



MANAGEMENT PROXY CIRCULAR

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

APRIL 25, 2017

THIS DOCUMENT CONTAINS:
NOTICE OF ANNUAL MEETING OF UNITHOLDERS
MANAGEMENT PROXY CIRCULAR

MANAGEMENT PROXY CIRCULAR

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March 10, 2017

Dear Fellow Unitholder,

On behalf of the Board and management, I am pleased to invite you to our Annual Meeting of Unitholders, which will be held on Tuesday, April 25, 2017, at 11:00 a.m. (Toronto time) at the St. Andrew's Club & Conference Centre, Garden Suite, 150 King Street West, 16th Floor, Toronto, Ontario, Canada.

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. I 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.

I 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.

I also wanted to take this opportunity to announce that I will be stepping down as Chairman at the Annual Meeting of Unitholders. The Board's intention is to appoint Anthony R. Graham to succeed me. It has been my pleasure to serve as Chairman since the IPO of Choice Properties in 2013 and I would like to express my sincere appreciation to all my fellow Board members and the dedicated and talented leadership team and employees at Choice Properties. I am delighted that the Board intends to appoint Anthony R. Graham to be Choice Properties' next Chairman. Anthony has worked closely with our Group of Companies and my family for many years and I am confident that his real estate knowledge and extensive leadership experience in both board and management positions will be invaluable to the future growth of the Trust.

Thank you for your continued support of Choice Properties and I 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 MEETING OF UNITHOLDERS

The 2017 Annual Meeting of Unitholders (the "Meeting") of Choice Properties Real Estate Investment Trust ("Choice Properties" or the "Trust") will be held at the St. Andrew's Club & Conference Centre, Garden Suite, 150 King Street West, 16th Floor, Toronto, Ontario, Canada, on Tuesday, April 25, 2017 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, 2016, and the external auditor's report;
- B. to elect members of the Board of Trustees of Choice Properties (see "Elect the Board of Trustees" in the Management Proxy Circular for additional details);
- C. to appoint the external auditor and to authorize the trustees to fix the external auditor's remuneration (see "Appoint the External Auditor" in the Management Proxy Circular for additional details); and
- D. to transact such other business as may properly be brought before the Meeting or any reconvened meeting.

Record Date

Only unitholders of record at the close of business on March 2, 2017 are entitled to vote at the 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"). Under the notice-and-access procedure, you will receive a form of proxy (or voting instruction form) enabling you to vote at the meeting. However, instead of paper copies of the Circular, you will receive this Notice of Meeting which contains information about how to access the Circular 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 will receive 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 "Trust 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 Trust Units, the "Units") provide additional information concerning the matters to be dealt with at the meeting. **You should access and review all the information contained in the Circular before voting.**

Unitholders with questions about the notice-and-access procedures can call Broadridge Investor Communications Corporation ("Broadridge") 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.

How to Obtain Paper Copies of the Circular

All holders of Units 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.

Beneficial and Registered Unitholders

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

- You are a beneficial unitholder (also known as a non-registered unitholder) if you own Trust Units indirectly and your Trust Units are registered in the name of a bank, trust company, broker or other intermediary. For example, you are a beneficial unitholder if your Trust 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).

If you are a beneficial unitholder, requests for paper copies of the Circular may be made by going to www.proxyvote.com and entering the 16-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. If you are a registered unitholder, then requests may be made by calling CST Trust Company ("CST") at 1-888-433-6443 or emailing fulfilment@canstockta.com.

All requests must be received by April 12, 2017 (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)

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 such 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 by voting via the Internet, or voting by telephone, in accordance with the directions on the form. CST must receive completed proxies not later than 5:00 p.m. (Toronto time) on April 21, 2017 or, if the meeting is adjourned or postponed, two business days before the meeting is reconvened.

By Order of the Board of Trustees,



Adam Walsh
Vice President, General Counsel and Secretary

March 10, 2017
Toronto, Ontario

VOTING INFORMATION

ABOUT THIS CIRCULAR AND RELATED PROXY MATERIALS

This Management Proxy Circular (the “Circular”) and other proxy materials are being provided in connection with the 2017 Annual Meeting of Unitholders (the “Meeting”) of Choice Properties Real Estate Investment Trust (“Choice Properties” or the “Trust”) to be held on Tuesday, April 25, 2017, at 11:00 a.m. (Toronto time) at the St. Andrew’s Club & Conference Centre, Garden Suite, 150 King Street West, 16th 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, 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 2, 2017 and all dollar amounts used are in Canadian dollars.

NOTICE-AND-ACCESS

Choice Properties is using the notice-and-access procedure that allows it 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) at www.choicereit.ca; and (ii) sending the Notice of Meeting informing holders of units of the Trust (the “Trust 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, with the Trust Units, the “Units” and the holders of the Units are the “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 17, 2017, Choice Properties will send to the Unitholders the Notice of Meeting and the relevant voting document (a voting instruction form or a form of proxy). 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 REGARDING THE VOTING PROCESS

Q: What items of business am I voting on?

A: You will be voting on:

- the election of trustees; and
- the appointment of the external auditor and authorization of the trustees to fix the external auditor’s remuneration.

Q: Am I entitled to vote?

A: You are entitled to vote if you were a Unitholder as at the close of business on March 2, 2017, which was the record date of the Meeting. As at March 2, 2017, Choice Properties had 92,844,280 Trust Units outstanding and 317,988,505 Special Voting Units outstanding, each carrying the right to one vote per Trust 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 Trust Units on a per Trust 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 beneficial Unitholder. Please read the voting instructions below that are applicable to you.

Q: Am I a registered Unitholder?

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

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

A: Most Unitholders are beneficial Unitholders. You are a beneficial Unitholder if your Trust Units are held in an account in the name of an intermediary, such as a bank, broker or trust company. As a beneficial Unitholder, you do not have a unit certificate registered in your name, but your ownership interest in Trust Units is recorded in an electronic system. As such, you are not identified on the unit register maintained by CST as being a Unitholder. Instead, Choice Properties' unit register shows the holder of your Trust Units as being the intermediary or depository through which you own your Trust 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 beneficial Unitholders. Intermediaries often forward the materials to beneficial Unitholders through a service company (such as Broadridge Investor Communications Corporation). The Trust pays for an intermediary to deliver the proxy-related materials to all non-registered Unitholders.

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

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

1. Voting at the Meeting

If you wish to vote your Units in person at the Meeting, do not complete or return the form of proxy sent to you by CST. 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 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 form of proxy to vote your Units, or you may appoint another person to be your proxyholder. The names already inserted on the form of proxy are Daniel F. Sullivan, Lead Trustee of Choice Properties and Adam Walsh, Vice President, General Counsel and Secretary of Choice Properties. Unless you choose another person to be your proxyholder, you are giving these persons the authority to vote your Units at the Meeting.

To appoint another person to be your proxyholder, you must insert the other person's name in the blank space provided. That person must be present at the Meeting to vote your 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, Ontario M1S 0A1, no later than 5:00 p.m. (Toronto time) on April 21, 2017, or two business days before the convening of any adjourned or postponed Meeting.

Q: How do I vote if I am a beneficial Unitholder?

A: If you are a beneficial Unitholder, you may vote your Trust Units in one of the following ways:

1. Through your intermediary

A voting instruction form will be included with the materials sent to you by your intermediary. 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. By attending the Meeting

If you wish to vote your Trust Units in person at the Meeting, please take the following 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. By designating another person to be appointed as your proxyholder

You can choose another person (including someone who is not a 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: How will my Units be voted?

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

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

- **FOR the election of the trustees; and**
- **FOR the re-appointment of KPMG LLP as the external auditor of Choice Properties and the authorization of the trustees to fix the external auditor's remuneration.**

Q: Can I revoke my proxy or voting instruction?

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

If you are a **registered 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 21, 2017, or two business days before an adjourned or postponed Meeting is reconvened;
- you (or your attorney, if authorized in writing) may sign a written notice of revocation addressed to the Secretary of Choice Properties and deposit it 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 or postponement of the Meeting, at which the proxy is to be used.

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 or postponed 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 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 Units will be voted in accordance with the best judgment of the Trust representative.

GENERAL INFORMATION

Q: How many Units are entitled to be voted?

A: The board of trustees of Choice Properties (the “Board” or “Board of Trustees”) fixed March 2, 2017 as the record date for the purpose of determining those Unitholders entitled to vote at the Meeting. On March 2, 2017, there were 92,844,280 Trust Units and 317,988,505 Special Voting Units outstanding. Each Trust 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: Votes cast in advance by way of proxy and, for any matter for which a vote is taken at the Meeting by ballot, the votes cast regarding such matter, 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 beneficial 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 on the Trust’s 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 2, 2017, the record date for the Meeting, there were 92,844,280 Trust Units outstanding. Loblaw beneficially owned 21,500,000 Trust Units and 317,988,505 Special Voting Units, representing an 82.6% effective interest in the Trust. In addition, George Weston Limited ("Weston"), Loblaw's controlling shareholder, through certain subsidiaries, owned a total of 24,208,378 Trust Units, representing a 5.89% effective interest in the Trust. W. Galen Weston, the controlling shareholder of Weston, also beneficially owned 75,000 Trust Units representing a 0.02% effective interest in the Trust as at March 2, 2017.

As of March 2, 2017, W. Galen Weston beneficially owned, directly and indirectly through companies which he controls, including Wittington Investments, Limited, a total of 80,773,740 Weston common shares, representing approximately 63% of Weston's outstanding common shares. As of March 2, 2017, Weston beneficially owned, directly and indirectly, a total of 187,815,136 Loblaw common shares, representing approximately 46.85% of Loblaw's outstanding common shares. As of March 2, 2017, W. Galen Weston beneficially owned 5,096,189 Loblaw common shares, representing approximately 1.27% 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 Trust Units or Special Voting Units.

BUSINESS TO BE TRANSACTED AT THE MEETING

The following business will be transacted at the Meeting:

1. RECEIVE THE FINANCIAL STATEMENTS

Management will present Choice Properties' annual audited consolidated financial statements at the Meeting and Unitholders and proxyholders will be given an opportunity to discuss the financial results with management.

2. ELECT THE BOARD OF TRUSTEES

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

3. APPOINT THE EXTERNAL AUDITOR

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

RECEIVE THE FINANCIAL STATEMENTS

Choice Properties' annual audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2016, together with the external auditor's report will be placed before the Unitholders at the Meeting. These documents are included in Choice Properties' 2016 Annual Report. Copies of the 2016 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 2016 Annual Report in English or French is also available under the Trust's SEDAR profile at www.sedar.com and on the Trust's website at www.choicereit.ca.

ELECT THE BOARD OF TRUSTEES

The Board has determined that nine trustee nominees will be elected to the Board at the Meeting. Mr. Galen G. Weston will not be standing for re-election at the Meeting. Mr. Anthony R. Graham will be standing for election at the Meeting. If elected, the Board intends to appoint Mr. Anthony R. Graham as Chairman following the Meeting.

All nominees have established their eligibility and willingness to serve on the Board for the next annual term. 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, a proxyholder may vote for another nominee at the proxyholder's discretion. At the Meeting, the trustee nominees will be voted on individually, and, in accordance with applicable Canadian securities legislation, 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.

The trustee nominee profiles, starting on page 9, describe each trustee's experience and other important information to consider, including how much equity he or she owns in the Trust and any other public company boards on which he or she serves. The trustee nominees have been selected based on their collective ability to address the broad range of issues the Board considers when overseeing the Trust's business and affairs.

Independence

Seven of the nine nominated trustees are independent and none of these independent trustees has ever served as an executive of the Trust.

Skills

Each trustee has a wealth of experience in leadership and strategic planning and collectively they possess the skills and expertise that enable the Board to carry out its responsibilities. The skills matrix set out below, which is reviewed annually, 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. Although the trustees have a breadth of experience in many of the areas, the skills matrix lists eight important qualifications determined by the Board and highlights five key skills of each trustee. This is not intended to be an exhaustive list of each trustee's skills.

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

In addition to the skills set out above, each trustee was selected as a nominee because of his or her key leadership attributes. The trustee nominees have demonstrated informed judgment, knowledge of important business issues and a commitment to operational excellence. Once elected, each trustee is expected to act ethically and with integrity. Trustees must understand the Trust's strategic objectives and values. Trustees are expected to prepare for and actively participate in Trust and committee meetings. They must understand the Trust's governance policies and practices and comply with the Trust's Code of Conduct.

Trustee Tenure

Choice Properties has in place a Board Tenure Policy with the goal of fostering ongoing renewal of its Board members. The Policy 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, the Trust has 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 the Trust's formal Board Tenure Policy, the Governance Committee:

1. undertakes 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 competencies and experience;
3. annually reviews Board Chairs and Committee memberships with a view to balancing the desire for fresh perspectives with the need for experience and subject matter expertise; and
4. provides disclosure in the Circular of trustee tenure, the evaluation process and applicable turnover with an explanation of how the Trust's approach ensures diversity of skills, experience and background.

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 by the Governance Committee and subsequently discussed with the 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.

Majority Voting

The members of the Board are elected annually by the Unitholders. In 2016, each trustee who stood for election at the Annual Meeting received votes in favour from at least 99% of the total votes cast.

The Board has established a Majority Voting Policy. Under the policy, the Governance Committee reviews and considers the voting results for each trustee nominee after the Meeting. Any nominee proposed for election as a trustee in an uncontested election who receives a greater number of votes withheld than votes in favour of their election must promptly tender his or her resignation to the Chairman of the Board. In such circumstances, the Governance Committee will expeditiously consider the trustee's offer to resign and make a recommendation to the Board on whether it should be accepted in line with regulatory requirements. The Board will have 90 days to make a final decision and will promptly announce that decision (including, if applicable, the reasons for rejecting the resignation) through a news release. Any such resignation will take effect on acceptance by the Board. Any trustee who tenders his or her resignation will not participate in any meeting of the Board or any sub-committee of the Board at which the resignation is considered. This policy applies only to uncontested elections of trustees where the number of nominees is equal to the number of trustees to be elected.

Trustee Interlock Policy

The Board has established a Trustee Interlock Policy with the aim of ensuring that interlocking trustee relationships will not adversely affect the relevant trustee's independent judgement. The Board determines that an "interlock" occurs when more than two Board members are also fellow board members of another publicly listed issuer. The Trustee Interlock Policy prohibits an interlock unless otherwise approved by the Governance Committee. The Governance Committee will review all interlocks and determine if the interlock adversely affects the ability of the relevant trustees to exercise their independent judgement. The policy does not apply to the Chairman of the Board or any management trustees.

Trustee Profiles

The following is a summary of relevant biographical and compensation information of each trustee nominee, including a description of his/her background and experience; year first elected or appointed as a trustee; age; meeting attendance record; other boards on which he or she sits; and trustee fees received. The equity holdings of each trustee nominee in the Trust as of March 2, 2017 and March 2, 2016, consisting of Trust Units and Deferred Units ("DUs"), is also indicated.

The persons designated in the form of proxy (or voting instruction form) intend to vote **FOR** the election of the nominees listed below.



Kerry D. Adams F.C.A., F.C.P.A., 64

Toronto, Ontario, Canada

Trust Board Details:

- Trustee since 2013
- Independent

Ms. Adams serves as President of K. Adams & Associates Limited. She is the Chair of the Scotia Institutional Real Estate Inc. Advisory Committee.

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.

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, the 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.

Board/Committee Membership		Attendance	Attendance Total		Trustee Fees Received ⁽¹⁾	
Board		8/8	17/17	100%	Year	Amount
Audit Committee		4/4			2016	\$135,000
Governance Committee		5/5			2015	\$129,000
Equity Ownership						
Year	Trust Units	DUs	Total Trust Units and DUs	Total Market Value of Trust Units and DUs ⁽²⁾	Minimum Equity Ownership	In Progress/Satisfies Unit Ownership Guidelines
2016	25,000	33,553	58,553	\$829,110	\$360,000	Yes
2015	25,000	24,648	49,648	\$630,530		
Current Public Board Memberships			Public Board Interlocks			
			Trustee		Board	
-						
Past Public Board Memberships in Last Five Years						
Primaris Real Estate Investment Trust			2007 to 2013			



Christie J.B. Clark F.C.A., F.C.P.A., 63

Toronto, Ontario, Canada

Trust Board Details:

- Trustee since 2013
- Independent

Mr. Clark, a corporate director, is 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.

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.

In addition to his public company board memberships listed below, Mr. Clark is a member of the Board of the Canadian Olympic Committee and a member of the Advisory Council of the Stephen J.R. Smith School of Business at Queen's University.

Board/Committee Membership		Attendance	Attendance Total		Trustee Fees Received ⁽¹⁾	
Board		8/8	13/13	100%	Year	Amount
Governance Committee		5/5			2016	\$122,000
					2015	\$116,000
Equity Ownership						
Year	Trust Units	DUs	Total Trust Units and DUs	Total Market Value of Trust Units and DUs ⁽²⁾	Minimum Equity Ownership	In Progress/Satisfies Unit Ownership Guidelines
2016	26,434	4,690	31,124	\$1,332,196 ⁽³⁾	\$360,000	Yes
2015	25,300	-	25,300	\$1,206,798		
Current Public Board Memberships			Public Board Interlocks			
			Trustee		Board	
Loblaw Companies Limited			2011 to present			
Air Canada			2013 to present			
Hydro One Limited/Hydro One Inc.			2015 to present			
Past Public Board Memberships in Last Five Years						
Brookfield Office Properties Inc.			2012 to 2014			
IGM Financial Inc.			2012 to 2014			

 <p>Graeme M. Eadie 64 Toronto, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee since 2013 Independent 		<p>Mr. Eadie is the Senior Managing Director, Global Head of Real Assets for the 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.</p> <p>Mr. Eadie graduated from the University of British Columbia with a B.Comm. and Master of Science in Business Administration.</p> <p>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.</p>							
Board/Committee Membership		Attendance		Attendance Total		Trustee Fees Received ⁽¹⁾			
Board		7/8		11/12	92%	Year		Amount	
Audit Committee		4/4				2016		\$119,000	
						2015		\$117,000	
Equity Ownership									
Year	Trust Units	DUs	Total Trust Units and DUs	Total Market Value of Trust Units and DUs ⁽²⁾		Minimum Equity Ownership	In Progress/Satisfies Unit Ownership Guidelines		
2016	10,000	-	10,000	\$141,600		\$360,000	Yes ⁽⁴⁾		
2015	10,000	-	10,000	\$127,000					
Current Public Board Memberships				Public Board Interlocks					
Alliance Shopping Centers S.A.				2013 to present		Trustee		Board	
-				-		-		-	
Past Public Board Memberships in Last Five Years									

 <p>Michelle Felman 54 Westport, Connecticut, United States</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee since 2013 Independent 		<p>Ms. Felman is currently a director of Partners Group Holding AG, a global private equity firm based in Zug, Switzerland, and serves as Chair of its Investment Oversight Committee. Ms. Felman is also a former Executive Vice President, Acquisitions of Vornado Realty Trust ("Vornado"). 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.</p> <p>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 was an adjunct professor for four years. She is currently an adjunct professor at Columbia University.</p> <p>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.</p>							
Board/Committee Membership		Attendance		Attendance Total		Trustee Fees Received ⁽¹⁾			
Board		7/8		12/13	92%	Year		Amount	
Governance Committee		5/5				2016		\$120,000	
						2015		\$112,000	
Equity Ownership									
Year	Trust Units	DUs	Total Trust Units and DUs	Total Market Value of Trust Units and DUs ⁽²⁾		Minimum Equity Ownership	In Progress/Satisfies Unit Ownership Guidelines		
2016	25,000	40,483	65,483	\$927,239		\$360,000	Yes		
2015	25,000	29,683	54,683	\$694,474					
Current Public Board Memberships				Public Board Interlocks					
Partners Group Holding AG				2016 to present		Trustee		Board	
-				-		-		-	
Past Public Board Memberships in Last Five Years									

	<p>Anthony R. Graham 60 Toronto, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee Nominee Non-Independent 	<p>Mr. Graham is Vice Chairman and a director of Wittington Investments, Limited and also President and Chief Executive Officer of Sumarria Inc. He is a former Vice Chairman and director of National Bank Financial.</p> <p>In addition to the public companies listed below, Mr. Graham is a director of Graymont Limited, Wittington Properties Limited, Selfridges Group Limited and Grupo Calidra, S.A. de C.V. Mr. Graham is also a former Chairman and director of President's Choice Bank.</p> <p>Mr. Graham was awarded an Honorary Doctor of Laws degree from Brock University.</p> <p>Mr. Graham serves as Chairman of the Ontario Arts Foundation and the Shaw Festival Theatre Endowment Foundation. He also serves as Vice Chairman of Business for the Arts, and as a director of the Art Gallery of Ontario, Canadian Institute for Advanced Research, Luminato Festival, St. Michael's Hospital and the Trans Canada Trail Foundation.</p>
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Equity Ownership						
Year	Trust Units	DUs	Total Trust Units and DUs	Total Market Value of Trust Units and DUs ⁽²⁾	Minimum Equity Ownership	In Progress/ Satisfies Unit Ownership Guidelines ⁽⁵⁾
2016	0	0	0	\$0	N/A	N/A
Current Public Board Memberships			Public Board Interlocks			
			Trustee		Board	
Power Corporation of Canada			2001 to present			
Power Financial Corporation			2001 to present			
Past Public Board Memberships in Last Five Years			-			
George Weston Limited			1996 to 2016			
Loblaw Companies Limited			1999 to 2015			

	<p>Michael P. Kitt 51 Toronto, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee since 2013 Independent 	<p>Mr. Kitt is the Executive Vice President and Chief Financial Officer of Oxford Properties Group. Previously, Mr. Kitt held the positions of Executive Vice President, Canada and Executive Vice President, Global Development at Oxford Properties. 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>
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Board/Committee Membership	Attendance	Attendance Total		Trustee Fees Received ⁽¹⁾		
		Year	Amount			
Board	8/8					
Audit Committee	4/4	17/17	100%	2016	\$135,000	
Governance Committee	5/5			2015	\$129,000	
Equity Ownership						
Year	Trust Units	DUs	Total Trust Units and DUs	Total Market Value of Trust Units and DUs ⁽²⁾	Minimum Equity Ownership	In Progress/ Satisfies Unit Ownership Guidelines
2016	50,000	45,420	95,420	\$1,351,147	\$360,000	Yes
2015	50,000	33,281	83,281	\$1,057,669		
Current Public Board Memberships			Public Board Interlocks			
			Trustee		Board	
-			-			
Past 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 60 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, served on the Executive Committee and is currently 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 ⁽¹⁾	
Board		7/7		7/7	100%	Year	Amount
						2016	-
						2015	-
Equity Ownership							
Year	Trust Units	DUs	Total Trust Units and DUs	The value of Mr. Morrison's current eligible holdings is \$4,425,114. Mr. Morrison is subject to the Unit Ownership Guidelines. For details relating to his equity-based unit ownership as an executive, please see the table on page 44.			
2016	100,000	-	100,000				
2015	100,000	-	100,000				
Current Public Board Memberships				Public Board Interlocks			
Automotive Properties REIT				2015 to present		Trustee	Board
						-	-
Past Public Board Memberships in Last Five Years							
Primaris Real Estate Investment Trust				2010 to 2013			

 <p>Daniel F. Sullivan 74 Toronto, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> • Trustee since 2013 • Independent • Lead Trustee 		<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>					
Board/Committee Membership		Attendance		Attendance Total		Trustee Fees Received ⁽¹⁾	
Board		8/8				Year	Amount
Governance Committee (Chair)		5/5		13/13	100%	2016	\$148,000
						2015	\$142,000
Equity Ownership							
Year	Trust Units	DUs	Total Trust Units and DUs	Total Market Value of Trust Units and DUs ⁽²⁾	Minimum Equity Ownership	In Progress/ Satisfies Unit Ownership Guidelines	
2016	10,000	25,419	35,419	\$501,533	\$360,000	Yes	
2015	10,000	18,673	28,673	\$364,147			
Current Public Board Memberships				Public Board Interlocks			
Allied Properties Real Estate Investment Trust				2005 to present		Trustee	Board
Crius Energy Trust				2012 to present			
						-	-
Past Public Board Memberships in Last Five Years							

 <p>Paul R. Weiss F.C.A., F.C.P.A., 69 Niagara-on-the-Lake, Ontario, Canada</p> <p>Trust Board Details:</p> <ul style="list-style-type: none"> Trustee since 2013 Independent 		<p>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 Audit Practice. Earlier in his career, Mr. Weiss was responsible for KPMG LLP Canada's Real Estate Practice.</p> <p>Mr. Weiss graduated from Carleton University with a B.Comm. and is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.</p> <p>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 of Soulpepper Theatre Company and past Chairman of Toronto Rehab Foundation.</p>							
Board/Committee Membership		Attendance		Attendance Total		Trustee Fees Received ⁽¹⁾			
Board		8/8		12/12		100%			
Audit Committee (Chair)		4/4				Year		Amount	
						2016		\$136,000	
						2015		\$132,000	
Equity Ownership									
Year	Trust Units	DUs	Total Trust Units and DUs	Total Market Value of Trust Units and DUs ⁽²⁾		Minimum Equity Ownership	In Progress/Satisfies Unit Ownership Guidelines		
2016	5,000	24,293	29,293	\$414,789		\$360,000	Yes		
2015	5,000	19,427	24,427	\$310,223					
Current Public Board Memberships				Public Board Interlocks					
				Trustee		Board			
Bell Canada				2009 to present					
BCE Inc.				2009 to present					
Torstar Corporation				2009 to present					
Past Public Board Memberships in Last Five Years									
-				-					

- "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.
- "Total Market Value of Trust Units and DUs" for non-management trustees is calculated for 2016 based on the closing price of the Trust Units on the TSX on March 2, 2017, which was \$14.16 and for 2015, based on the closing price of the Trust Units on the TSX on March 2, 2016, which was \$12.70.
- Mr. Clark held 26,434 Trust Units and 4,690 DUs as of March 2, 2017, 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 was \$1,332,196 based on the March 2, 2017 closing price for the Trust Units on the TSX which was \$14.16 and the closing price of the Loblaw common shares on the TSX which was \$69.92.
- Pursuant to the Trust's Unit Ownership Guidelines, the current trustees have until July 2017 to satisfy the minimum level of equity ownership required in 2016. As a result of the increase in the trustee's annual retainer, the ownership requirement increased to \$432,000. The current trustees have until January 2021 to satisfy the incremental amount of the minimum level of equity ownership required.
- If elected, Mr. Graham will have four years to satisfy the Trust's Unit Ownership Guidelines.

Meeting Attendance

The following table provides a summary of each trustee's attendance at Board and committee meetings in 2016:

Name	Board (8 meetings)	Audit Committee (4 meetings)	Governance Committee (5 meetings)	Overall Attendance	
Kerry D. Adams	8/8	4/4	5/5	17/17	100%
Christie J.B. Clark	8/8	—	5/5	13/13	100%
Graeme M. Eadie	7/8	4/4	—	11/12	92%
Michelle Felman	7/8	—	5/5	12/13	92%
Michael P. Kitt	8/8	4/4	5/5	17/17	100%
John R. Morrison	7/7 ⁽¹⁾	—	—	7/7	100%
Daniel F. Sullivan	8/8	—	5/5	13/13	100%
Paul R. Weiss	8/8	4/4	—	12/12	100%
Galen G. Weston	8/8	—	—	8/8	100%
TOTAL	97%	100%	100%	98%	

(1) There was one separately scheduled meeting of non-management trustees in 2016, which Mr. Morrison did not attend.

TRUSTEE COMPENSATION

Trustee compensation 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. The trustee compensation program is designed to attract and retain committed and qualified trustees and align their compensation with the long-term interests of Unitholders. To achieve these objectives, trustees are generally required to take \$50,000 of their board retainer in the form of DUs. Trustees who are executives of the Trust receive no compensation for their service as a Trustee.

Trustee Deferred Unit Plan

A DU represents a right to receive, at the trustee's option, one Trust Unit or a cash amount equal to the value of one Trust Unit. Generally, trustees receive \$50,000 of their annual retainer in the form of DUs. Trustees have the option to receive up to 100% of all fees that are otherwise payable in cash in the form of 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 Trust Unit on the TSX for the five trading days prior to the date of the award. 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 Trust Units are credited to a 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 additional DUs credited to a trustee's account are calculated by multiplying the aggregate number of DUs held by such trustee on the relevant distribution record date by the amount of cash distributions paid on each Trust Unit, and dividing the result by the volume-weighted average trading price of a Trust Unit on the TSX for the five trading days prior to such payment date.

The maximum number of Trust Units issuable pursuant to the DU Plan at any time cannot exceed 4,075,000 Trust Units, representing approximately 4.38% of the issued and outstanding Trust Units as of March 2, 2017. As of March 2, 2017, there were 220,806 DUs outstanding, representing approximately 0.2% of the issued and outstanding Trust Units as of that date. The aggregate number of Trust 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 Units during such period or at such time, as applicable.

DUs vest immediately on 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 a trustee's term as a Board member. Following cessation of Board service, settlement of DUs will be made either in Trust Units or in cash at the election of the trustee. 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, he or she will be deemed to have elected to receive Trust Units as of that date. In the event of any consolidation, subdivision or reclassification of the Trust 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. Any amendment to the DU Plan that would: (a) result in any increase in the number of Trust 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 of the DU Plan, is subject to the approval of the Unitholders.

Without limitation, the Governance Committee may, without obtaining the approval of the 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 trustees.

Unit Ownership Guidelines

The Board believes that it is important that trustees demonstrate their commitment to the Trust through Trust Unit ownership. In that regard, the Board has established Unit Ownership Guidelines for non-management trustees. Under these Guidelines, non-management trustees are expected to hold Trust 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 2016. For purposes of the Guidelines, securities are valued at their market value and trustees are expected to satisfy the required level of Trust Unit ownership within four years of initially being elected or appointed to the Board.

The market value of the Trust Units and DUs held by each trustee as at March 2, 2017 can be found under "Nominees for Election to the Board of Trustees" on pages 9 to 13. All trustees either satisfy 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 Unit Ownership Guidelines applicable to executives, described on page 44.

Trustee Compensation Review

In 2016, management undertook a review of the trustees' compensation which had been initially set when Choice Properties was created in 2013. The purpose of the review was to ensure that the trustees were being compensated competitively with market practices. Although management did not identify a median or percentile as a target for the total compensation paid to the trustees, the thirteen real estate investment trusts ("REITs") and real estate companies listed below were chosen as the comparator group because, in management's estimation, they are generally representative of the REITs/real estate companies that compete for the relevant trustee talent pool in Canada. As part of this review, management analyzed: (i) the amount of the base retainer; (ii) committee and chair fees; (iii) per meeting fees; and (iv) minimum share/unit ownership requirements. The results of the review showed that the trustees' compensation was competitive relative to the comparator group.

Comparator Group		
Allied Properties REIT	Artis REIT	Brookfield Canada Office Properties
Canadian REIT	CT REIT	Cominar REIT
Crombie REIT	Dream Office REIT	First Capital Realty Inc.
H&R REIT	Morguard Corp.	RioCan REIT
SmartREIT		

The Board, on the recommendation of the Governance Committee, considered the 2016 trustee compensation review and approved the following changes to trustee compensation, effective January 1, 2017:

- an increase to the annual base retainer from \$90,000 to \$108,000;
- an increase to the Audit Committee membership fees from \$5,000 to \$13,000;
- an increase in the Governance Committee membership fees from \$4,000 to \$12,000; and
- the elimination of meeting fees for Board and committee meetings.

The changes were intended to maintain compensation within a competitive range of market median while easing the administration of trustee compensation.

No changes were made to the Lead Trustee retainer or to the fees paid for chairing the Audit and Governance Committees. Non-management trustees continue to be required to hold Trust Units or DUs with a value of not less than four times the amount of the trustees' annual retainer. Based on this multiple of base retainer, the ownership requirement increased from \$360,000 to \$432,000 in 2017.

The meeting fees were eliminated because of the view that the value a trustee brings to the Trust should not be measured by the number of meetings attended, but rather by the trustee's qualitative contribution both in and outside of meetings. The increases in the annual base retainer and committee member fees were solely made to offset the elimination of meeting fees.

Future trustee compensation reviews will be completed as part of a comprehensive review of director compensation at Weston and Loblaw anticipated in 2017.

Trustee Compensation Amounts

A summary of the 2016 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 their 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.

Mr. Morrison is the President and Chief Executive Officer of Choice Properties and does not receive any remuneration for his role as a trustee.

2016 Trustee Compensation Table

The following table sets out the compensation elements and total compensation earned by each non-management trustee in 2016 and the manner in which the compensation was paid:

Name	Fee Breakdown				Total Trustee Fees Earned (\$)	All Other Compensation (\$)	Allocation of Total Trustee Fees			
	Board Retainer (\$)	Board & Committee Chair Retainers (\$)	Committee Member Retainers (\$)	Attendance Fees (\$) ⁽¹⁾			Total Compensation (\$)	Cash (\$)	DUs (\$) ⁽²⁾	Allocation of Fees between Cash and DUs (%)
Kerry D. Adams	90,000	-	9,000	36,000	135,000	-	135,000	36,000	99,000	73% DUs
Christie J.B. Clark	90,000	-	4,000	28,000	122,000	-	122,000	61,000	61,000	50% DUs
Graeme M. Eadie ⁽³⁾	90,000	-	5,000	24,000	119,000	-	119,000	119,000	-	0% DUs
Michelle Felman	90,000	-	4,000	26,000	120,000	-	120,000	-	120,000	100% DUs
Michael P. Kitt	90,000	-	9,000	36,000	135,000	-	135,000	-	135,000	100% DUs
Daniel F. Sullivan	90,000	30,000	-	28,000	148,000	-	148,000	73,000	75,000	51% DUs
Paul R. Weiss	90,000	20,000	-	26,000	136,000	-	136,000	86,000	50,000	37% DUs
Galen G. Weston	90,000	30,000	-	18,000	138,000	-	138,000	-	138,000	100% DUs
Total (\$)	720,000	80,000	31,000	222,000	1,053,000	-	1,053,000	375,000	678,000	

(1) In 2016, each trustee received a \$2,000 fee for each Board or committee meeting attended and for attendance at the annual meeting of Unitholders.

(2) In accordance with the DU Plan, amounts reflect the grant date fair value of DUs based on the volume-weighted average trading price of the Trust Units on the TSX for the five trading days prior to the date of the grant. As well, additional DUs were accumulated based on notional equivalents of distributions paid on Trust Units throughout the year. These notional equivalents of distributions are not included in the table.

(3) Mr. Eadie has been exempted from the requirement to take \$50,000 of his board retainer in DUs, provided that he satisfies the Unit Ownership Guidelines within four years of initially being appointed to the Board.

Outstanding Trust Unit-Based Awards

The following table sets forth the value of all Trust Unit-based awards granted in the form of DUs to non-management trustees that were outstanding as at January 3, 2017:

Name	Number of Trust Units That Have Not Vested (#)	Market or Payout Value of Trust Unit-Based Awards That Have Not Vested (\$)	Market or Payout Value of Vested Trust Unit- Based Awards Not Paid Out or Distributed (\$)⁽¹⁾
Kerry D. Adams	—	—	442,917
Christie J.B. Clark	—	—	61,971
Graeme M. Eadie	—	—	—
Michelle Felman	—	—	534,397
Michael P. Kitt	—	—	599,576
Daniel F. Sullivan	—	—	335,545
Paul R. Weiss	—	—	320,651
Galen G. Weston	—	—	619,700

(1) The value of outstanding DUs awarded to the trustees is based on the closing price of the Trust Units on the TSX on January 3, 2017, which was \$13.31 multiplied by the number of outstanding DUs as of that date.

APPOINT THE EXTERNAL AUDITOR

The Auditor of the Trust is KPMG LLP. The Board, on the recommendation of the Audit Committee, recommends that KPMG LLP be re-appointed as the auditor of the Trust to hold office until the next annual meeting of Unitholders of Choice Properties and that the trustees be authorized to fix KPMG LLP's remuneration. The persons named in the form of proxy intend to vote **FOR** the appointment of KPMG LLP as the Trust's auditor until the next meeting of Unitholders.

Audit and Other Service Fees

The Audit Committee oversees the fees paid to the independent external auditor, KPMG LLP, for audit and non-audit services. The following table sets forth the aggregate fees billed for professional services rendered by KPMG LLP, for the fiscal years 2016 and 2015, respectively:

	2016 \$	2015 \$
Audit fees ⁽¹⁾	835,000	960,000
Audit-related fees ⁽²⁾	90,000	100,000
Tax fees	—	—
All other fees	—	—
Total Fees	925,000	1,060,000

(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 prohibits the external auditor from providing non-audit services to the Trust or its subsidiaries unless the services are approved in advance by the Audit Committee. The external auditor is required to report directly to the Audit Committee.

AUDIT COMMITTEE



Paul R. Weiss (Chair)



Kerry D. Adams



Graeme M. Eadie



Michael P. Kitt

The Audit Committee assists the Board in overseeing the integrity of the Trust's financial statements and related public disclosure. The Audit Committee oversees, on behalf of the Board, the Trust's internal controls over financial reporting, disclosure controls and procedures and internal audit function. The Committee also 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 assists the Board in its oversight of the Trust's enterprise risk management ("ERM") program.

Each year, the Audit Committee reviews and evaluates the qualifications, performance and independence of the external auditor and recommends the external auditor to the Board for appointment by the unitholders. The Chair of the Audit Committee is involved in the selection process for the Lead Audit Partner.

All members of the Audit Committee are independent and financially literate as required under applicable Canadian securities legislation.

AUDIT COMMITTEE REPORT TO UNITHOLDERS

2016 Highlights

- ✓ Reviewed the use and presentation of non-GAAP financial measures in the Trust's public disclosure of its financial results
- ✓ Reviewed cyber-security risk mitigation strategies
- ✓ Supervised the Trust's Enterprise Risk Assessment and Enterprise Risk Management processes and reviewed risks facing the Trust and how risks are being managed

Overview

The Audit Committee meets at least once every quarter. We review the ongoing activities of the Trust based on our mandate and work plan. At each meeting, the Audit Committee typically meets separately *in camera* with each of management, representatives of the internal audit group, and the external auditor. In addition, we hold an *in camera* session without management present at each meeting. The Audit Committee met four times in 2016.

Each year, we review our mandate to ensure the Audit Committee's effectiveness in fulfilling its responsibilities. The Audit Committee communicates regularly with management and the internal and external auditors.

The Audit Committee approved its mandate in 2016 and it is available at www.choicereit.ca. We are satisfied that our Committee fulfilled its responsibilities for 2016.

Financial Reporting

We reviewed and discussed with management the Trust's annual and quarterly financial statements and management's discussion and analysis. We also reviewed and discussed the report from the external auditor with management and with the external auditor directly. This review provides reasonable assurance that the Trust's financial reporting is completed and fairly presented in all material respects. We also considered whether the accounting principles used to prepare our financial statements are appropriate, in particular, where judgments, estimates, and risks are involved. This review is also to ensure that adequate disclosure of material issues has been provided. The Audit Committee also carefully assessed the use of non-GAAP financial measures and their presentation within the financial documents. Based on our review, we recommended to the Board that the Trust's annual audited consolidated financial statements be approved and released on February 15, 2017.

Internal and External Auditor

Throughout the year, the Chair of the Audit Committee met with the external auditor, representatives of the internal audit group and senior members of the Trust's financial reporting group. In 2016, our Committee reviewed and approved the annual audit plan of the external auditor and received regular reports from the internal audit group, including its annual plan. In addition, we received reports on key audit issues at the Trust from the external auditor.

At the end of the year-end audit cycle, we conducted an annual assessment of KPMG's performance and effectiveness. In conducting this assessment, we considered factors such as the quality of overall audit services and communications to the Committee and KPMG's independence and objectivity. We were satisfied with KPMG's performance and concluded that KPMG is independent from the Trust and management. We proposed that the Board recommend the re-appointment of KPMG LLP as the external auditor of the Trust.

Enterprise Risk Management

The Board has tasked the Audit Committee with overseeing certain aspects of the Trust's ERM process. The types of risks the Trust is exposed to include the inability of the Trust to properly and effectively develop, redevelop or renovate properties; the inability to hire, retain and develop leaders and other key personnel or to develop adequate succession planning and retention strategies; and disruption to the Trust's IT systems.

At our quarterly meetings, we received reports from management on the various risks facing the Trust based on significant changes from the prior report, anticipated impacts in future quarters, and significant changes in key risk indicators. We also received a report from Loblaw's Cyber-Security Committee on risk mitigation strategies being implemented to protect the Trust and Loblaw from cyber-security attacks.

Legal and Regulatory

Throughout 2016, we also reviewed updates on key matters relating to the financial statements including reports on compliance related matters, significant legislative and regulatory developments, material litigation, regulatory filings, and transactions with related parties. We also discussed legal developments and issues involving the Trust with the Vice President, General Counsel and Secretary.

Respectfully submitted,

Audit Committee

Paul R. Weiss (Chair)

Kerry D. Adams

Graeme M. Eadie

Michael P. Kitt

For additional information regarding each member of the Audit Committee, please see pages 9 through 13. For additional information regarding the activities of the Audit Committee, see the Trust's Statement of Governance Practices on pages 55 through 62.

GOVERNANCE

The Governance Committee believes that good governance contributes to strong performance. The Trust's governance practices provide oversight and accountability, ensure trust with our stakeholders and promote the long-term interests of its Unitholders.

GOVERNANCE COMMITTEE

The Governance Committee is responsible for overseeing the Trust's governance practices and developing and implementing governance principles which are consistent with high standards of governance. On an annual basis, the Governance Committee evaluates the practices of the Trust, including a review of the Board's policies and mandates and a review of the composition of the Board committees.

As part of its mandate, the Governance Committee, together with the Chairman, identifies and recommends candidates for nomination to the Board as trustees. The Governance Committee recommends to the Board any changes to the trustees' compensation arrangements.

The Governance Committee assists the Board with overseeing the design of the Trust's executive compensation programs, including its incentive programs and the individual compensation of the named executive officers (the "NEOs") identified on page 28. The Governance Committee is also responsible for overseeing talent management and succession planning for the Trust's senior executive positions.

In addition, the Governance Committee's responsibilities include monitoring the orientation program for new trustees and continuing education for all trustees and overseeing the process for assessing the performance of the Board, its committees and individual trustees.

The members of the Governance Committee are Messrs. Daniel F. Sullivan (Chair), Christie J.B. Clark and Michael P. Kitt and Mses. Kerry D. Adams and Michelle Felman. Every member of the Governance Committee is an independent trustee.

For additional information regarding the activities of the Governance Committee, see the Trust's Statement of Governance Practices on pages 55 through 62.

Key Skills and Experiences

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

Name of Member	Experience in Governance and Executive Compensation
Kerry D. Adams	<ul style="list-style-type: none"> ● Chair of Scotia Institutional Real Estate Inc. Advisory Committee ● Member of Fidelity Investments Canada ULC's Independent Review Committee ● Former member of the Bank of Nova Scotia's Master Trust and Pension Investment and Administration Committees ● 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"> ● Member of the Nominating, Corporate Governance, Public Policy and Regulatory Committee and the Human Resources Committee of Hydro One, Inc. ● Governance and executive compensation experience as former Chief Executive Officer and senior partner of PricewaterhouseCoopers LLP ● 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 and Chief Financial Officer at Oxford Properties Group and through various senior roles at Cadillac Fairview Corporation including, leading both the Investment and Development Groups ● 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 and member of the Human Resources and Compensation Committee of the Ontario Teachers' Pension Plan, IMP Group International Inc., Crius Energy Trust and Allied Properties Real Estate Investment Trust

Board and Management 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 positions. Gender diversity is an important factor that is taken into account in identifying and selecting Board members and in considering the hiring, promotion and appointment of executive officers. The Board believes that diversity is important to ensure that trustees and executives provide a wide range of perspectives, experience and expertise required to achieve effective stewardship of the Trust.

The Board has developed and adopted a written Board Diversity Policy. The Board Diversity Policy sets out guidelines for the Governance Committee to attract the best qualified candidates for Board positions given the needs and circumstances of the Board. The Board Diversity Policy provides that, when identifying suitable candidates for appointment to the Board, the Governance Committee must consider candidates on merit using objective criteria with due regard to the benefits of diversity and the needs of the Board and the Trust. The Board Diversity Policy states that, among other qualities, a nominee's gender, age, ethnicity and geographic background may be considered in his or her assessment.

The Board Diversity Policy requires that the Governance Committee measure and report to the Board annually with respect to the Trust's progress in identifying and considering diverse candidates for appointment to the Board. To measure the effectiveness of the Board Diversity Policy, the Committee reviews: (i) the number of women and candidates representing diverse ethnicities considered or brought forward for Board positions; and (ii) the skills, knowledge, experience and character of female candidates and candidates representing diverse ethnicities to ensure that these candidates are being fairly considered relative to other candidates.

The Board Diversity Policy does not include a specific target number or percentage of women on the Board. The Governance Committee does not believe that targets are appropriate since gender diversity is only one of several characteristics considered during the Board candidate selection process. Instead, the Governance Committee

believes that a method for reviewing trustees on a variety of factors, including diversity, is more appropriate. The Governance Committee's approach in circumstances where female candidates or candidates representing diverse ethnicities are not selected is to satisfy itself that there are objective reasons to support the selection.

Two of the nine trustees are women, representing 22% of the Board's composition. One of the five named executive officers is female, representing 20% of the Trust's named executive officer positions and four of nine vice-president level or higher positions at the Trust are held by females. There is also a rich and deep pool of female talent holding high potential positions at the Trust.

GOVERNANCE COMMITTEE REPORT TO UNITHOLDERS



Daniel F. Sullivan
(Chair)



Kerry D. Adams



Christie J.B. Clark



Michelle Felman



Michael P. Kitt

Dear Unitholder:

On behalf of the Board, we are pleased to share with you the Governance Committee's philosophy and approach to executive compensation and some of our significant accomplishments in 2016.

EXECUTIVE COMPENSATION PHILOSOPHY

The Trust's compensation philosophy guides every aspect of the Trust's strategy, programs, policies and decisions on executive compensation. We review and approve the Trust's compensation philosophy and programs for executives. The Trust's executive compensation philosophy is as follows:

We believe that our compensation structure must be designed to attract, motivate and retain the best candidates for the challenging roles that Choice Properties' executives 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 it meets its strategic and operational objectives.

Pay for performance is a cornerstone of Choice Properties' compensation philosophy. Our compensation programs for all employees, including executives, are results oriented. We believe that a strong pay-for-performance focus should align compensation with the successful execution of business strategy, sustained long-term performance and Unitholder interests. This objective is achieved through the design of our short- and long-term incentive plans ("STIP" and "LTIP" respectively). In particular, we believe that the granting of performance units ("PUs") to executives provides a strong link between pay and performance.

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: (i) Trust Unit options, which align an executive's interest with Unitholders in Trust Unit price appreciation; (ii) restricted units ("RUs"), which serve as a key component in retaining executives; and (iii) PUs, which focus executives on the delivery of key objectives set forth in the Trust's strategic plan. Choice Properties 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. Trust Units and the in-the-money value of vested Trust Unit options are the only eligible securities that count towards an executive's target Trust Unit ownership level. We are pleased to report that, to date, all executives at the vice-president level and higher are on track towards satisfying the Unit Ownership Guidelines.

Compensation Programs Tailored to Business Strategy

Choice Properties believes that its executive compensation programs should be tailored to the Trust's business strategy. The Trust's STIP is designed to motivate executives to meet the Trust's annual business and strategic objectives.

Consistent with Good Governance Practices

Choice Properties structures its executive compensation programs to reward senior executives for the execution of business strategies without taking unnecessary risk. In 2016, Choice Properties' STIP and LTIP programs were comprised of multiple performance measures to reduce the risk of executives putting a disproportionate focus on a single performance measure. The Trust's executive compensation programs demonstrate a commitment to sound business conduct, accountability and responsible decision-making.

2016 TRUSTEE COMPENSATION REVIEW

In 2016, management undertook a review of the trustees' compensation. The purpose of the review was to ensure that the trustees were being compensated competitively with market practices. The comparator group was, in management's estimation, generally representative of the REITs/real estate companies that compete for the relevant trustee talent pool in Canada. As part of this review, management analyzed: (i) the amount of the base retainer; (ii) committee and chair fees; (iii) meeting fees; and (iv) minimum share/unit ownership requirements. The results of the review showed that the trustees' compensation was within a competitive range of the comparator group. Following management's presentation of the review to the Governance Committee, the Board, on the recommendation of the Governance Committee, approved modifying the fee structure by increasing the base and committee retainers and eliminating meeting fees, as further set out in the section "Trustee Compensation Review."

OVERSIGHT OVER TALENT MANAGEMENT, SUCCESSION PLANNING, BOARD LEADERSHIP AND GOVERNANCE PRACTICES

Talent Management and 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. The Governance Committee receives reports on the development of senior executives, updates on the talent management plans across the organization and reports on performance evaluation processes, which are designed to improve individual leadership and management skills.

The succession planning process includes an annual review of each senior executive position and the performance of the incumbent.

Subsequent to the previous announcement of Mr. Morrison's pending retirement, the Board asked Mr. Morrison to remain in the role of President and Chief Executive Officer of the Trust. Mr. Morrison has agreed and will continue to lead the management of the Trust.

Board Composition and Succession

One of the key areas of responsibility for the Governance Committee is the oversight of the identification of individuals qualified to become Board members. We assess and evaluate the effectiveness of the Board in order to identify gaps or areas where the Board may benefit from trustees with additional skills and experience and with diverse backgrounds. 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 in this Circular, a skills matrix that identifies certain key skills of the current Board members.

Mr. Galen G. Weston will not be standing for re-election at the Meeting. We would like to thank Mr. Weston for his strategic direction and oversight during the Trust's formative years which has built a strong foundation for its future growth. His pivotal role in shaping the Trust has led to strong returns for Unitholders since the IPO of the Trust in 2013. If elected, the Board intends to appoint Mr. Anthony R. Graham as Chairman following the Meeting. Mr. Anthony R. Graham's real estate knowledge and his extensive executive and Board leadership experience will bring strategic value to the Board. More detailed information about Mr. Anthony R. Graham can be found in the Trustee Profiles section of 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. For example, 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. Management has considered the relevant legal and governance considerations associated with related party transactions and has implemented a sound governance framework to address these transactions.

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. We remain committed to the ongoing evaluation of our practices and monitoring emerging best practices to deliver Unitholder value to you.

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 9 through 13. For additional information regarding the activities of the Governance Committee, see the Trust's Statement of Governance Practices on pages 55 through 62.

COMPENSATION DISCUSSION AND ANALYSIS

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INTRODUCTION

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

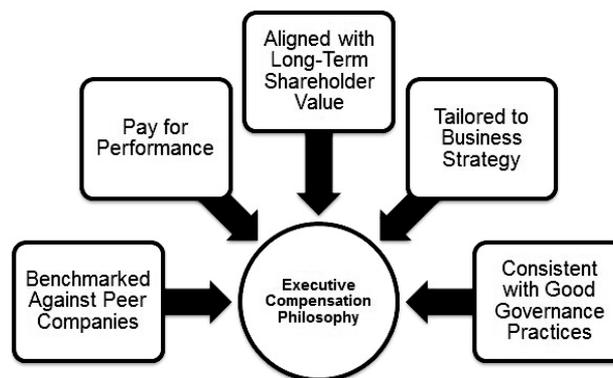
For 2016, the NEOs were:

Name	Position
John R. Morrison	President and Chief Executive Officer
Bart Munn	Executive Vice President, Chief Financial Officer
Robert Yamamoto	Vice President, Development
Evan Williams	Vice President, Real Estate and Operations, Eastern Canada
Dallas Wingerak	Vice President, Real Estate and Operations, Western Canada

Subsequent to the announcement of Mr. Morrison's pending retirement, the Board asked Mr. Morrison to remain in the role of President and Chief Executive Officer of the Trust. Mr. Morrison has agreed to the request and will continue to lead the management of the Trust.

EXECUTIVE COMPENSATION PHILOSOPHY

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



1. Benchmarked Against Peer Companies

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. Choice Properties reviews the executive compensation programs of other REITs.

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 Trust 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 2016 ranged from 44% to 72% of their total target compensation.

3. Aligned with Long-Term Unitholder Value

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.

4. Tailored to Business Strategy

Choice Properties believes that its executive compensation programs should be tailored to the Trust's business strategy. The Trust's STIP is designed to motivate executives to meet the Trust's annual business and strategic objectives.

5. Consistent with Good Governance Practices

Choice Properties structures its executive compensation programs to reward senior executives for the execution of business strategies without taking unnecessary risk. In 2016, Choice Properties' STIP and LTIP programs were comprised of multiple performance measures to reduce the risk of executives putting a disproportionate focus on a single performance measure. The Trust's executive compensation programs demonstrate a commitment to sound business conduct, accountability and responsible decision-making.

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 believes that, in its review of risk mitigation practices, 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 risk. 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, Trust Unit ownership requirements for all executives at the vice president level or higher and trading restrictions and hedging prohibitions, each of which are described in more detail below.

1. Incentive Plan Design

Choice Properties' 2016 STIP is based on a balanced set of performance measures and weightings, which are determined annually. The 2016 STIP performance measures and weightings include funds from operations ("FFO")* per Unit, strategic growth, net operating income ("NOI")*, general and administrative ("G&A") expense management and an individual performance component. Using multiple performance measures requires that the operating results of the Trust must outperform in all key metrics in order for executives to achieve the maximum compensation award. 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. The STIP's performance metrics are stress tested and the results of this analysis are reviewed by the Governance Committee as part of its approval process. The Governance Committee also carefully considers the proportion of profit paid to management pursuant to the STIP and the proportion delivered to Unitholders (the sharing ratio) under different performance scenarios. The stress testing and sharing ratio are used to evaluate and confirm the reasonableness and affordability of the STIP payout results.

* Non-GAAP financial measure. See the note in the "Other Information" section of this Circular.

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 risks given the potential negative impacts on the long-term equity components of compensation. In 2016, the Trust introduced PUs as part of future LTIP grants, with Trust Unit options and PUs each comprising a quarter of the LTIP award mix and RUs comprising half of the LTIP mix. PUs focus executives on a key driver of business performance and reduce the number of Trust Unit options granted; Trust Unit options provide an incentive to increase Trust Unit price; and RUs provide for alignment with changes in Trust Unit price, participation in distributions and retention value. Equity awards are granted annually and vest over time. This creates overlapping vesting periods which maintain executives' exposure to the consequences of their decision-making through their unvested equity.

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

2. Clawback Policy

The Trust has a clawback policy for the President and Chief Executive Officer and the Chief Financial Officer. Under this policy, the Trust can require these executives to repay STIP and LTIP payouts if: (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 the 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 at the vice-president level or higher are required to maintain a significant equity investment in the Trust. The Trust's Unit Ownership Guidelines are designed to align executives' interests with those of the Unitholders, and to mitigate the likelihood of undue risk taking. The Unit Ownership Guidelines, as further discussed on page 44, establish minimum Unit ownership levels for executives at the vice-president level or higher, which are set at a multiple of base salary based on his/her position.

4. Trading Restrictions and Hedging Prohibitions

Trustees, officers, executives, employees and certain designated persons are subject to the Trust's Securities Trading Policy, which prohibits trading, directly or indirectly, in the securities of the Trust, Loblaw and Weston while in possession of material undisclosed information. The Securities Trading Policy also prohibits sharing information with unauthorized persons or recommending or encouraging others to trade in the companies' securities while in possession of material undisclosed information.

Hedging transactions that involve the securities of the Trust Units or the Weston and Loblaw common shares are also prohibited. This prohibition covers transactions such as prepaid variable forward contracts, short sales, puts or calls, equity swaps or other equity monetization transactions, that are designed to offset a decrease in the market value of securities of the companies. Trustees and executive officers must not trade in the companies' securities outside prescribed trading windows.

Employees and executives are also prohibited from exercising options outside prescribed trading windows.

ROLE OF MANAGEMENT AND COMPENSATION CONSULTANTS

ROLE OF MANAGEMENT IN THE COMPENSATION AND EVALUATION PROCESS

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 ongoing 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.

The evaluations of executives are based on the achievement of objectives and targets related to both the Trust and the individual and include an assessment of each executive's leadership capabilities and team development skills. The results of these evaluations are presented to the Governance Committee. The Chief Financial Officer assists 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.

COMPARATIVE MARKET DATA

Comparative market data is one factor used in setting the compensation of executives. Other factors considered by the Governance Committee include individual performance and experience, scope of the role, leadership ability, internal pay equity among executives and the operating results of the business or area for which the executive has responsibility. From time to time, the Governance Committee uses benchmarking or comparisons of compensation programs from a peer group of real estate entities to confirm that the Trust's programs remain competitive.

Role of Meridian Compensation Partners and Description of Compensation Comparator Group

In 2015, the Governance Committee retained Meridian Compensation Partners ("Meridian") to conduct a comprehensive benchmarking analysis of the compensation of certain of the Trust's senior officers and to provide an overview of market practices and design considerations for the Trust's short-term and long-term compensation plans. The key elements of compensation reviewed in this analysis included base salary, STIP and LTIP compensation, referred to as "total direct compensation."

As part of this review, Meridian developed a size and industry appropriate comparator group against which to benchmark the Trust's executive compensation and compensation plans. The Governance Committee approved the comparator group comprised of various Canadian real estate entities, including retail REITs, diversified REITs, office REITs and real estate operating companies. The selected companies are direct industry peers. All of the comparators are within one-half to two times the Trust's revenue and asset size. Based on revenue and asset size, the Trust was positioned at the 67th and 82nd percentiles, respectively, of the blended comparator group.

The group of comparator entities is set out below:

Comparator Group		
Allied Properties REIT	Cominar REIT	First Capital Realty Inc.
Artis REIT	Crombie REIT	Morguard Corp.
Brookfield Canada Office Properties	Dream Office REIT	RioCan REIT
Canadian REIT	H&R REIT	SMART REIT

The benchmarking information was used as a point of reference and considered by the Governance Committee in addition to the scope of the roles, internal pay equity, performance, experience in the role and the competitive market for talent when establishing the compensation for executives.

The results of Meridian's 2015 benchmarking analysis were presented to the Governance Committee in 2015. The benchmarking exercise indicated that executive compensation was in-line with the comparator group in terms of both total compensation and at-risk pay. One recommendation from Meridian was to introduce PUs to the LTIP mix. The Governance Committee considered the addition of PUs and, in early 2016, adopted a PU plan for the 2016 LTIP. 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.

In 2016 and 2015, Meridian received \$13,889 and \$35,707, respectively, from the Trust for advisory services to the Trust. No other fees were paid to Meridian in 2016 or 2015. Rather than engaging a consultant on a continuing basis, the Governance Committee has determined that it will retain a compensation advisor on an as-needed basis.

Meridian was also retained by Loblaw in 2015 to conduct a comprehensive compensation analysis of Loblaw's senior executive team to ensure competitiveness and internal pay equity, furthering the analysis Meridian undertook in 2014 following Loblaw's acquisition of Shoppers Drug Mart Corporation. As part of this review, Meridian undertook a benchmarking analysis to provide an independent assessment of the competitiveness of Loblaw's executive compensation relative to a comparator group. In 2016 and 2015, Meridian received \$73,769 and \$101,213, respectively, from Loblaw for advisory services related to Loblaw. Services that Meridian provides to management of the Trust or its affiliates, including Loblaw, are not required to be pre-approved by the Board or the Governance Committee.

COMPONENTS OF COMPENSATION

The 2016 NEO compensation was comprised principally of base salary, short-term cash incentives and long-term incentives (RUs, PUs and Trust Unit options) as described in the table below. Benefits, pensions and perquisites generally comprise a 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, market competitiveness, internal equity among executives and the executive's overall performance both individually and in relation to the executive's business unit or division.
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	Three year vesting period	<ul style="list-style-type: none"> Motivates and rewards executives for increasing total Unitholder value (including distributions). Serves as a key component in retaining executives. RU grants are generally made once per year. Individual awards are differentiated based on role and expected future performance. RUs comprised 50% of the total value of LTIP grants to executives. RUs are settled in cash or Trust 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 Trust Units for the period when an RU is outstanding.
		Performance Units	Three year performance period	<ul style="list-style-type: none"> Motivates and rewards executives for increasing total Unitholder value (including distributions) and used to retain executives. PU grants are generally made once per year. Individual awards are differentiated based on role and expected future performance. PU grants comprised 25% of the total value of LTIP grants to executives. PU vesting is based on the Trust's success in FFO per Unit results versus pre-determined targets. PU grants are settled in cash or Trust Units acquired in the open market at the end of the applicable vesting period. PU Plan provides for the crediting of additional PUs in respect of distributions paid on Trust Units for the period when a PU is outstanding.
	Trust Unit Options	Four year vesting period (25% per year); 7 year term	<ul style="list-style-type: none"> Motivates and rewards executives for increasing Trust Unit price. Trust Unit option grants are generally made once per year. Individual awards are differentiated based on role and expected future performance. Trust Unit options comprised 25% 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 Contribution Pension Plans/ 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. Senior executives participate in the executive defined contribution registered pension plan and in a supplemental executive retirement plan or the Vice President defined contribution pension plan. The supplemental executive retirement plan ("SERP") is an unfunded obligation of the Trust Senior executives of the Trust whose pension benefits exceed the prescribed limits under the applicable tax legislation may participate in the SERP on a non-contributory basis if they comply with certain eligibility provisions.
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, monthly parking, 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 2016

BASE SALARY

Base salaries for the NEOs are set on an individual basis and not within formalized salary ranges by position. Base salaries are set taking into account an executive’s level of responsibility and experience, internal equity among executives and the executive’s overall performance. 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, a change in the performance and contribution of the NEO or as a result of competitive factors.

The following table sets out the base salary for each NEO for 2016:

Name	2016 Base Salary (\$)	Increase from 2015 (%)
John R. Morrison	630,000	Nil
Bart Munn	400,000	Nil
Robert Yamamoto	250,000	Nil
Evan Williams	246,158 ⁽¹⁾	3.2
Dallas Wingerak	215,006 ⁽²⁾	6.5

(1) Mr. Williams’ actual base salary received in 2016 was \$244,250.

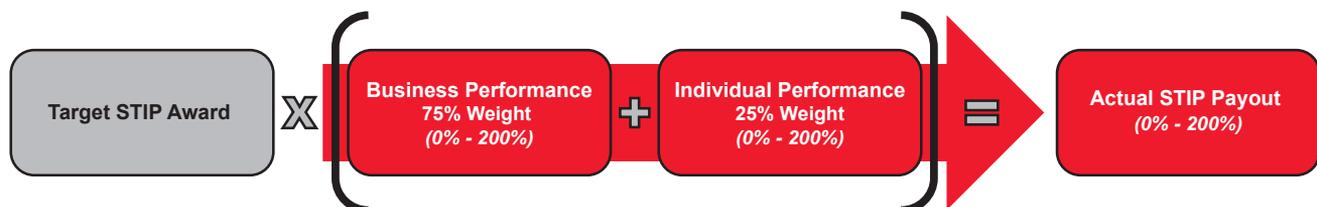
(2) Ms. Wingerak’s actual base salary received in 2016 was \$211,725.

SHORT-TERM INCENTIVE PLAN

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

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 to an executive 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.

STIP awards are determined using the following formula:



Plan Design

The Governance Committee believes that the STIP should be designed to motivate the NEOs to achieve the Trust’s annual business plan and strategic objectives. In February 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. Following year-end, the Governance Committee reviews the financial results of the Trust against the performance targets and considers, in its judgment, whether any adjustments are required to account for unexpected events during the year.

As part of its annual review process, the Governance Committee reviews the results of stress testing conducted on the STIP design that illustrates the payouts under various performance scenarios. The stress testing on performance scenarios is intended to ensure that the performance shoulders (i.e. threshold to minimum to maximum) are set appropriately, such that minimum or maximum levels of performance are not too easy or too difficult to achieve.

The Governance Committee also carefully considers the sharing of profit (sharing ratio) between the Trust's management and its Unitholders in various performance scenarios. The affordability of payouts in light of actual performance is important to understand as it illustrates the portion of profit that is allocated to employees and to Unitholders. Sharing ratios help provide comfort around the reasonableness and affordability of STIP payouts in light of performance achieved.

The 2016 STIP incorporated the following performance measures and weightings: 30% based on FFO per Unit, 25% based on strategic growth, 15% based on NOI, 5% based on G&A expense management and 25% based on the achievement of individual performance objectives. STIP payouts are determined separately for each performance measure and then aggregated to determine the final amount.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for each NEO for 2016:

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

In 2016, the STIP payout amounts for the NEOs, taking into account each performance measure and its respective weighting, was approximately 139% of target for the business objectives. The allocation of the STIP, as well as the NEOs' respective individual achievement, are set out below:

Name	Base Salary (\$)	STIP Target as Percentage of Base Salary (%)	STIP Target (\$)	Maximum STIP Award (\$)	2016 STIP Award ⁽¹⁾					
					FFO per Unit Component (\$)	Strategic Growth Component (\$)	NOI Component (\$)	G&A Expense Management Component (\$)	Individual Component (\$)	Total (\$)
John R. Morrison	630,000	100	630,000	1,260,000	376,740	68,670	174,510	39,060	236,250	895,230
Bart Munn	400,000	60	240,000	480,000	143,520	26,160	66,480	14,880	87,000	338,040
Robert Yamamoto	250,000	40	100,000	200,000	59,800	10,900	27,700	6,200	30,000	134,600
Evan Williams	246,158	40	97,700	196,926	58,424	10,649	27,063	6,057	31,753	133,946
Dallas Wingerak	215,006	40	84,690	172,004	50,644	9,231	23,459	5,251	25,407	113,992

(1) STIP awards are calculated using each NEO's actual base salary amount in 2016, as applicable. Mr. Williams' and Ms. Wingerak's actual base salaries received in 2016 were \$244,250 and \$211,725, respectively.

The following charts summarize each performance measure's target, performance ranges and payout percentages:

FFO per Unit

	Threshold		Target		Maximum
Performance Range	\$0.9604	Each additional \$0.00196	\$0.9800	Each additional \$0.00196	\$0.9996 or more
Payout Factor (% of Target)	0%	10%	100%	10%	200%

Strategic Growth

The strategic growth measure is comprised of three discrete components: Development Capital, Acquisitions from Loblaw, and Third-party Acquisitions. Each of the components is assigned the following weightings, thresholds, targets and maximums:

Component	Weighting	Threshold	Target	Maximum
Development Capital	49%	\$200M	\$222M	\$244M
Acquisitions from Loblaw	44%	\$180M	\$200M	\$200M
Third-party Acquisitions	7%	\$27M	\$30M	\$33M

The payout factor for strategic growth is calculated based on the weighted sum of the components. For the purposes of calculating the payout factor, the performance for each component must be between 0% and 200% of target.

Net Operating Income

	Threshold		Target		Maximum
Performance Range	\$46.4M	Each additional \$190,000	\$48.3M	Each additional \$190,000	\$50.2M or more
Payout Factor (% of Target)	0%	10%	100%	10%	200%

G&A Expense Management

	Threshold		Target		Maximum
Performance Range	\$34.9M	Each additional \$170,000	\$33.2M	Each additional \$170,000	\$31.5M or less
Payout Factor (% of Target)	0%	10%	100%	10%	200%

2016 STIP Calculation

In February 2017, the Governance Committee reviewed the Trust's 2016 financial results and determined the Trust's 2016 STIP payout as follows:

Performance Objective	Weighting	Target	Result	Payout Factor (% of Target)
FFO Per Unit	30%	\$0.9800	\$0.9995	199
Strategic Growth	25%	\$222M for Development Capital \$200M for Acquisitions from Loblaw \$30M for Third-party Acquisitions Weighted sum	<\$200M for Development Capital \$194M for Acquisitions from Loblaw >\$33M for Third-party Acquisitions Weighted sum	0 29 14 43
Net Operating Income	15%	\$48.3 million	\$49.9 million	185
G&A Expense Management	5%	\$33.2 million	\$32.8 million	124
Overall STIP Payout				139

FFO per Unit Performance

Choice Properties' target FFO per Unit is calculated, pursuant to the 2014 Real Property Association of Canada White Paper, as net income in accordance with Canadian GAAP, as adjusted in accordance with the plan. For 2016, the FFO per Unit target for Choice Properties' STIP purposes was \$0.9800.

Early in 2017, the Governance Committee reviewed the 2016 financial results of Choice Properties and calculated FFO per Unit for STIP purposes in accordance with the plan. Choice Properties' FFO per Unit for 2016, calculated in accordance with the STIP, was \$0.9995 per Unit, resulting in a payout of 199% of target for this component of the STIP. In 2016, Choice Properties' FFO per Unit performance exceeded target due to improved NOI, savings in G&A expenses and financing activities.

Strategic Growth Performance

Choice Properties' strategic growth plan is designed to focus executives on specific growth initiatives that support long-term growth. For 2016, the strategic growth plan target was to grow through deploying capital in the following areas: \$222 million of Development Capital, \$200 million of Acquisitions from Loblaw, and \$30 million of Third-party Acquisitions.

Early in 2017, the Governance Committee reviewed Choice Properties' strategic growth results for 2016. The results for the strategic growth component calculated, as adjusted in accordance with the plan, were: (i) below threshold for the Development Capital component (0% of target); (ii) between the threshold and target for the Acquisitions from Loblaw component (68% of target); and (iii) above the maximum for the Third-party Acquisitions component (200% of target). The weighted sum of the components resulted in a payout factor for the strategic growth performance measure of 43%.

NOI Performance

Choice Properties' target NOI received from ancillary tenants, being tenants other than Loblaw, consists of rental revenue from investment properties less property operating expenses as set forth in the Trust's consolidated results. The NOI component excludes certain expenses included in the determination of net income such as interest expense, G&A expenses, fair value adjustments and amortization. For 2016, the NOI target for Choice Properties' STIP was \$48.3 million.

Early in 2017, the Governance Committee reviewed the 2016 financial results of Choice Properties and calculated NOI for STIP purposes in accordance with the plan. Choice Properties' NOI performance for 2016, calculated in accordance with the STIP, was approximately \$49.9 million, resulting in a payout of 185% of target for this component of the STIP. In 2016, Choice Properties' NOI performance exceeded target due to increased operating cost recoveries and property tax recoveries, as well as other income.

G&A Expense Management Performance

Choice Properties' target G&A expense management costs is calculated as the operational costs of the business, including amounts charged to development and operations (not just amounts included in FFO per Unit), with budgets established at the beginning of the year. For 2016, the STIP G&A expense management target for Choice Properties' was \$33.2 million.

Early in 2017, the Governance Committee reviewed the 2016 financial results of Choice Properties and calculated G&A expense for STIP purposes in accordance with the plan. Choice Properties' G&A expenses for 2016, calculated in accordance with the STIP, were \$32.8 million with adjustments for certain items such as fair value expense on equity compensation and professional fees, resulting in a payout of 124% of target for this component of the STIP. In 2016, Choice Properties' G&A expense management performance exceeded target due to lower than budgeted employee costs and continued cost management initiatives.

Individual Performance 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 CEO for 2016 was determined at the discretion of the Governance Committee based on certain predetermined performance objectives, including objectives relating to Mr. Morrison's refining and driving Choice Properties' strategic plan, succession planning and strengthening the Trust's business relationship with Loblaw. In its assessment of Mr. Morrison's performance, the Governance Committee considered the operational performance of the Trust and the development of a strategic plan during 2016. Mr. Morrison's individual performance component comprises 25% of his STIP target, which based on his base salary for 2016 was \$157,500. Based on Mr. Morrison's strong performance in 2016, the Governance Committee awarded him \$236,250 for this component of his STIP award, representing 150% of target.

Bart Munn, Executive Vice President, Chief Financial Officer

The individual performance 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 objectives established for 2016. These objectives were focused on developing and executing on Choice Properties' strategic plan, developing talent, supporting the President and CEO in strengthening the Trust's business relationship with Loblaw and delivering on the target amount of billings to tenants. 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 2016. Mr. Munn's individual performance component is 25% of his STIP target, which based on his base salary for 2016, was \$60,000. Based on Mr. Munn's achievement of his individual performance objectives, the Governance Committee awarded Mr. Munn \$87,000 for this component of his STIP award, representing 145% of target. Mr. Munn achieved this award by exceeding performance objectives relating to financing, acquisitions and strategic and operational deliverables.

Robert Yamamoto, Vice President, Development

The individual performance component of the STIP amount awarded to the Vice President, Development for 2016 was determined based on certain predetermined performance objectives, including objectives relating to specific leadership goals and the Trust's internal targets for site intensification, redevelopment and greenfield development and construction. Mr. Yamamoto's individual performance component comprises 25% of his STIP target, which based on his base salary for 2016 was \$25,000. Based on Mr. Yamamoto's performance in 2016, he was awarded \$30,000 for this component of his STIP award, representing 120% of target. Mr. Yamamoto achieved this award based on his performance relating to specific leadership goals and the Trust's internal targets for site intensification, redevelopment and greenfield development and construction.

Evan Williams, Vice President, Real Estate and Operations, Eastern Canada

The individual performance component of the STIP amount awarded to the Vice President, Real Estate and Operations, Eastern Canada for 2016 was determined based on certain predetermined performance objectives, including objectives relating to specific leadership goals and the Trust's internal targets in the Eastern region portfolio relating to site intensification, leasing, occupancy targets and operational measures. Mr. Williams' individual performance component comprises 25% of his STIP target, which based on his base salary for 2016 was \$24,425. Based on Mr. Williams' performance in 2016, he was awarded \$31,753 for this component of his STIP award representing 130% of target. Mr. Williams achieved this award based on his performance relating to specific leadership goals and the Trust's internal targets in the Eastern region portfolio relating to site intensification, leasing, occupancy targets and operational measures.

Dallas Wingerak, Vice President, Real Estate and Operations, Western Canada

The individual performance component of the STIP amount awarded to the Vice President, Real Estate and Operations, Western Canada for 2016 was determined based on certain predetermined performance objectives, including objectives relating to specific leadership goals and the Trust's internal targets in the Western region portfolio relating to site intensification, leasing, occupancy targets and operational measures. Ms. Wingerak's individual performance component comprises 25% of her STIP target, which based on her base salary for 2016 was \$21,173. Based on Ms. Wingerak's performance in 2016, she was awarded \$25,407 for this component of her STIP award, representing 120% of target. Ms. Wingerak achieved this award based on her performance relating to specific leadership goals and the Trust's internal targets in the Western region portfolio relating to site intensification, leasing, occupancy targets and operational measures.

LONG-TERM INCENTIVE PLAN

The Trust's equity-based LTIP is designed to retain and incent executives by allowing them to participate in increased total Unitholder return. In 2016, the Trust awarded executives long-term incentives in the form of Trust Unit options, RUs and PUs under the LTIP, the values of which are directly linked to the market value of the Trust Units, and to distributions in the case of RUs and PUs. Executives eligible for LTIP grants generally receive them on an annual basis.

In 2016, the Trust introduced PUs as part of future LTIP grants, with Trust Unit options and PUs each comprising a quarter of the LTIP award mix and RUs comprising half of the LTIP mix.

The LTIP balances the use of Trust Unit options, which align an executive's interest with Unitholders in Trust Unit price accretion, RUs, which serve as a key component in retaining executives, and PUs, which focus executives on the delivery of key performance objectives set forth in the strategic plan. The value of a 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 2016, the Governance Committee approved annual LTIP awards to the NEOs as follows:

Name	Base Salary (\$)	Annual LTIP Grant as a Percentage of Base Salary (%)	Grant Date Fair Value (\$)	Type of LTIP Grant ⁽¹⁾
John R. Morrison	630,000	150	944,993	Trust Unit options, RUs and PUs
Bart Munn	400,000	75	299,994	Trust Unit options, RUs and PUs
Robert Yamamoto	250,000	40	99,998	Trust Unit options, RUs and PUs
Evan Williams	246,158	40	98,462	Trust Unit options, RUs and PUs
Dallas Wingerak	215,006	40	86,001	Trust Unit options, RUs and PUs

(1) RUs comprise 50% of the annual LTIP grant. Unit options and PUs each comprised 25% of the annual LTIP grant.

The key features of the Trust Unit Option Plan, RU Plan and PU Plan are described below.

Trust 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 Trust 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 Trust Unit Option Plan.

As of March 2, 2017, options to purchase 4,420,807 Trust Units were outstanding, which represents approximately 1.1% of the issued and outstanding Units. The Trust had 15,109,802 Trust Units available for future option grants, which represents approximately 3.7% of the issued and outstanding Units. The Trust Unit Option Plan provides that Trust 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 Trust 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 Trust Unit, which is defined as the greater of: (i) the volume-weighted average of the trading price of a Trust 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 Trust 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 Trust 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 ten business days after the blackout period ends.

The aggregate number of Trust Units issued to insiders within any twelve month period, or issuable to insiders at any time, under the Trust 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 Units during such period of time, as applicable.

In the event of a consolidation, subdivision or reclassification of the Trust 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 Trust Units subject to any options then outstanding and the exercise price thereof. The Trust Unit Option Plan provides that Unitholder approval is not required for any amendments to the Trust Unit Option Plan or an option granted under the Trust Unit Option Plan, except for any amendment or modification that:

1. increases the number of Trust Units that can be issued under the Trust 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 Trust Units by reason of a consolidation, subdivision or reclassification of Trust Units, or another relevant change in the capital structure of the Trust affecting Trust 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 Trust Unit Option Plan;
6. extends eligibility to participate in the Trust 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 Trust Unit Option Plan.

Subject to any required regulatory review or approval, the Board may make all other amendments to the Trust Unit Option Plan without Unitholder approval. These amendments include, but are not limited to: the termination of the Trust 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).

In 2016, the NEOs received Trust 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	315,000	12.38	236,250	25% per year	7 years
Bart Munn	100,000	12.38	75,000	25% per year	7 years
Robert Yamamoto	33,333	12.38	25,000	25% per year	7 years
Evan Williams	32,821	12.38	24,616	25% per year	7 years
Dallas Wingerak	28,668	12.38	21,501	25% per year	7 years

Restricted Unit Plan

RUs entitle an executive to receive the value of the RU award in cash or Trust 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 Trust Units (acquired on the open market) equal to the number of RUs granted, with the ultimate award value determined by the Trust Unit price at the end of the applicable vesting period. Under the RU Plan, when distributions are paid on Trust Units for the period when a RU is outstanding, additional RUs equivalent in value to the distributions paid on Trust Units will be credited to the participant's account.

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 2016, the NEOs were awarded RUs as follows:

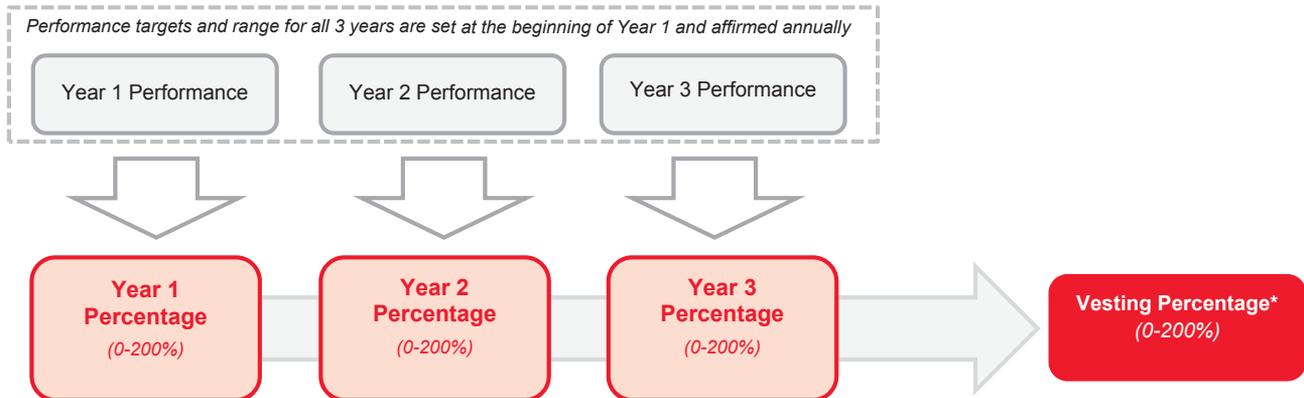
Name	RUs Granted (#)	Grant Value Per Trust Unit (\$)	Grant Date Fair Value (\$)	Vesting Date
John R. Morrison	38,166	12.38	472,495	February 25, 2019
Bart Munn	12,116	12.38	149,996	February 25, 2019
Robert Yamamoto	4,039	12.38	50,003	February 25, 2019
Evan Williams	3,977	12.38	49,235	February 25, 2019
Dallas Wingerak	3,473	12.38	42,996	February 25, 2019

Performance Unit Plan

PUs represent a form of at-risk long-term compensation that serves to motivate the recipient to deliver on specific objectives set forth in the Trust's strategic plan. PUs serve to focus executives on selected key drivers of performance. PUs also serve as a pay-for-performance incentive to reward executives for the achievement of prescribed goals and Trust Unit price appreciation. Like RUs, PUs also entitle an executive to receive the value of the PU award in cash or Trust Units at the end of the applicable vesting period, which is also usually three years in length. A participant receives either a cash payment or the number of Trust Units (acquired on the open market) at the end of the applicable performance period. However, the number of PUs that vest during such period depends on the achievement of certain measures. Under the PU Plan, when distributions are paid on Trust Units for the period when a PU is outstanding, additional PUs equivalent in value to the distributions paid on Trust Units will be credited to the participant's account.

For 2016, the Trust's PU performance measure was FFO per Unit. The FFO per Unit metric aligns with the Trust's strategic objectives and is a driver of increasing Unitholder value, with the underlying objective of the PU plan being to focus executives on the achievement of long-term strategic objectives in addition to meeting short-term business and financial objectives contained in the Trust's annual business plan.

The number of PUs that vest at the end of the applicable three-year performance period will be determined by averaging each of the three year's results against target. The results in each year will be determined based upon the level of achievement of each of the performance conditions during that year. The overall number of PUs that vest at the end of a performance period will range from 0% to 200% of the initial grant as illustrated below:



*Calculated as a simple average of performance in Years 1, 2, and 3.

A threshold performance condition for FFO per Unit must be met in order for any PUs to vest. The Trust has set a targeted level of performance for FFO per Unit. If the target performance condition is achieved, the number of PUs that vest will be equal to 100% of PUs initially granted. If the maximum performance condition is achieved during every year of the performance period, 200% of the initial number of PUs granted will vest.

Any performance results between the threshold performance conditions and maximum performance conditions will result in the vesting of PUs determined on a linear basis.

The FFO per Unit performance targets for the PUs granted in 2016 relate to a three-year period ending in 2019 and were developed taking into account the Trust's confidential business strategies, plans and initiatives and its expectations regarding financial and operational performance. These targets are intended to be challenging – neither impossible nor easy to achieve. These FFO per Unit targets are forward-looking and their disclosure before the end of the performance period would seriously prejudice the Trust's interests. The targets will be disclosed at the time of payout of the PUs.

In 2016, NEOs were awarded PUs from the Trust for which the grant date fair value assumes vesting at 100% of target, as follows:

Name	PU's Granted (#)	Grant Value Per Trust Unit (\$)	Grant Date Fair Value (\$)	Vesting Date
John R. Morrison	19,083	12.38	236,248	February 25, 2019
Bart Munn	6,058	12.38	74,998	February 25, 2019
Robert Yamamoto	2,019	12.38	24,995	February 25, 2019
Evan Williams	1,988	12.38	24,611	February 25, 2019
Dallas Wingerak	1,737	12.38	21,504	February 25, 2019

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 Trust Unit option, PU and RU payments received in the twelve 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, 2016

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			
• Trust Unit Option Plan	3,990,231	11.25	15,540,378
• Deferred Trust Unit Plan	205,172 ⁽¹⁾	N/A	3,869,828
Equity Compensation Plans not Approved by Securityholders	N/A	N/A	N/A
Total	4,195,403		19,410,206

(1) As at January 3, 2017, the Trust had 218,992 DUs outstanding. DUs were granted to trustees on January 3, 2017 in relation to their 2016 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 contribution registered pension plan (the "Executive DC Plan") or the Vice President defined contribution pension plan (the "VP DC Plan"). In addition, senior executives of the Trust whose pensionable earnings exceed prescribed levels participate in a non-contributory supplemental executive retirement plan (the "SERP"). All of the costs of the NEOs' participation in the non-contributory Loblaw and Weston plans are paid by the Trust.

EXECUTIVE BENEFIT PLANS

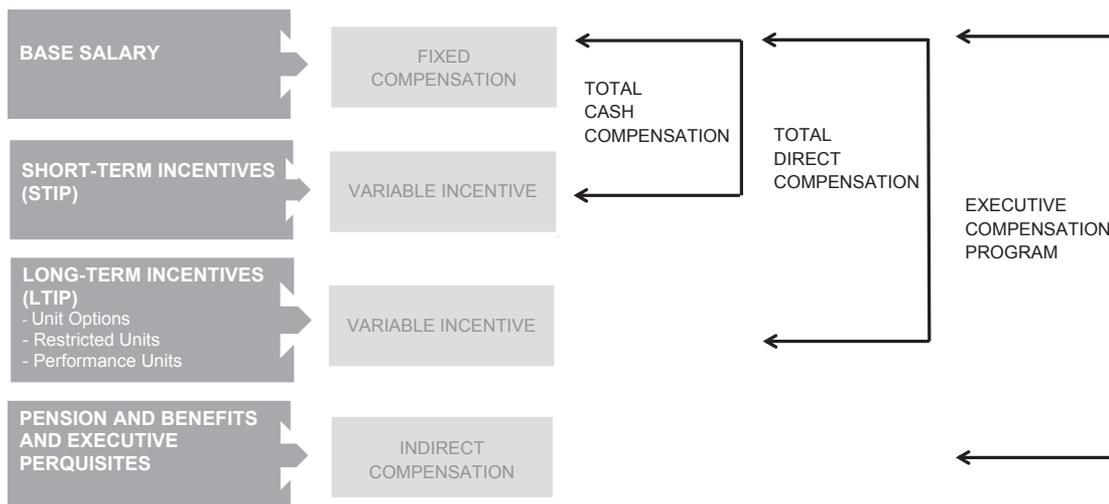
The Trust, as a participating employer in Loblaw's and Weston's executive benefit program, provides the NEOs with health, dental, disability and insurance coverage through executive benefit plans paid for by the Trust.

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.

Summary of the Components of Compensation

The Trust's executive compensation program is comprised of the elements described in this Compensation Discussion and Analysis, as summarized below:



UNIT OWNERSHIP GUIDELINES

The Trust maintains Unit Ownership Guidelines to align the interests of executives with those of the Unitholders. The Unit Ownership Guidelines establish minimum Trust Unit ownership levels for executives that are set at a multiple of their base salary based on their position.

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

Under the 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 within four years of their appointment or promotion to a position subject to the Unit Ownership Guidelines. The value of each NEO's eligible equity-based holdings, based on the market value of the Trust Units on March 2, 2017 of \$14.16, is set forth in the following table:

Name	Value of Equity-Based Holdings			Ownership Requirement	
	Trust Units (\$)	Vested In-The-Money Trust Unit Options (\$)	Total (\$)	(\$)	Multiple of Base Salary
John R. Morrison	1,416,000	3,009,114	4,425,114	1,890,000	3
Bart Munn	998,577	920,349	1,918,926	800,000	2
Robert Yamamoto	62,644	119,887	182,531	125,000	0.5
Evan Williams	149,346	22,384	171,730	123,079	0.5
Dallas Wingerak	111,666	217,771	329,437	107,503	0.5

2016 COMPENSATION DECISIONS REGARDING THE NAMED EXECUTIVE OFFICERS

The following outlines the rationale underlying the compensation decisions for each of the NEOs for 2016.

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. This grant was comprised (by grant value) of 25% Trust Unit options, 25% PUs and 50% RUs. The Governance Committee also evaluated Mr. Morrison's performance in 2016 in determining the individual performance component of his STIP amount. The individual performance component is 25% of Mr. Morrison's STIP target. As described previously, the Governance Committee awarded Mr. Morrison \$236,250 for this component of his STIP award, representing 150% 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. This grant was comprised (by grant value) of 25% Trust Unit options, 25% PUs and 50% RUs. The Governance Committee also evaluated Mr. Munn's performance in 2016 in determining the individual performance component of his STIP amount. Mr. Munn's individual performance component is 25% of his STIP target. As described previously, the Governance Committee awarded Mr. Munn \$87,000 for this component of his STIP award, representing 145% of target.

Robert Yamamoto, Vice President, Development

Mr. Yamamoto serves as the Vice President, Development. In accordance with his employment agreement, Mr. Yamamoto's annual base salary is \$250,000 and his STIP target is 40% of his annual base salary. Mr. Yamamoto's arrangements also provide for an annual LTIP grant with a grant date fair value of approximately 40% of his annual base salary. This grant was comprised (by grant value) of 25% Trust Unit options, 25% PUs and 50% RUs. Mr. Yamamoto's individual performance component is 25% of his STIP target. Mr. Yamamoto was awarded \$30,000 for this component of his STIP award, representing 120% of target.

Evan Williams, Vice President, Real Estate and Operations, Eastern Canada

Mr. Williams serves as the Vice President, Real Estate and Operations, Eastern Canada. Mr. Williams' annual base salary increased by 3.2% to \$246,158 in 2016 and his STIP target is 40% of his annual base salary. Mr. Williams' arrangements also provide for an annual LTIP grant with a grant date fair value of approximately 40% of his annual base salary. This grant was comprised (by grant value) of 25% Trust Unit options, 25% PUs and 50% RUs. Mr. Williams' individual performance component is 25% of his STIP target. Mr. Williams was awarded \$31,753 for this component of his STIP award representing 130% of target.

Dallas Wingerak, Vice President, Real Estate and Operations, Western Canada

Ms. Wingerak serves as the Vice President, Real Estate and Operations, Western Canada. Ms. Wingerak's annual base salary increased by 6.5% to \$215,006 in 2016 and her STIP target is 40% of her annual base salary. Ms. Wingerak's arrangements also provide for an annual LTIP grant with a grant date fair value of approximately 40% of her annual base salary. This grant was comprised (by grant value) of 25% Trust Unit options, 25% PUs and 50% RUs. Ms. Wingerak's individual performance component is 25% of her STIP target. Ms. Wingerak was awarded \$25,407 for this component of her STIP award, representing 120% of target.

TERMINATION AND CHANGE OF CONTROL BENEFITS

None of the NEOs' employment agreements provide 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
Trust 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 to the date of retirement	Governance Committee discretion to adjust grant
Performance Unit Plan	PUs forfeited at time of notice of resignation	Value of PUs paid out on a prorated basis (at target level) provided termination date is more than 12 months after the grant date	All outstanding PUs forfeited at time of notice of termination	Value of outstanding PUs paid out on a prorated basis to the date of retirement	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 Trust Unit-based payments as provided for under the terms of the applicable LTIP. Upon termination, Mr. Morrison will be subject to confidentiality obligations 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 Trust Unit-based payments as provided for under the terms of the applicable LTIP. Upon termination, Mr. Munn will be subject to confidentiality obligations 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.

Robert Yamamoto, Vice President, Development

Evan Williams, Vice President, Real Estate and Operations, Eastern Canada

Dallas Wingerak, Vice President, Real Estate and Operations, Western Canada

None of Messrs. Yamamoto and Williams and Ms. Wingerak is entitled to contractual severance, termination or change of control payments other than applicable incentives and Trust Unit-based payments as provided for under the terms of the STIP and LTIP. Upon termination, each of Messrs. Yamamoto and Williams and Ms. Wingerak will be subject to confidentiality obligations and certain restrictive covenants that will continue to apply following the termination of each of their employment agreements.

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, 2016 for the various reasons described below:

		Amounts Due on Termination							
Name	Event	Contractual Severance				Long-Term Incentive Plans			Total (\$)
		Salary (\$) ⁽¹⁾	Annual Bonus (\$) ⁽¹⁾	Benefits (\$)	Other (\$)	Trust Unit Options (\$) ⁽²⁾	RUs (\$) ⁽³⁾	PU (\$) ⁽³⁾	
John R. Morrison	Termination with cause	—	—	—	—	—	—	—	—
President and CEO	Termination without cause	945,000	945,000	—	—	—	—	—	1,890,000
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Bart Munn	Termination with cause	—	—	—	—	—	—	—	—
Executive Vice President,	Termination without cause	400,000	240,000	—	—	—	—	—	640,000
Chief Financial Officer	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 Trust Unit Option Plan.
- (3) RUs and PUs are paid out on a prorated basis where the NEO retires or is terminated without cause in accordance with the RU Plan.

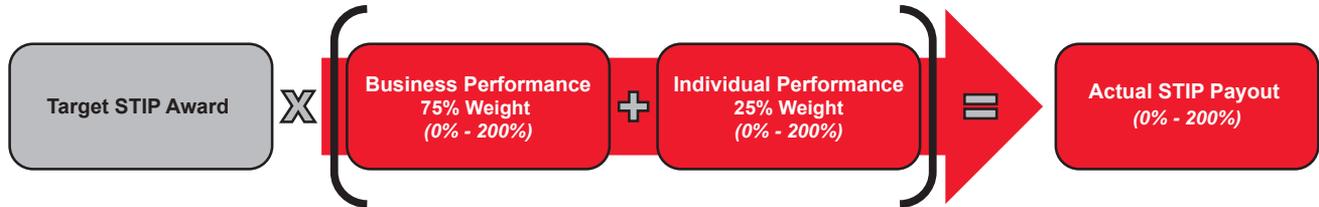
COMPENSATION DECISIONS FOR 2017

2017 SHORT-TERM INCENTIVE PLAN

The Governance Committee has approved the following performance measures and weightings for the 2017 STIP:

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

The 2017 STIP awards will be determined using the following formula:



2017 LONG-TERM INCENTIVE PLAN GRANTS

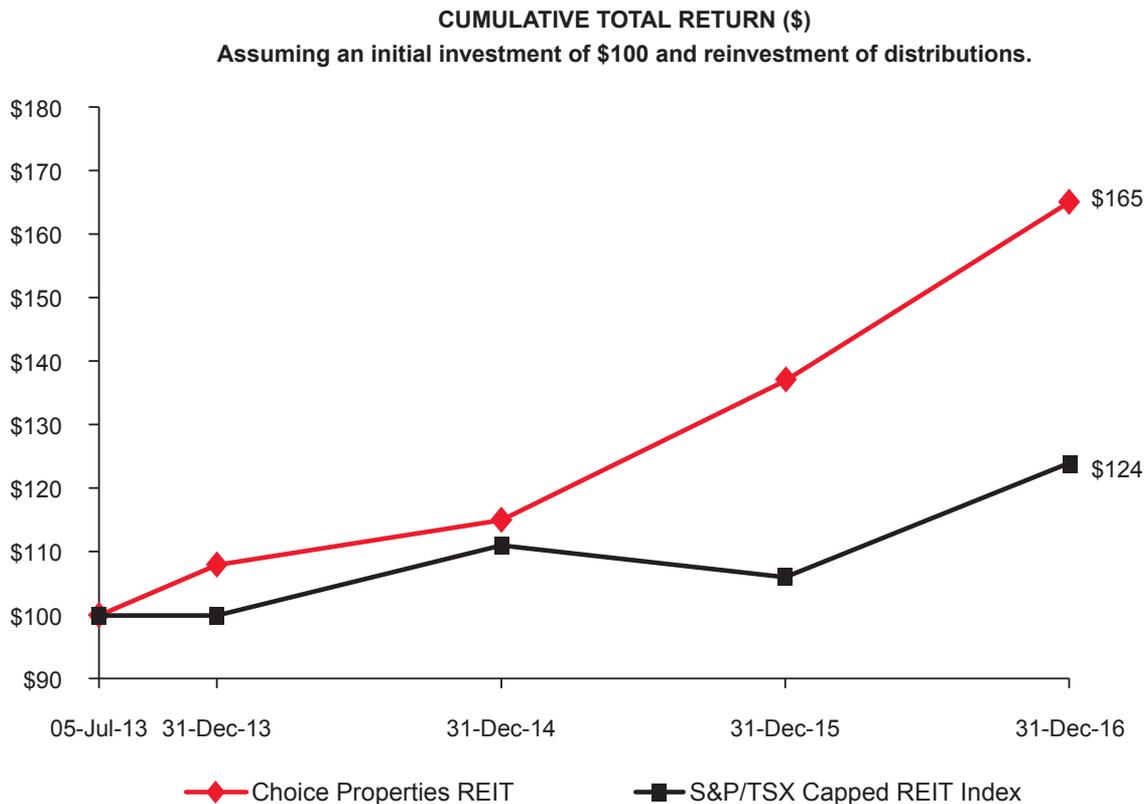
In February 2017, the Governance Committee approved LTIP awards to the NEOs as set out below. These annual LTIP grants were comprised of grants of Trust Unit options, PUs and RUs and were awarded during an open trading window on February 23, 2017.

Name	Grant Date Fair Value (\$) ⁽¹⁾	Trust Unit Options (#)	RUs (#)	PUs (#)
John R. Morrison President and CEO	945,000	207,237	33,251	16,626
Bart Munn Executive Vice President, Chief Financial Officer	315,000	69,079	11,084	5,542
Robert Yamamoto Vice President, Development	103,000	22,588	3,624	1,812
Evan Williams Vice President, Real Estate and Operations, Eastern Canada	98,463	21,593	3,465	1,732
Dallas Wingerak Vice President, Real Estate and Operations, Western Canada	90,303	19,803	3,177	1,589

(1) These amounts reflect the grant date fair value of the options, PUs and RUs when granted. The grant date fair value of Trust Unit options is calculated in the following manner: Trust Unit Option Value = Number of Trust Unit Options Granted x Black-Scholes-Merton Value. The grant date fair value of PUs and RUs is calculated in the following manner: Number of PUs or RUs Granted x the greater of the volume-weighted average Trust Unit price on the TSX for the one or five trading days preceding the grant date, which was \$14.21 as of February 23, 2017. In 2017, 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 Trust Unit price volatility.

PERFORMANCE GRAPH

The graph below compares the cumulative total Unitholder return on \$100 invested in Trust Units on the date of Choice Properties’ IPO, being July 5, 2013, with the cumulative 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	31-Dec-15	31-Dec-16
Choice Properties REIT	\$100	\$108	\$115	\$137	\$165
S&P/TSX Capped REIT Index	\$100	\$100	\$111	\$106	\$124

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 the 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 Unit price performance as Trust Unit options, RU and PU awards directly correlate to the Trust 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 annual business plan. These at-risk components (the STIP and LTIP awards) for the NEOs in 2016 ranged from 44% to 72% of the NEOs’ total compensation.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by the NEOs during 2016.

Name and Principal Position	Year	Salary (\$)	Trust Unit-Based Awards (\$) ⁽²⁾	Option-Based Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation			All Other Compensation (\$) ⁽⁴⁾	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)	Pension Value (\$)		
John R. Morrison President and CEO	2016	630,000	708,743	236,250	895,230	—	42,500	50,604	2,563,327
	2015	630,000	472,497	472,500	879,638	—	42,000	50,603	2,547,238
	2014	630,000	472,505	472,500	740,093	—	42,000	61,071	2,418,169
Bart Munn Executive Vice President, Chief Financial Officer	2016	400,000	224,994	75,000	338,040	—	42,500	54,035	1,134,569
	2015	400,000	149,998	150,000	335,100	—	38,000	51,882	1,124,980
	2014	400,000	150,000	150,000	305,940	—	40,000	62,402	1,108,342
Robert Yamamoto Vice President, Development	2016	250,000	74,998	25,000	134,600	—	20,000	28,778	533,376
	2015	250,000	49,999	50,000	137,125	—	20,000	25,728	532,852
	2014	62,500 ⁽¹⁾	12,500	12,500	29,369	—	—	8,619	125,488
Evan Williams Vice President, Real Estate and Operations, Eastern Canada	2016	244,250	73,846	24,616	133,946	—	20,000	27,962	524,620
	2015	237,644	47,709	47,705	135,100	—	15,000	28,873	512,013
	2014	162,090 ⁽¹⁾	35,246	35,250	78,111	—	—	49,888	360,585
Dallas Wingerak Vice President, Real Estate and Operations, Western Canada	2016	211,725	64,500	21,501	113,992	—	16,000	28,957	456,675
	2015	201,138	40,377	40,377	110,324	—	12,000	26,866	431,082
	2014	197,925	39,781	39,780	93,005	—	—	32,674	403,165

(1) Base salary amounts were prorated to each NEO's start date which was May 5, 2014 for Mr. Williams and October 1, 2014 for Mr. Yamamoto.

(2) Amounts represent the grant date fair value of RUs and PUs awarded to the NEOs, calculated as the number of RUs and PUs 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 a RU or PU award is the same as the accounting fair value of such award on the applicable grant date. The grant date fair value of a PU award assumes vesting at 100% of target. The number of PUs that vest will range between 0% and 200% of the number granted.

(3) These amounts reflect the grant date fair value of the options when granted. The grant date fair value of Trust Unit options is calculated in the following manner: Trust Unit Option Value = Number of Trust 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 Trust 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 11 to the Trust's annual audited consolidated financial statements for the year ended December 31, 2016, 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. Wingerak's 2016 grants, the accounting value per option is lower by \$0.11 (2015 and 2014, the accounting value per option is higher by \$0.08 and higher by \$0.04, respectively). For Mr. Williams' 2016 grant, the accounting value per option is lower by \$0.11 (2015 and 2014, the accounting value per option is higher by \$0.08 and lower by \$0.20, respectively). For Mr. Yamamoto's 2016 grant, the accounting value per option is lower by \$0.11 (2015 and 2014, the accounting value per option is higher by \$0.08 and higher by \$0.17, 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.

INCENTIVE PLAN AWARDS

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

The following table sets forth the number and value of all unexercised option-based and Trust Unit-based awards granted to NEOs that were outstanding at December 31, 2016:

Name	Option-Based Awards				Trust 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 Trust Unit-Based Awards That Have Not Vested (#)	Market or Payout Value of Trust Unit-Based Awards That Have Not Vested (\$) ⁽²⁾	Market or Payout Value of Vested Trust Unit-Based Awards Not Paid Out or Distributed (\$)
John R. Morrison President and CEO	442,586	10.04	July 12, 2020	1,518,070	156,046	2,101,947	—
	536,932	10.81	March 28, 2021	1,428,239			
	908,654	11.51	March 4, 2022	1,780,962			
	315,000	12.38	February 25, 2023	343,350			
Bart Munn Executive Vice President, Chief Financial Officer	129,199	10.04	July 12, 2020	443,153	49,538	667,277	—
	170,455	10.81	March 28, 2021	453,410			
	288,462	11.51	March 4, 2022	565,386			
	100,000	12.38	February 25, 2023	109,000			
Robert Yamamoto Vice President, Development	24,038	10.72	November 17, 2021	66,105	20,047	167,215	—
	96,154	11.51	March 4, 2022	188,462			
	33,333	12.38	February 25, 2023	36,333			
Evan Williams Vice President, Real Estate and Operations, Eastern Canada	21,759	10.61	May 1, 2021	62,231	14,633	197,112	—
	71,740	11.51	March 4, 2022	140,610			
	32,821	12.38	February 25, 2023	35,775			
Dallas Wingerak Vice President, Real Estate and Operations, Western Canada	25,194	10.04	July 12, 2020	86,415	13,602	183,220	—
	45,205	10.81	March 28, 2021	120,245			
	77,648	11.51	March 4, 2022	152,190			
	28,668	12.38	February 25, 2023	31,248			

(1) The value of outstanding vested and unvested option-based awards is calculated based on the closing price for the Trust Units on the TSX on December 30, 2016, which was \$13.47.

(2) The value of PUs and RUs held by the NEOs is based on the closing price of the Trust Units on the TSX on December 30, 2016, which was \$13.47, multiplied by the number of PUs and RUs outstanding as at December 30, 2016. Additional PUs and RUs were accumulated based on notional equivalents of distributions paid on Trust Units throughout the year and have been included in this table. The value of a PU award assumes vesting at 100% of target.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table sets forth the value of option-based and Trust Unit-based awards of the NEOs that vested during fiscal 2016, as well as the value of non-equity incentive plan compensation that the NEOs earned during 2016. The dollar value of the option-based and Trust Unit-based awards is calculated using the number of units vested/earned multiplied by the closing price of the Trust Units on the TSX on the applicable vesting date.

Name	Option-Based Awards – Value Vested During The Year (\$)	Trust 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	980,290	573,324	895,230
Bart Munn Executive Vice President, Chief Financial Officer	298,658	846,110	338,040
Robert Yamamoto Vice President, Development	45,074	—	134,600
Evan Williams Vice President, Real Estate and Operations, Eastern Canada	55,481	—	133,946
Dallas Wingerak Vice President, Real Estate and Operations, Western Canada	69,504	32,642	113,992

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

PENSION PLAN AND LONG SERVICE EXECUTIVE ARRANGEMENTS

DEFINED CONTRIBUTION PENSION PLANS AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Messrs. Morrison and Munn participate on a non-contributory basis in the Executive DC Plan. During 2016, employer contributions were set as a percentage of base salary (maximum of \$250,000) and were capped at \$26,010 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%

Messrs. Yamamoto and Williams and Ms. Wingerak participate in the VP DC Plan. During 2016, employer contributions were set as a percentage of base salary (maximum of \$200,000), as set forth in the following table:

Age + Years of Service	Employer Contributions as a Percentage of Base Salary
< 50	8%
50-60	10%
61 +	12%

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 \$26,010 registered plan limit. 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 and the VP DC Plan during 2016:

Name	Accumulated Value at Start of Year (\$)	Compensatory (\$)	Accumulated Value at Year End (\$)
John R. Morrison ⁽¹⁾ President and CEO	123,000	42,500	178,300
Bart Munn ⁽¹⁾ Executive Vice President, Chief Financial Officer	114,000	42,500	170,400
Robert Yamamoto ⁽²⁾ Vice President, Development	20,000	20,000	41,900
Evan Williams ⁽²⁾ Vice President, Real Estate and Operations, Eastern Canada	15,000	20,000	36,200
Dallas Wingerak ⁽²⁾ Vice President, Real Estate and Operations, Western Canada	12,000	16,000	29,400

(1) Messrs. Morrison and Munn participate in the Executive DC Plan and the SERP.

(2) Messrs. Yamamoto and Williams and Ms. Wingerak participate in the VP DC Plan.

INDEBTEDNESS OF TRUSTEES, EXECUTIVE OFFICERS AND EMPLOYEES

As at March 2, 2017, there was no indebtedness (other than “routine indebtedness” under applicable Canadian securities laws) owing to the Trust or any of its subsidiaries by any current 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 Units. Since January 1, 2016, the Trust acquired investment properties from Loblaw which added approximately 1.1 million square feet of gross leasable area for aggregate consideration to Loblaw of approximately \$158.1 million, comprised of 878,713 Class B LP Units with a value as at such acquisition dates of approximately \$12 million and approximately \$146.1 million of cash. For further details of any transactions of the Trust involving Loblaw, Weston or related entities completed since January 1, 2016, please refer to the Trust’s Annual Information Form dated February 15, 2017.

As of March 2, 2017: Loblaw beneficially owned, directly and indirectly, 21,500,000 Trust Units and 317,988,505 Special Voting Units, representing a 82.6% effective interest in the Trust; Weston beneficially owned, directly and indirectly, 24,208,378 Trust Units, representing a 5.89% effective interest in the Trust; and W. Galen Weston, the controlling shareholder of Weston, also beneficially held 75,000 Trust 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 Board and management are dedicated to strong governance practices designed to maintain high standards of oversight, accountability, integrity and ethics while promoting long-term growth and complying with the Canadian Securities Administrators' Corporate Governance Guidelines (the "Governance Guidelines"). The Governance Committee regularly reviews the Trust's governance practices and considers any changes necessary to ensure they reflect evolving best practices 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 plan 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 plan;
- material capital expenditures, acquisitions, divestitures and restructurings; and
- investments outside the ordinary course of business.

In overseeing the strategic planning of the Trust, the Board has a high level of engagement with management. The Board regularly receives updates from management on the Trust's achievements against its strategic plans. At each meeting, 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 the 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 budgets, 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 receives reports on non-operational matters, such as pension, tax, treasury and legal matters.

Enterprise Risk Management ("ERM")

The Board has oversight responsibility for risk management activities 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/or facilitated workshops with 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 include the inability of the Trust to properly and effectively develop, redevelop or renovate properties; the inability to hire, retain and develop leaders and other key personnel or to develop adequate succession planning and retention strategies; and disruption to the Trust's IT systems. Management periodically provides an update to the Committee on the status of the key risks based on significant changes from the prior update, anticipated impacts in future quarters, and significant changes in key risk indicators. In addition, long-term risk levels are assessed to monitor potential long term risk impacts, which may assist in risk mitigation planning activities. Accountability for oversight to the management of each risk is allocated by the Board to a committee of the Board, at the Board's discretion.

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.

Talent Management and 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. Subsequent to the previous announcement of Mr. Morrison's pending retirement, the Board asked Mr. Morrison to remain in the role of President and Chief Executive Officer of the Trust. Mr. Morrison has agreed and will continue to lead the management of the Trust.

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 mandate is attached as Schedule "A" of this Circular.

Board Leadership Structure

Mr. Galen G. Weston is currently the Chairman of the Board. He will not be standing for re-election at the Meeting. Mr. Anthony R. Graham will be standing for election at the Meeting. If elected, the Board intends to appoint Mr. Anthony R. Graham as Chairman following the Meeting. However, recognizing the importance of strong independent board oversight, the Board has appointed an independent trustee, Mr. Daniel F. Sullivan, to serve as Lead Trustee. He ensures that the Board operates independently of management and that the trustees have an independent leadership contact. The Board's view on the effective role of an independent lead trustee has also been endorsed by leading corporate governance organizations.

The Board maintains a position description for the Chairman that is reviewed annually and approved by the Governance Committee and the Board and also maintains a position description for the Lead Trustee. The following is a description of the roles of the Chairman and Lead Trustee:



Chairman
Galen G. Weston

- Directs the operations of the Board
- Chairs each meeting of the Board
- Provides leadership to the Board in all matters
- Ensures that the Board has all the information it needs to discuss the matters brought before the Board
- Ensures that all of the Board's responsibilities, as set out in the Board mandate, are being fulfilled
- Monitors the reports from the committees of the Board to ensure the committees are fulfilling the responsibilities delegated to them by the Board
- Chairs meetings of Unitholders and facilitates the response by management to Unitholder concerns
- Ensures that strategic plans are communicated to and evaluated by the Board
- Works in consultation with members of senior management to, among other things, set the agenda for each Board meeting



Independent Lead Trustee
Daniel F. Sullivan

- Provides leadership to the Board and particularly to the independent trustees
- Chairs meetings of the independent trustees following each Board meeting and on other occasions, as required or desirable
- 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 Board mandate provides that a majority of the Board shall be comprised 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 whether there is a material relationship, 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 reviewed 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:

- Mr. Anthony R. Graham, who is Vice Chairman of Wittington Investments, Limited, the controlling shareholder of Weston;
- 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 present. 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 2016, can be found on pages 9 through 13 of this Circular.

Lead Trustee

The Board is confident that the current leadership structure ensures the appropriate level of oversight, independence and responsibility is applied to Board decisions. The Board is of the view that having a Lead Trustee who is independent ensures that any potential conflicts of interest between the Trust and the controlling Unitholder are addressed. The Chair of the Governance Committee serves as the Lead Trustee. The Lead Trustee's role is to ensure that the interests of the Trust and of the minority Unitholders and other relevant stakeholders are protected and the Board is following good governance processes and prioritizing the right matters. More specifically, the Lead Trustee has the following responsibilities:

- provides leadership to the Board in any situation where the Chairman's role may be perceived to be in conflict;
- chairs meetings when the Chairman is absent;
- chairs independent trustee meetings that follow Board meetings;
- calls additional Board or independent meetings as needed;
- regularly meets with the Chair and serves as liaison between the Chair and the independent trustees;
- works with the Chairman on appropriate agenda items; and
- oversees the Board's self-assessment and evaluation of its leadership structure.

Individual trustees may, with the approval of the Lead Trustee, retain an outside advisor at the expense of the Trustee as necessary.

Board Committees

The Board has two standing committees: the Audit Committee and the Governance Committee. The Chair of each Committee reports to the Board on material issues discussed and the actions taken at each Committee meeting.

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; holding management accountable for matters delegated to it by the Board and its committees; 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.

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 Trust Unit Option Plan, the employee unit purchase plan, the DU Plan, the RU Plan, the PU 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 five meetings in 2016. Further information relating to the Governance Committee's accomplishments in 2016 is set out in "Governance Committee Report to Unitholders" on pages 24 through 26.

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 auditor;
- reviewing and approving the engagement of the external auditor;
- 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 group of the Trust;

- overseeing the work and confirming the independence of the external auditor; 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 2016. Further information relating to the Audit Committee's accomplishments in 2016 is set out in "Audit Committee Report to Unitholders" on pages 19 through 20.

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. 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 2016, there were no material violations of the Code. The Code is available on the Trust's website at www.choicereit.ca.

Senior management reviews all material breaches of the Code, oversees the implementation of the Code and the education of employees regarding the Code. Senior management also reviews 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 projects.

Assessment of the Board and its Committees

The Governance Committee periodically reviews the performance and effectiveness of the Board and its committees. This process included a confidential survey 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 an assessment of Board and Committee Chairs. The survey results are reviewed by the Governance Committee and then presented to the full Board by the Lead Trustee.

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 meets on an annual basis, or when required, to assess 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 considers candidates for Board membership. The members of the Board are canvassed with respect to potential candidates and each candidate is 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, in accordance with the Diversity Policy, the Board is mindful of diversity considerations in terms of gender, experiences and perspectives, and recognizes the benefits of promoting diverse candidates to its Board. The Governance Committee also assesses any concerns relating to potential conflicts, independence, interlocking board memberships, or time commitment that the candidate may present. The Chairman, the Chair of the Governance Committee, as well as other members of the Governance Committee meet with the potential candidates to determine their interest, availability and suitability. 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.

Mr. Galen G. Weston will not be standing for re-election at the Meeting. Mr. Anthony R. Graham will be standing for election at the Meeting. If elected, the Board intends to appoint Mr. Anthony R. Graham as Chairman following the Meeting.

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 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 Code of Conduct, Disclosure Policy and mandates of the Board and its committees.

OTHER INFORMATION

TRUSTEE AND OFFICER LIABILITY INSURANCE

The Trust maintains insurance for the benefit of its trustees and officers, and the trustees and officers of its subsidiaries, in respect of the performance by them of their duties. The Trust's annualized insurance premium in 2016 was \$133,408. 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.

NON-GAAP FINANCIAL MEASURES

Certain financial measures discussed in this Circular, such as NOI and FFO per Unit, are non-GAAP financial measures. For reconciliations to the most comparable GAAP measure, please see section 17, "Non-GAAP Financial Measures", included in the MD&A of the Trust's 2016 Annual Report.

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded REITs, and they should not be construed as an alternative to other financial measures determined in accordance with GAAP.

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 2016 Annual Report and this Circular may be obtained upon request from the Vice President, Investor Relations and Business Intelligence of the Trust at 22 St. Clair Avenue East, 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 Unitholders entitled to receive notice of the Meeting, to each trustee, to the external auditor 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 10, 2017

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”) which consists of reviewing strategy, assigning responsibility to management for achievement of that strategy, establishing limitations on the authority delegated to management and monitoring 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) Review Performance and 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:

- 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.
- 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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 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.

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

- Oversee actions taken by management to 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.
- Receive and monitor 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 by the respective committee and submitted to the Board for approval with such amendments as the committee proposes. 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.

7. RETENTION OF EXPERTS

The Board may engage any professional advisors including legal, accounting or other experts, at the expense of the Trust, as it considers necessary to perform its duties.

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