a result when using the Black-Scholes-Merton value method, there is a difference between the fair value per option for compensation reporting purposes, and the accounting value per option as follows: For Messrs. Morrison's and Munn's and Ms. Marshall's 2013 and 2014 grants, the accounting value per option is higher by \$0.46 and lower by \$0.46, respectively.
- (4) Amounts under All Other Compensation include the value of perquisites and payments made by the Trust under its employee unit ownership plans. The largest single payment received by each NEO relates to a car allowance with an annual value of approximately \$20,000. For Mr. Munn, the 2013 amount also includes a lump sum cash payment of \$250,000 to compensate him for the forfeiture of certain entitlements from his former employer.
- (5) The amount for Mr. Munn includes RUs with a grant date fair value of approximately \$400,000 at July 12, 2013 that were granted to compensate him for the forfeiture of deferred units from his former employer.
- (6) Ms. Marshall's 2014 Unit option grant in the amount of \$225,625, was forfeited when she left the Trust effective September 30, 2014.
- (7) Ms. Marshall's 2014 STIP award was calculated to reflect the Trust's business performance until she left the Trust on September 30, 2014. Following September 30, 2014, Ms. Marshall's 2014 STIP award was calculated at her targeted amount. Ms. Marshall's final STIP payout reflected a blended payout at 113.1% of target.
- (8) Ms. Marshall received payments equal to \$118,750 in salary continuance after she left the Trust on September 30, 2014.
- (9) This amount includes a special option grant to Ms. Marshall made on July 12, 2013 with a grant date fair value of \$250,000 in recognition of Ms. Marshall's contribution to the development of the portfolio of initial properties and her extraordinary efforts in connection with the establishment of the Trust and related preparations for its IPO.

INCENTIVE PLAN AWARDS
INCENTIVE PLAN AWARDS – OUTSTANDING OPTION-BASED AWARDS AND UNIT-BASED AWARDS

The following table sets forth the number and value of all unexercised option-based and Unit-based awards granted to NEOs that are outstanding at December 31, 2014:

| Name | Option-Based Awards | | | | Unit-Based Awards | | |
|---|---|----------------------------|---------------------------------|---|--|--|---|
| | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value of Unexercised In-The-Money Options (\$) ⁽¹⁾ | Number of Units That Have Not Vested (#) | Market or Payout Value of Unit-Based Awards That Have Not Vested (\$) ⁽²⁾ | Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed (\$) |
| John R. Morrison President and CEO | 442,586 536,932 | 10.04 10.81 | July 12, 2020 March 28, 2021 | 194,738 0 | 82,471 | 864,296 | — |
| Bart Munn Executive Vice President, Chief Financial Officer | 129,199 170,455 | 10.04 10.81 | July 12, 2020 March 28, 2021 | 56,848 0 | 68,710 | 720,081 | — |
| Jane Marshall Former Executive Vice President, Chief Operations Officer | — | — | — | — | — | — | — |

(1) The value of outstanding vested and unvested option-based awards is calculated based on the closing price for the Units on the TSX on December 31, 2014, which was \$10.48.

(2) The value of RUs awarded to the NEOs is based on the closing price of the Units on the TSX on December 31, 2014, which was \$10.48, multiplied by the number of RUs awarded. Additional RUs were accumulated based on notional equivalents of distributions paid on Units throughout the year and have been included in this table.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table sets forth the value of option-based and Unit-based awards of the NEOs that vested during fiscal 2014, as well as the value of non-equity incentive plan compensation that the NEOs earned during 2014. The dollar value of the option-based and Unit-based awards is calculated using the number of units vested/earned multiplied by the closing price of the Units on the TSX on the applicable vesting date.

| Name | Option-Based Awards – Value Vested During The Year (\$) | Unit-Based Awards – Value Vested During The Year (\$) | Non-Equity Incentive Plan Compensation – Value Earned During The Year ⁽¹⁾ (\$) |
|---|---|---|---|
| John R. Morrison President and CEO | 59,749 | — | 740,093 |
| Bart Munn Executive Vice President, Chief Financial Officer | 17,442 | — | 305,940 |
| Jane Marshall Former Executive Vice President, Chief Operations Officer | 63,887 ⁽²⁾ | 84,631 ⁽²⁾ | 429,875 |

(1) Payments made in accordance with the Trust's STIP.

(2) Ms. Marshall left the Trust in 2014 and received payments relating to her vested option and unit-based awards.

PENSION PLAN AND LONG SERVICE EXECUTIVE ARRANGEMENTS

Executives of the Trust, including the NEOs, participate in either of Executive DB Plan or Executive DC Plan. Ms. Marshall participated in the Executive DB Plan while Messrs. Morrison and Munn participate in the Executive DC Plan.

EXECUTIVE DEFINED BENEFIT PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

For certain senior executives of the Trust, including Ms. Marshall, who participated on a non-contributory basis in the Executive DB Plan, annual pension benefits were capped at \$2,770 per year of service. The Trust provides SERP allowances to executives who participated in Loblaw's Executive DB Plan including, Ms. Marshall, for whom the majority of her service was with Loblaw. The SERP is an unfunded obligation of the Trust and executives who participate in this plan must comply with certain eligibility provisions in order to receive payment, most notably, former executives are not eligible to receive SERP payments while employed by a competitor of the Trust.

Pension entitlements for an executive in the Executive DB Plan and the SERP are based on the executive's length of service and his or her highest three-year average rate of base salary during his or her years of service with the Trust. For senior executives, the total annual benefits payable under the Executive DB Plan and the SERP are capped at \$125,000.

The cost of the estimated future Executive DB Plan benefits and SERP benefits for each NEO participating in the Executive DB Plan is calculated each year by the Trust's independent actuaries, based on the same method and assumptions used to determine year-end pension plan obligations as disclosed in Note 27 to Loblaw's 2014 financial statements.

The following table sets forth the details of Ms. Marshall who participated in the Executive DB Plan in 2014 and will be entitled to these benefits upon her retirement:

| Name | Number of Years Credited Service (#) | Annual Benefits Payable (\$) | | Opening Present Value of Defined Benefit Obligation (\$) ⁽¹⁾ | Compensatory Change (\$) | Non-Compensatory Change (\$) | Closing Present Value of Defined Benefit Obligation (\$) ⁽²⁾ |
|---|--------------------------------------|------------------------------|-----------|---|--------------------------|------------------------------|---|
| | | At Year End | At Age 65 | | | | |
| Jane Marshall Former Executive Vice President, Chief Operations Officer | 22 | 108,333 | 117,100 | 1,442,000 | 70,000 | 245,000 | 1,757,000 |

(1) Discount rate is 4.75%.

(2) Discount rate is 4.00%.

EXECUTIVE DEFINED CONTRIBUTION PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Certain senior executives of the Trust, including Messrs. Morrison and Munn, participate on a non-contributory basis in the Executive DC Plan. During 2014, contributions were set as a percentage of base salary (maximum of \$250,000) and were capped at \$24,930 per year, as set forth in the following table:

| Age + Years of Service | Employer Contributions as a Percentage of Base Salary |
|------------------------|---|
| < 50 | 13% |
| 50-60 | 15% |
| 61 + | 17% |

The Trust has entered into retirement agreements with certain executives who participate in the Executive DC Plan to provide SERP benefits to those executives with allocations for contributions in excess of the annual \$24,930 registered plan limit. As noted above, the SERP is an unfunded obligation of the Trust and executives who participate in this plan must comply with certain eligibility provisions in order to receive payment, most notably, executives are not eligible to receive SERP payments while employed by a competitor of the Trust.

The following table sets forth details regarding the NEOs who participated in the Executive DC Plan and SERP during 2014:

| Name | Accumulated Value at Start of Year (\$) | Compensatory (\$) | Accumulated Value at Year End (\$) |
|--|--|--------------------------|---|
| John R. Morrison President and CEO | 27,000 | 42,000 | 75,000 |
| Bart Munn Executive Vice President, Chief Financial Officer | 24,000 | 40,000 | 69,000 |

INDEBTEDNESS OF TRUSTEES, EXECUTIVE OFFICERS AND EMPLOYEES

As at March 16, 2015, there was no indebtedness (other than “routine indebtedness” under applicable Canadian securities laws) owing to the Trust or any of its subsidiaries by any trustees, executive officers, employees or former trustees, executive officers or employees of the Trust or any of its subsidiaries.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth below, management is not aware of any material interest, direct or indirect, in any material transaction of (i) any trustee or executive officer of the Trust, (ii) any director or executive officer of Loblaw, (iii) any director or executive officer of Weston, or (iv) any person beneficially owning or controlling, directly or indirectly, more than 10% of the Trust’s outstanding Voting Units. Since January 1, 2014, the Trust acquired investment properties from Loblaw which added approximately 3.4 million square feet of gross leasable area for aggregate consideration to Loblaw of approximately \$508.6 million, comprised of 22,223,016 Class B LP Units with a then-value of approximately \$233.7 million, the assumption of \$5.5 million in liabilities, and approximately \$269.4 million of cash. For further details of any transactions of the Trust involving Loblaw, Weston or related entities completed since January 1, 2014, please refer to the Trust’s Annual Information Form dated February 24, 2015.

As of March 16, 2015, (i) Loblaw beneficially owned, directly and indirectly, 21,500,000 Units and 306,297,770 Special Voting Units, representing a 82.8% effective interest in the Trust, (ii) Weston beneficially owned, directly and indirectly, 21,743,349 Units, representing a 5.5% effective interest in the Trust; and Mr. W. Galen Weston, the controlling shareholder of Weston, also beneficially held 75,000 Units, representing a 0.02% effective interest in the Trust. Additional information relating to Choice Properties is available on its website at www.choicereit.ca and under Choice Properties’ issuer profile at www.sedar.com.

STATEMENT OF GOVERNANCE PRACTICES

OVERVIEW

The Trust's Board and management believe that sound governance practices contribute to the effective management of the Trust and its achievement of strategic and operational plans, goals and objectives, and protection of its investors, employees and other stakeholders. The Trust's Board and management are committed to maintaining high standards of governance which comply with the Canadian Securities Administrators' Corporate Governance Guidelines (the "Governance Guidelines") and are in the best interest of the Trust. The Governance Committee regularly reviews the Trust's governance practices and considers any changes necessary to maintain the Trust's high standards of governance in a rapidly changing environment.

The Trust's website, www.choicereit.ca, sets out additional governance information, including the Trust's Code of Conduct, Disclosure Policy and mandates of the Board and of its committees.

Board Responsibilities and Duties

The Board is responsible for the overall stewardship and governance of the Trust. It oversees the management of the business and affairs of the Trust both directly and through its committees. In addition, the Board has the following responsibilities and duties:

Strategic Planning

The Board oversees the development, execution and fulfillment of the Trust's strategic plans and assigns responsibility to management for achievement of that strategy. As part of its responsibility for overseeing the strategic direction of the Trust, the Board reviews and approves:

- management's strategic plans;
- material capital expenditures, acquisitions, divestitures and restructurings; and
- investments outside the ordinary course of business.

The Board monitors the Trust's performance against both short-term and long-term strategic plans and annual operating objectives.

Oversight of Management

Although the Board delegates to management the responsibility for managing day-to-day affairs of the Trust, the Board reviews management's performance and effectiveness on an ongoing basis. The Board's expectations of management are communicated to management directly and through committees of the Board. The Board approves the Trust's business and operating plans and budget, which take into account the opportunities and risks of the business. The Board also regularly receives reports on the operating and financial results of the Trust. The Board also receives reports on non-operational matters. These include reports on pension, corporate governance, treasury and legal matters.

Enterprise Risk Management

The Board has oversight responsibility for material risks associated with the Trust's business. In order to identify and address any material risks, the Board undertakes an annual assessment of the Trust's ERM structure. The annual ERM assessment is carried out through interviews, surveys and facilitated workshops between management and the Board. Risks are assessed and evaluated based on the Trust's vulnerability to the risk and the potential impact that the underlying risks would have on the Trust's ability to execute its strategies and achieve its objectives. The type of risks the Trust is exposed to includes: financial; operational; regulatory; and compliance. At least semi-annually, management provides an update to the Audit Committee on the status of the key risks including any anticipated impacts in future quarters and significant changes in key risk indicators. In addition, long term risk levels are assessed to assist in risk mitigation planning activities. Accountability for oversight to the management of each risk is allocated by the Board either to the full Board or to a committee of the Board.

Internal Controls and Financial Reporting

The Board is responsible for overseeing the Trust's financial reporting and disclosure obligations to ensure compliance with applicable audit, accounting, regulatory and reporting requirements. The Board, through the Audit Committee, assesses and evaluates the integrity and effectiveness of the Trust's internal control over financial reporting and information systems.

Succession Planning

The Board, through the Governance Committee, oversees the Trust's succession planning for senior executive roles. The succession planning process includes an annual review of each senior executive position and the performance of the incumbents to ensure the Trust has a pipeline of talented leaders.

Governance Matters

The Board is responsible for developing and monitoring the Trust's approach to governance. The Board, through the Audit and Governance Committees, closely monitors any potential conflicts of interest between the Trust and its affiliates and related parties, including Loblaw and Weston, and reviews and approves any material related party transactions. The Governance Committee works with management to ensure that a robust process is followed in reviewing and approving related party transactions. Individual trustees, with the approval of the Lead Trustee, may also retain an outside advisor at the expense of the Trust. This is particularly relevant for Choice Properties as Loblaw is both the Trust's largest tenant and its controlling unitholder. Choice Properties has considered the relevant legal and governance considerations associated with related party transactions and has implemented a sound governance framework to address them when they arise.

A copy of the Board's mandate is attached as Schedule "A" of this Circular.

Board Leadership

Mr. Galen G. Weston is the Chairman of the Board. The Board maintains a position description for the Chairman that is reviewed annually and approved by the Governance Committee and the Board.

The Chairman directs the operations of the Board. He chairs each meeting of the Board and is responsible for the management and effective functioning of the Board and provides leadership to the Board in all matters. More specifically, the Chairman works in consultation with the members of senior management to, among other things, set the agenda for each Board meeting; ensures that the Board has all the information it needs to discuss the matters brought before it; and ensures that all of the Board's responsibilities, as set out in the Board mandate, are being fulfilled. The Chairman monitors the reports from the committees of the Board to ensure the committees are fulfilling the responsibilities delegated to them by the Board. The Chairman also chairs meetings of the unitholders and facilitates the response by management to unitholder concerns. The Chairman ensures that strategic plans are communicated to the Board and that such plans are evaluated as to their success.

The Board has also appointed an independent trustee, Mr. Daniel F. Sullivan, to serve as Lead Trustee. The Lead Trustee provides leadership to the Board and particularly to the independent trustees. He ensures that the Board operates independently of management and that the trustees have an independent leadership contact. The Lead Trustee chairs meetings of the independent trustees following each Board meeting and on other occasions as required or desirable. The Board maintains a position description for the Lead Trustee. The Lead Trustee meets periodically with the other independent trustees to obtain insight as to areas where the Board and its committees can operate more effectively and to ensure that the Board is able to discharge its responsibilities independent of management.

Trustee Independence

The mandate of the Board provides that the Board shall be comprised of a majority of independent trustees. The independence of each trustee is assessed by the Governance Committee with reference to the Governance Guidelines and the requirements set by the Canadian Securities Administrators in National Instrument 52-110 – *Audit Committees*. In determining independence, the Governance Committee determines whether a trustee has any material relationship with the Trust or its affiliates that could reasonably be expected to interfere with the exercise of such trustee's

independent judgment. Trustees who have a material relationship with the Trust, including management trustees, are not considered independent. This determination is conducted through a due diligence process that includes reviewing the following:

- each trustee's responses to a detailed annual questionnaire about their individual circumstances;
- biographical information;
- internal records and documents on relationships between a trustee and any entity affiliated with such trustee on one hand, and the Trust and its affiliated entities on the other hand; and
- discussions with the trustee as may be required.

When assessing materiality, the Governance Committee considers all relevant factors and circumstances including, without limitation, transactions between the Trust and the trustee directly, immediate family members of the trustee, or organizations with which the trustee is affiliated, and the frequency and dollar amounts associated with any such transactions. The Governance Committee has reviewed each existing and proposed trustee's factual circumstances and relationships with the Trust to determine whether he or she is independent within the meaning of the Governance Guidelines. The Governance Committee determined that seven of the nine nominees are independent. The Governance Committee reviews its findings with the Board.

The following trustee nominees were determined to be independent: Kerry D. Adams, Christie J.B. Clark, Graeme M. Eadie, Michelle Felman, Michael P. Kitt, Daniel F. Sullivan and Paul R. Weiss. The following trustee nominees were determined not to be independent because they have a material relationship with the Trust or its affiliates, as described below:

- Galen G. Weston, who is the Executive Chairman and President of Loblaw and a relative of Mr. W. Galen Weston, the Trust's ultimate controlling Unitholder; and
- John R. Morrison, who is President and Chief Executive Officer of the Trust.

The Trust has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Trust. The Chair of the Board and of each committee meet separately with the Board or committee members after each meeting without management's presence. The independent trustees typically meet separately following each Board and committee meeting and may meet on other occasions as required or desirable without the non-independent trustees or management's presence. Additional information relating to the trustees standing for election, including other public company boards on which they serve as well as their attendance record for all Board and committee meetings during 2014, can be found on pages 7 through 11 of this Circular.

The Board is confident that the current leadership structure ensures the appropriate level of oversight, independence and responsibility is applied to Board decisions. The Chair of the Governance Committee serves as the Lead Trustee. The Lead Trustee facilitates communication with the Board and presides over sessions where the independent trustees meet without the non-independent trustees, or where sessions when the Chairman is not present. The Lead Trustee, and each of the other trustees, communicate regularly with the Chairman regarding appropriate agenda topics and other Board related matters.

The Board is of the view that in a situation where the Chairman is related to the controlling Unitholder, a Lead Trustee that is independent works well in addressing any potential conflicts of interest between the Trust and the controlling Unitholder. The role of an independent Lead Trustee is needed to ensure that the interests of the Trust and of the minority Unitholders and other relevant stakeholders are protected. The Board's view on the effective role of an independent lead trustee has also been endorsed by leading corporate governance organizations.

Individual trustees may, with the approval of the Lead Trustee on behalf of the Governance Committee, retain an outside advisor at the expense of the Trust as necessary.

Board Committees

The Board has two standing committees: the Audit Committee and the Governance Committee.

Position Descriptions for the Chair of each Committee

The Chair of each committee is responsible for the leadership and effective functioning of the committee. Specifically, the Chair is responsible for the following: maintaining a productive and effective relationship between the committee and management of the Trust; ensuring the proper flow of information from the committee to the Board regarding the matters discussed and decisions taken at each committee meeting; reviewing the agenda for each meeting of the

committee to ensure that all appropriate matters are brought forward for discussion at the committee meeting; ensuring that the committee meets as frequently as is necessary and ensuring, with the assistance of management, that all proper materials and information are before the committee in connection with matters to be discussed at each meeting of the committee.

The following is a brief summary of some of the responsibilities of each committee.

Committee Membership

At least once a year, the Governance Committee will review the committee compositions and Chairs and table its recommendations to the Board for approval. The Board believes that the composition of its committees allows them to operate independently from management. All committees may engage outside advisors or consultants as necessary, and have the authority to approve fees for any such engagements.

The Audit and Governance Committees are comprised solely of independent trustees.

Committee Responsibilities

Each committee has a formal mandate and a position description for its Chair established by the Board. Each committee reviews its mandate and the position description annually to ensure they reflect best practices and address applicable regulatory requirements. The results of those reviews are presented to the Board for approval. Copies of the committees' mandates are available on the Trust's website at www.choicereit.ca.

Governance, Compensation and Nominating Committee

The Governance Committee assists the Board in its oversight responsibilities related to succession planning and compensation for trustees and senior management. The Governance Committee's responsibilities include:

- assessing the effectiveness of the Board, each of its committees and the individual trustees;
- overseeing the recruitment and selection of candidates as trustees of the Trust, other than the candidates nominated by Loblaw;
- organizing an orientation and education program for new trustees;
- overseeing the process of reviewing related party transactions;
- considering and approving proposals by the trustees to engage outside advisors on behalf of the Board as a whole or on behalf of the independent trustees;
- reviewing and making recommendations to the Board concerning any change in the composition or in the number of trustees composing the Board;
- considering questions of management succession;
- administering the Unit Option Plan, the employee Unit purchase plan, the DU Plan, the RU Plan and any other compensation incentive programs;
- assessing the performance of management of the Trust;
- reviewing and approving the compensation paid by the Trust to the officers of the Trust;
- reviewing and making recommendations to the Board concerning the compensation payable to the trustees of the Trust; and
- developing and implementing the Trust's governance practices and guidelines.

The Governance Committee, whose members are Daniel F. Sullivan (Chair), Kerry D. Adams, Christie J.B. Clark, Michelle Felman and Michael P. Kitt, had four meetings in 2014.

Audit Committee

The Audit Committee assesses and evaluates the integrity of the Trust's internal control over financial reporting and information systems. Although the Board oversees the Trust's ERM Program, it delegates the oversight of certain risks to the Audit Committee. The Audit Committee periodically reports to the Board on the oversight of such risks and on management's overall effectiveness in managing the ERM Program. The Audit Committee assists the Board in its oversight of the following:

- reviewing the Trust's procedures for internal controls over financial reporting with the Trust's Chief Financial Officer and external auditors;
- reviewing and approving the engagement of the external auditors;

- reviewing annual and quarterly consolidated financial statements and all other material continuous disclosure documents, including the Trust's annual information form and management's discussion and analysis;
- assessing the Trust's financial and accounting personnel;
- assessing the Trust's accounting policies;
- reviewing the Trust's risk management procedures;
- reviewing any significant transactions outside the Trust's ordinary course of business, including related party transactions, and any legal matters that may significantly affect the Trust's consolidated financial statements;
- receiving reports and plans from the internal audit services department of the Trust;
- overseeing the work and confirming the independence of the external auditors; and
- reviewing, evaluating and approving management's assessment and reporting on the effectiveness of internal controls and procedures and financial disclosure controls and reviewing any proposed corrective actions.

The Audit Committee, whose members are Paul R. Weiss (Chair), Kerry D. Adams, Graeme M. Eadie and Michael P. Kitt, had four meetings in 2014.

Ethical Business Conduct

The Trust's Code of Conduct (the "Code") reflects the Trust's commitment to high standards of ethical conduct and business practices. The Code is reviewed annually to ensure it is current and reflects best practices in the area of ethical business conduct and includes a strong "tone from the top" message. In 2014, the Trust conducted a review of the Code to ensure it continued to match the industry's best practices. The Code addresses, among other things, conflicts of interest, several compliance issues including compliance with laws, rules and regulations, confidentiality and fair dealing with the Trust's Unitholders, customers, suppliers and competitors and reporting of illegal or unethical behavior. All trustees, officers and employees of the Trust are required to comply with the Code and must acknowledge their commitment to abide by the Code on a periodic basis. The Audit Committee receives periodic reports on any compliance issues. In 2014, there were no material violations of the Code. The Code is available on the Trust's website at www.choicereit.ca.

Senior management review all material breaches of the Code, oversee the implementation of the Code and the education of employees regarding the Code. Senior management also review the Code annually to determine if it requires revision.

The Code also deals with conflicts of interest. Should a trustee, officer or employee have a conflict of interest with respect to any matter, that individual is required to bring the conflict to the attention of senior management and, if a trustee has a conflict with respect to any matter, he or she may not participate in any discussion and will abstain from voting on the matter. The Code also addresses such matters as the protection of confidential information and the protection and proper use of the Trust's assets.

The Trust encourages the reporting of violations and potential violations of the Code and has established an Integrity Action Line (or "whistleblower" line), a toll-free number that any employee or trustee may use to report conduct which he or she feels violates the Code or otherwise constitutes fraud or unethical conduct. A fraud reporting protocol has also been implemented to ensure that fraud is reported to senior management in a timely manner. In addition, the Audit Committee has endorsed procedures for the anonymous receipt, retention and handling of complaints regarding accounting, internal controls and auditing matters. Reports are received periodically by the Audit Committee regarding any concerns reported through any of these procedures. These procedures are available at www.choicereit.ca. The Secretary reports regularly to the Audit Committee regarding complaints received through the whistleblower procedures so that the Audit Committee can ensure that any complaints are handled appropriately.

Orientation and Continuing Education

The Governance Committee is responsible for overseeing the orientation of new trustees and the continuing education of current trustees about the business of the Trust. The Governance Committee will coordinate in-depth orientation sessions for new trustees. These sessions will include an overview of the Trust's history and operations, a review of industry conditions and an introduction to the Trust's senior management team. New trustees will be provided with a trustees' guide containing details of the Trust's operations, the structure and role of the Board and its committees, the Board's mandate, compliance requirements for trustees, organizational policies, as well as agendas and minutes from recent Board and committee meetings. New trustees will be provided with additional historical financial information, opportunities to visit the Trust's properties and site locations and opportunities for one-on-one meetings and discussions with the executive leadership team and other trustees.

All Board members participate in separate strategic meetings, including an annual off-site session with management. At this session, senior executives present a review of its activities and its outlook and strategies for the long-term. Such meetings may also include visits to the Trust's properties and development sites. Members of the Board may also participate periodically in senior executive meetings. The Governance Committee also receives periodic reports on regulatory developments and matters of general interest in the area of governance and executive compensation. As well, trustees are canvassed on specific topics relevant to the Board or to a specific committee that they would like to learn more about. These topics are included as part of the agenda for regularly scheduled Board and committee meetings. On an ongoing basis, as part of regular Board meetings, trustees are given presentations on various aspects of the Trust's operations and development opportunities.

Assessment of the Board and its Committees

This year, the Governance Committee undertook a review process to assess the performance and effectiveness of the Board and its committees. This process included a confidential questionnaire completed by each of the trustees soliciting feedback on matters, including the operation of the Board and its committees, the adequacy of information provided to trustees, Board structure and agenda planning for Board meetings. The survey results are reviewed by the Governance Committee and then presented to the full Board.

Each year, the Governance Committee reviews committee composition, recommends committee Chairs and takes recommendations to the Board for approval.

Each year, in addition to the assessment that the Governance Committee performs in connection with compensation matters, the Governance Committee assesses, with the participation of the entire Board, the performance of the Chairman of the Board and the President and Chief Executive Officer and reviews the results with the Board.

Board and Committee Tenure Policy

Choice Properties has a Board Tenure Policy which provides that the Chairman and the Governance Committee will undertake an assessment of a trustee's continued participation on the Board following the completion of a five-year term or upon reaching the age of 72, whichever occurs first. In addition, Choice Properties has established three-year terms for Committee chairs, subject to renewal. The Governance Committee, upon the advice and recommendation of the Chairman, may extend the term of any individual trustee or a trustee's term as Committee Chair, if it is considered to be in the best interests of Choice Properties.

Nomination of Trustees

The Governance Committee is responsible for the process of identifying prospective trustee nominees. The Governance Committee reviews the experience and performance of nominees for election to the Board. It also recommends the appointment of trustees to committees.

The Governance Committee reviews, at least annually, the appropriate size of the Board and whether any vacancies are expected due to retirement or otherwise. As part of this assessment, the Governance Committee reviews the skill set of current Board members to determine skills and experience to be considered when recruiting new trustee nominees. In the event that vacancies are anticipated or otherwise arise, the Governance Committee will consider candidates for Board membership. The members of the Board are canvassed with respect to potential candidates and each candidate will be evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could best complement the current Board. As part of this evaluation process, the Board is mindful of diversity considerations in terms of gender, experiences and perspectives, and recognizes the benefits of nominating diverse candidates for its Board. The Governance Committee also assesses any concerns relating to potential conflicts, independence, inter-locking board memberships and time commitments that the candidate may present. The Chair of the Board, the Chair of the Governance Committee, as well as other members of the Governance Committee will meet with the potential candidates to determine their interest, availability and suitability. On this basis, the Governance Committee then presents its list of potential candidates and recommendations to the Board. A continuous list of potential candidates is kept with the records of the Governance Committee.

Composition of the Governance Committee

Each member of the Governance Committee is an independent trustee. The Board believes that the presence of independent trustees on the Governance Committee and the alignment of interests described above ensure that objective compensation and nominating processes are in the interests of all Unitholders.

GOVERNANCE MATTERS***Disclosure Policy***

The Board has adopted a Disclosure Policy to deal with the timely dissemination of all material information. The Disclosure Policy, which is reviewed annually, establishes consistent guidance for determining what information is material and how to ensure that all material information is publicly disclosed on a timely basis to avoid selective disclosure. The Board, directly and through its committees, reviews and approves the content of major disclosure documents, including annual and interim consolidated financial statements, the Annual Report, the Annual Information Form, Management's Discussion and Analysis and the Management Proxy Circular. The Trust seeks to communicate to its Unitholders through these documents as well as by means of news releases, its website and investor relations calls and meetings.

Disclosure Committee

A Disclosure Committee comprised of the Trust's senior management of the Trust oversees the Trust's disclosure process as outlined in the Disclosure Policy. The Disclosure Committee's mandate includes ensuring that, effective controls and procedures are in place to allow the Trust to satisfy all of its continuous disclosure obligations, including evaluating events to determine whether they give rise to material information that must be publicly disclosed and reviewing all disclosure documents before they are presenting to the Audit Committee and the Board. In addition, the Disclosure Committee is also responsible for ensuring that the policies and procedures contained in the Disclosure Policy are in compliance with regulatory requirements.

The Trust's website, www.choicereit.ca, sets out governance information, including the Trust's Code of Conduct, Disclosure Policy and mandates of the Board and of its committees.

OTHER INFORMATION

TRUSTEE AND OFFICER LIABILITY INSURANCE

The Trust maintains insurance for the benefit of its trustees and officers, and the directors and officers of its subsidiaries, in respect of the performance by them of their duties. The Trust's annualized insurance premium in 2014 was \$128,494. The insurance limit is \$50 million per year on an aggregate basis or per occurrence basis. There is no deductible in the case of trustees and officers and a deductible of up to a maximum of \$250,000 for the Trust.

ADDITIONAL INFORMATION

The Trust is a reporting issuer under the applicable legislation of all of the provinces and territories of Canada and is required to file financial statements and information circulars with the various securities commissions. The Trust has filed its Annual Information Form with those securities commissions which, among other things, contained all of the disclosure required by Form 52-110F1 under National Instrument 52-110 – *Audit Committees*.

Financial information is provided in the Trust's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year. Additional information regarding the Trust can also be found at www.choicereit.ca and www.sedar.com or by dialing in for regularly scheduled conference calls.

Copies of the Trust's latest Annual Information Form, the Trust's 2014 Annual Report and this Circular may be obtained upon request from the Vice President, Investor Relations and Planning and Analysis of the Trust at 22 St. Clair, Suite 500, Toronto, Ontario, M4T 2S5.

CONTACTING THE BOARD OF TRUSTEES

Unitholders, employees and other interested parties may communicate directly with the Board through the Lead Trustee by writing to:

Lead Trustee
Choice Properties Real Estate Investment Trust
22 St. Clair Avenue East, Suite 500
Toronto, Ontario, M4T 2S5

BOARD APPROVAL

The contents and sending of this Circular to Voting Unitholders entitled to receive notice of the Meeting, to each trustee, to the external auditors of the Trust and to the appropriate government agencies have been approved by the Board.



Adam Walsh
Vice President, General Counsel and Secretary

Dated in Toronto, Ontario
March 19, 2015

SCHEDULE A

MANDATE OF THE BOARD OF TRUSTEES

1. ROLE

The role of the Board of Trustees (the “Board”) is to provide governance and stewardship to Choice Properties Real Estate Investment Trust (“Choice Properties” or the “Trust”). Its role is to review strategy, assign responsibility to management for achievement of that strategy, establish limitations on the authority delegated to management and monitor performance against approved objectives. In fulfilling this role, the Board regularly reviews management’s strategic plans so that they continue to be responsive to the changing business environment in which Choice Properties operates. The Board oversees Choice Properties’ approach to governance, succession planning, risk management activities, internal control over financial reporting, disclosure controls and procedures, and information systems. Through its oversight, the Board ensures that Choice Properties accurately and fairly reports financial and other information to unitholders, other stakeholders and the public. The Board is required to appoint officers. The Board satisfies itself as to the integrity of senior management, that Choice Properties engages in ethical and legal conduct and that senior management maintains a culture of integrity throughout Choice Properties.

2. RESPONSIBILITIES

To ensure that it fulfills its role, the Board will:

(a) Ensure Compliance with the Declaration of Trust

- Exercise its powers and take whatever actions as may be necessary or desirable in order to carry out the provisions of the Declaration of Trust.
- Ensure that the exercise of such powers or the taking of such actions is not inconsistent with the provisions of the Declaration of Trust.

(b) Define Unitholder Expectations and Monitor Performance

- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set strategic goals and objectives within this context.
- Monitor performance against both strategic goals and objectives of Choice Properties.

(c) Approve Strategic Goals, Performance Objectives and Operational Policies

The Board will review and, if advisable, approve broad strategic objectives and values against which the performance of Choice Properties will be measured. In this regard, the Board will:

- Approve long-term strategies.
- Review and approve management’s strategic and operational plans so that they are consistent with long-term goals.
- Oversee the development, execution and fulfillment of the Trust’s strategic plans and the operational policies within which management will operate.
- Approve significant acquisitions, sales of assets or units, and material financing arrangements.
- Review and approve the Trust’s distribution policy and approve the timing and payment of distributions.
- Set targets and budgets against which to measure executive performance and the performance of Choice Properties.
- Satisfy itself of the appropriateness of all executive and colleague compensation matters and that a portion of executive compensation is linked appropriately to the performance of Choice Properties.
- Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management.

(d) Delegate Management Authority to the President and Chief Executive Officer

- Delegate to the President and Chief Executive Officer the authority to manage and supervise the business of Choice Properties, including making any decisions regarding Choice Properties’ ordinary course of business and operations that are not specifically reserved to the Board under the terms of that delegation of authority.
- Determine what, if any, executive limitations may be required in the exercise of the authority delegated to management.

(e) Monitor Financial Disclosure

- Oversee Choice Properties' financial reporting and disclosure obligations in accordance with applicable law.
- Approve the Choice Properties financial statements, management's discussion and analysis and related releases.
- Oversee Choice Properties' compliance with applicable audit, accounting and reporting requirements, including in the areas of internal control over financial reporting and disclosure controls and procedures.

(f) Monitor Enterprise Risk Management Program

- Approve management's approach to enterprise risk management and its mitigation practices, including the identification, assessment and mitigation of the principal risks with a view to the long-term viability of Choice Properties and achieving a proper balance between the risks incurred and the potential return for unitholders.
- Satisfy itself as to the effective oversight of risk management of individual risks by the Board or by a Committee delegated by the Board, through the receipt of periodic reports from the Committee Chairs or management, as appropriate.

(g) Approve Related Party Transactions

- Approve all proposed material related party transactions and any related party transactions that are not dealt with by a "special committee" of independent trustees pursuant to applicable securities legislation.

(h) Oversee Effective External Communications

- Satisfy itself that there is effective communication between the Board and the Choice Properties unitholders, other stakeholders and the public.
- At least annually, with the assistance of the Audit Committee, review and approve any material changes to the Choice Properties disclosure policy.

(i) Monitor Governance of Choice Properties

- Develop, and monitor compliance with, a set of governance principles and guidelines.
- Appoint a Lead Trustee who is independent to provide leadership to the Board and the independent trustees, including presiding over meetings or sessions of the non-management trustees and consulting with the Chairman of the Board on any matters arising out of such sessions.
- Ensure that independent trustees hold regular meetings without the attendance of management or non-independent trustees.
- On the recommendation of the Governance, Compensation and Nominating Committee, approve the appointment of trustees or recommend the election of trustee nominees to the Board at the annual general meeting of unitholders.
- Review the Board's mandate on an annual basis and make appropriate revisions.
- Develop, adopt and regularly review position descriptions for the Chairman of the Board, the Lead Trustee and the chair of each committee of the Board.
- Assess the effectiveness and performance of the Board and its committees as well as their individual members.
- Oversee significant compensation decisions for the trustees and for senior executive management.

(j) Monitor Social Responsibility, Integrity and Ethics of Choice Properties

- Ensure that senior executives maintain a culture of integrity throughout Choice Properties.
- Adopt a written code of conduct which is applicable to employees, officers and trustees, and monitor compliance with the code.
- Monitor and receive periodic reports on policies and practices related to social responsibility of Choice Properties.

3. COMPOSITION

The Board shall be comprised of a majority of independent trustees. For this purpose, a trustee is independent if he or she would be Independent within the meaning of the applicable Canadian securities laws, as the same may be amended from time to time. The Board is responsible for the composition and organization of the Board, including: the number, qualifications and remuneration of trustees; the number of Board meetings; quorum requirements; and meeting procedures. The Board shall ensure that due notice of meetings is provided as required by applicable law and the Declaration of Trust, subject to any exemptions or relief that may be granted from such requirements.

4. COMMITTEES

The Board may establish committees of the Board where required or prudent. The Board may delegate to such committees matters for which the Board is responsible, including the approval of Board and management compensation, the conduct of performance evaluations and oversight of internal controls, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities. The Board has established the following committees:

- the Audit Committee (comprised entirely of independent trustees); and
- the Governance, Compensation and Nominating Committee (comprised entirely of independent trustees).

The Board shall provide a forum for discussion and reporting of all matters considered by the committees. Circumstances may warrant the establishment of new committees, the disbanding of current committees or the reassignment of authority and responsibilities amongst committees. The authority and responsibilities of each committee are set out in a written mandate approved by the Board. At least annually, each mandate shall be reviewed and, on the recommendation of the Governance, Compensation and Nominating Committee, approved by the Board. Each Committee Chair shall provide a report to the Board on material matters considered by the Committee at the next regular Board meeting following such Committee's meeting.

5. ORIENTATION AND CONTINUING EDUCATION

With the Governance, Compensation and Nominating Committee, the Board shall ensure that all trustees receive a comprehensive orientation program and continuing education in connection with their role, responsibilities, the business of Choice Properties, and the skills they must use in their roles as trustees.

6. EQUITY OWNERSHIP BY TRUSTEES

The Board shall oversee trustees' compliance with Choice Properties' Equity Ownership Policy.

Choice
Properties^{REIT}