

*This prospectus supplement (the “Prospectus Supplement”), together with the short form base shelf prospectus dated October 14, 2015 to which it relates, as amended or supplemented (the “Base Shelf Prospectus”), and each document deemed to be incorporated by reference into the Base Shelf Prospectus or this Prospectus Supplement constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States.*

*Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Choice Properties Real Estate Investment Trust, at 22 St. Clair Avenue East, Suite 500, Toronto, Ontario, Canada, M4T 2S5 (telephone: (416) 324-7852), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

**PROSPECTUS SUPPLEMENT  
(TO A SHORT FORM BASE SHELF PROSPECTUS DATED OCTOBER 14, 2015)**

New Issue

March 1, 2016



**CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST**

**\$250,000,000 3.196% Series G Senior Unsecured Debentures due March 7, 2023**

**and**

**\$100,000,000 5.268% Series H Senior Unsecured Debentures due March 7, 2046**

This Prospectus Supplement qualifies the distribution of (i) \$250,000,000 aggregate principal amount of 3.196% series G senior unsecured debentures due March 7, 2023 (the “**Series G Debentures**”) and (ii) \$100,000,000 aggregate principal amount of 5.268% series H senior unsecured debentures due March 7, 2046 (the “**Series H Debentures**”) and, together with the Series G Debentures, the “**Debentures**”) of Choice Properties Real Estate Investment Trust (the “**REIT**”). Interest on the Debentures will be payable in equal semi-annual instalments in arrears on March 7 and September 7 in each year, commencing September 7, 2016. See “Details of the Offering” for particulars of the material attributes of the Debentures.

	<b>Price to the Public</b>	<b>Agents’ Fee<sup>(1)</sup></b>	<b>Net Proceeds to the REIT<sup>(2)</sup></b>
Per \$1,000 principal amount of Series G Debentures .....	\$1,000	\$3.70	\$996.30
Per \$1,000 principal amount of Series H Debentures .....	\$1,000	\$5.00	\$995.00
Total .....	\$350,000,000	\$1,425,000	\$348,575,000

Notes:

- (1) Consists of an Agents’ fee of 0.37% of the face amount of the Series G Debentures and 0.50% of the face amount of the Series H Debentures.
- (2) Before deducting the REIT’s expenses of the Offering (as defined below), estimated to be \$600,000, which together with the Agents’ fee, will be paid from the gross proceeds of the Offering.

**There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus Supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

**An investment in the Debentures is subject to certain risks that should be considered by prospective purchasers. See “Risk Factors”.**

**The REIT’s *pro forma* earnings coverage ratio for the twelve month period ended December 31, 2015 is less than 1:1. See “Interest and Earnings Coverage”.**

At the time of closing of the offering of the Debentures (the “Offering”), the Debentures will qualify for investment as set out under “Eligibility for Investment”.

The REIT’s head and registered office is located at 22 St. Clair Avenue East, Suite 500, Toronto, Ontario, Canada, M4T 2S5.

TD Securities Inc. (“TDSI”), CIBC World Markets Inc. (“CIBCWM”), RBC Dominion Securities Inc. (“RBCDS”), BMO Nesbitt Burns Inc. (“BMONB” and, together with TDSI, CIBCWM and RBCDS, the “Joint Bookrunners”), Desjardins Securities Inc. (“Desjardins”), National Bank Financial Inc. (“NBF”) and Scotia Capital Inc. (“SCI” and, together with the Joint Bookrunners, Desjardins and NBF, the “Agents”) as agents, conditionally offer the Debentures qualified under this Prospectus Supplement for sale, on a best efforts basis, subject to prior sale, if, as and when issued by the REIT and accepted by the Agents in accordance with the conditions contained in the agency agreement between the REIT and the Agents referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the REIT by Torys LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP.

**Each of the Agents are affiliates of Canadian chartered banks that have provided to the REIT a \$500 million operating credit facility. BMONB is also an affiliate of a Canadian chartered bank with which the REIT has entered into an uncommitted letter of credit facility of up to \$40 million. In addition, each of the Agents are affiliates of financial institutions that have provided credit lines to Loblaw Companies Limited (“Loblaw”) in the aggregate principal amount of approximately \$3 billion. Consequently, the REIT may be considered a “connected issuer” of each of the Agents under applicable Canadian securities laws. See “Plan of Distribution”.**

The REIT has been advised by the Agents that, in connection with the Offering and subject to applicable laws, the Agents may effect transactions that stabilize or maintain the market price of the Debentures at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Subscriptions for the Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Subject to customary closing conditions, the closing of the Offering will take place on March 7, 2016 or on such other date as the REIT and the Agents may agree, but in any event not later than March 14, 2016. Registrations and transfers of Debentures will be effected electronically through the book-entry only system administered by CDS Clearing and Depository Services Inc. or a successor (“CDS”). Beneficial owners of Debentures will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Debentures. See “Details of the Offering” and “Plan of Distribution”.

**The Debentures have been provisionally rated “BBB” by each of DBRS Limited (“DBRS”) and Standard and Poor’s Ratings Services (“S&P”). In addition, the REIT has been assigned an issuer credit rating of “BBB” by S&P. Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of any particular securities for any particular investor. The credit ratings assigned to the Debentures by each of DBRS and S&P are not a recommendation to purchase, hold or sell such Debentures. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings. Ratings may be revised or withdrawn at any time by the respective rating organization. See “Credit Ratings”.**

Unless the context otherwise requires, all references to the “REIT” in this Prospectus Supplement refer to Choice Properties Real Estate Investment Trust and its subsidiaries, including the Partnership, on a consolidated basis.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Base Shelf Prospectus solely for the purpose of the distribution of the Debentures.

The following documents filed with the securities commission or similar authority in each of the provinces of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Base Shelf Prospectus:

- (a) the REIT's annual information form dated February 17, 2016 (the "**AIF**");
- (b) the REIT's management information circular dated March 19, 2015 in connection with the April 29, 2015 annual and special meeting of unitholders;
- (c) the audited consolidated financial statements of the REIT and the notes thereto for the financial year ended December 31, 2015, together with the report of the independent auditors thereon (the "**Annual Financial Statements**");
- (d) management's discussion and analysis for the Annual Financial Statements (the "**Annual MD&A**");
- (e) the template version of the indicative term sheet in respect of the Series G Debentures dated March 1, 2016 (the "**Series G Indicative Term Sheet**");
- (f) the template version of the indicative term sheet in respect of the Series H Debentures dated March 1, 2016 (the "**Series H Indicative Term Sheet**");
- (g) the template version of the final term sheet in respect of the Series G Debentures dated March 1, 2016 (the "**Series G Final Term Sheet**"); and
- (h) the template version of the final term sheet in respect of the Series H Debentures dated March 1, 2016 (together with the Series G Indicative Term Sheet, the Series H Indicative Term Sheet and the Series G Final Term Sheet, the "**Marketing Materials**").

Any statement contained in the Base Shelf Prospectus, in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein or in the Base Shelf Prospectus for the purposes of the distribution of Debentures will be deemed to be modified or superseded for purposes of this Prospectus Supplement to the extent that a statement contained herein or in the Base Shelf Prospectus, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Base Shelf Prospectus, modifies or supersedes that prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Any documents of the types referred to in the preceding paragraphs (a) through (h), as well as all business acquisition reports, material change reports (other than confidential material change reports, if any), and other documents disclosing additional or updated information as may be required to be incorporated by reference herein under applicable securities laws, which are filed by the REIT with the securities regulatory authorities in any of the provinces of Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement.

## MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus Supplement or the Base Shelf Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment. Any “template version” of “marketing materials” (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed with the securities commission or similar authority in each of the provinces of Canada in connection with this Offering after the date hereof but prior to the termination of the distribution of the Debentures under this Prospectus Supplement (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference herein and in the Base Shelf Prospectus.

## FORWARD-LOOKING STATEMENTS

This Prospectus Supplement and the documents incorporated herein by reference contain forward-looking statements about the REIT’s objectives, outlook, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Forward-looking statements are typically identified by words such as “expect”, “anticipate”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “strive”, “will”, “may”, “should” and similar expressions, as they relate to the REIT and its management.

Forward-looking statements reflect the REIT’s current estimates, beliefs and assumptions, which are based on management’s perception of historic trends, current conditions, outlook and expected future developments, as well as other factors it believes are appropriate in the circumstances. The REIT’s expectation of operating and financial performance is based on certain assumptions, including assumptions about the REIT’s future growth potential, prospects and opportunities, industry trends, future levels of indebtedness, current tax laws, current economic conditions and no new competition in the market that leads to reduced revenues and profitability. Management’s estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. The REIT can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the REIT’s actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including, but not limited to:

- changes in economic conditions, including changes in interest rates, and the rate of inflation or deflation;
- the inability of the REIT to maintain and leverage its relationship with Loblaw, including in respect of: (i) Loblaw’s retained interest in the REIT; (ii) the services to be provided to the REIT (whether directly or indirectly) by Loblaw; (iii) expected transactions to be entered into between Loblaw and the REIT (including the REIT’s acquisition of properties held by Loblaw); and (iv) the strategic alliance agreement between the REIT and Loblaw dated July 5, 2013;
- changes in Loblaw’s business, activities or circumstances which may impact the REIT, including Loblaw’s inability to make rent payments or perform its obligations under its leases;
- the REIT’s failure to manage its growth effectively in accordance with its growth strategy or acquire assets on an accretive basis;
- changes in timing to obtain municipal approvals, development costs, and tenant leasing and occupancy of properties under development, redevelopment or intensification;
- changes in the REIT’s capital expenditure and fixed cost requirements;
- the inability of Choice Properties Limited Partnership (the “**Partnership**”) to make distributions or other payments or advances;
- the inability of the REIT to obtain financing;

- changes in the REIT's degree of financial leverage;
- changes in laws or regulatory regimes, which may affect the REIT, including changes in the tax treatment of the REIT and its distributions to holders ("**Unitholders**") of trust units of the REIT ("**Units**") or the inability of the REIT to continue to qualify as a "mutual fund trust" and as a "real estate investment trust", as such terms are defined in the *Income Tax Act* (Canada) (the "**Tax Act**"); and
- changes in the REIT's competitiveness in the real estate market or the unavailability of desirable commercial real estate assets.

All of the forward-looking statements made in this Prospectus Supplement are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the REIT. All forward-looking statements in this Prospectus Supplement are made as of the date hereof and, except as may be required by applicable law, the REIT assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise. Additional information about these assumptions, risks and uncertainties is contained in the REIT's filings with securities regulators, including the AIF and the Annual MD&A.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Torys LLP, counsel to the REIT, and Blake, Cassels & Graydon LLP, counsel to the Agents, based on the current provisions of the Tax Act, provided that on the closing of the Offering (i) the REIT qualifies as a "mutual fund trust" within the meaning of the Tax Act and (ii) Units are listed on a designated stock exchange in Canada (which currently includes the Toronto Stock Exchange (the "**TSX**")), the Debentures will be, on the closing of the Offering, qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered education savings plans, registered disability savings plans, tax-free savings accounts ("**TFSA**s") and deferred profit sharing plans (other than trusts governed by deferred profit sharing plans to which contributions are made by the REIT).

Notwithstanding that the Debentures may be qualified investments for a TFSA, RRSP or RRIF, the holder of a TFSA, or the annuitant of a RRSP or RRIF, as the case may be, will be subject to a penalty tax on the Debentures if such Debentures are a "prohibited investment" (as defined in the Tax Act) for the TFSA, RRSP or RRIF. The Debentures will not be a "prohibited investment" for a TFSA, RRSP or RRIF provided that the holder of the TFSA or the annuitant of the RRSP or RRIF, as applicable, (i) deals at arm's length with the REIT within the meaning of the Tax Act and (ii) does not have a "significant interest" (as defined in Tax Act) in the REIT. Holders of a TFSA and annuitants of a RRSP or RRIF should consult their own tax advisors as to whether the Debentures will be prohibited investments in their particular circumstances.

### **CREDIT RATINGS**

S&P and DBRS provide credit ratings of debt securities for commercial entities. A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments. Rating categories range from highest credit quality (generally "AAA") to default in payment (generally "D").

S&P has provided the REIT with a provisional credit rating of "BBB" relating to the Debentures. A credit rating of "BBB" by S&P is the fourth highest of 11 categories for long-term issue credit ratings and indicates that the obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category. A credit rating of "BBB-" or higher is an investment grade rating.

S&P has also provided the REIT with a long-term issuer credit rating of "BBB" and a "Stable" outlook. A credit rating of "BBB" is the fourth highest of 12 categories for long-term issuer credit ratings. An obligor rated "BBB" has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are

more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The addition of a rating outlook modifier, such as “Positive”, “Negative”, “Stable” or “Developing” assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). An outlook is not necessarily a precursor of a rating change.

DBRS has provided the REIT with a provisional credit rating of “BBB”, with a “Stable” trend, relating to the Debentures. A credit rating of “BBB” by DBRS is the fourth highest of 10 categories and is assigned to debt that is considered to be of adequate credit quality, where payment of financial obligations is considered acceptable but the issuing entity may be vulnerable to future events. The assignment of a “(high)” or “(low)” modifier within each rating category indicates relative standing within such category. The assignment of a “Positive”, “Stable” or “Negative” trend modifier provides guidance in respect of DBRS’ opinion regarding the outlook for the rating. The rating trend indicates the direction in which DBRS considers the rating may move if present circumstances continue, or in certain cases, unless challenges are addressed by the issuer.

There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by either or both rating agencies if in its judgment circumstances so warrant. The rating of any debt securities is not a recommendation to buy, sell or hold such securities, inasmuch as such ratings do not comment as to market price or suitability for a particular investor.

The REIT has paid customary rating fees to DBRS and S&P in connection with the above-mentioned ratings, its issuer rating and in connection with the ratings of its series A senior unsecured debentures (the “**Series A Debentures**”), series B senior unsecured debentures (the “**Series B Debentures**”), series C senior unsecured debentures (the “**Series C Debentures**”), series D senior unsecured debentures (the “**Series D Debentures**”), series E senior unsecured debentures (the “**Series E Debentures**”), series F senior unsecured debentures (the “**Series F Debentures**”) and the Partnership Debentures (as defined below), and may pay customary ratings fees to DBRS and S&P in connection with the confirmation of such ratings for the purpose of this Prospectus Supplement. The REIT has not made any payments to DBRS or S&P in respect of any other service provided to the REIT by DBRS or S&P.

## DEFINITIONS

For purposes of the Debentures, the following terms will be defined substantially as follows:

“**Acquired Indebtedness**” means the Indebtedness of a person (i) existing at the time such person becomes a Subsidiary of the REIT, or (ii) assumed by the REIT or any of its Subsidiaries in connection with the acquisition of assets from such person, calculated as of the date such person becomes a Subsidiary or the date of such acquisition other than, in each case, Indebtedness incurred in connection with or in contemplation of such person’s becoming a Subsidiary or of such acquisition.

“**AFFO**” is a non-GAAP financial measure which means adjusted funds from operations.

“**Aggregate Adjusted Assets**” as at any date means, as at the relevant Calculation Reference Date, the Aggregate Assets, *provided that* the component amount thereof that would otherwise comprise the amount shown on the REIT’s balance sheet as “Investment properties” (or its equivalent) shall be instead calculated as the amount obtained by applying the Capitalization Factor as at such Calculation Reference Date to determine the fair value of the REIT’s assets that would comprise “Investment properties” as at such date, using the valuation methodology described by the REIT in its then most recently published annual or interim financial statements or management’s discussion and analysis, applied consistently in accordance with past practice.

“**Aggregate Assets**” of the REIT as of any date means the total assets of the REIT, excluding goodwill and future income tax assets, determined on a consolidated basis and in accordance with GAAP, and giving effect to the Proportionate Consolidation Adjustments and to the extent applicable, adjusted for any adjustments which correspond to those made in accordance with the definition of Consolidated EBITDA (other than fair value adjustments reflecting an increase or decrease in the fair value of investment properties).

**“Calculation Reference Date”** means, with respect to any date, the last day of the most recently completed fiscal quarter of the REIT.

**“Capital Lease Obligation”** of any person means the obligation of such person, as lessee, to pay rent or other payment amounts under a lease of real or personal property which is required to be classified and accounted for as a finance lease or a liability on a consolidated balance sheet of such person in accordance with GAAP.

**“Capitalization Factor”** of the REIT means, as at the relevant Calculation Reference Date, the amount determined as the simple average of the weighted average capitalization rate published by the REIT in reference to the calculation of the fair value of its assets in the REIT’s annual or interim financial statements or management’s discussion and analysis published for each of the eight (8) most recently completed fiscal quarters (including the fiscal quarter in which the relevant Calculation Reference Date occurs).

**“Change of Control”** means the acquisition by a person, or group of persons acting jointly or in concert, directly or indirectly, other than the Weston Group or a member of the Weston Group or Loblaw or any of its Subsidiaries (in the event Loblaw ceases to be part of the Weston Group), of more than 50% of the aggregate voting rights attached to the Units and Special Voting Units of the REIT (taking into account (i) full dilution from the exchange of all then-outstanding Class B LP Units into Units of the REIT; and (ii) in respect of any other securities that are convertible or exchangeable into Units of the REIT, only dilution resulting from the conversion or exercise of such other convertible or exchangeable securities held by such person or group of persons).

**“Change of Control Triggering Event”** has the meaning given to that term under “Details of the Offering — Repurchase upon Change of Control Triggering Event”.

**“Class A LP Units”** means, collectively, the Class A limited partnership units of the Partnership.

**“Class B LP Units”** means, collectively, the Class B limited partnership units of the Partnership.

**“Class C LP Units”** means, collectively, the Class C limited partnership units of the Partnership.

**“Consolidated EBITDA”** of the REIT for any period means Consolidated Net Income for such period increased by the sum of, without duplication (i) Consolidated Interest Expense for such period, (ii) depreciation and amortization expense for such period, and (iii) Consolidated Income Tax Expense for such period (other than income taxes, either positive or negative, attributable to unusual or non-recurring gains or losses or other non-cash gains or losses as adjusted for in calculating Consolidated Net Income).

**“Consolidated Income Tax Expense”** of the REIT for any period means the income tax expense of the REIT for such period, determined on a consolidated basis and in accordance with GAAP and including Proportionate Consolidation Adjustments.

**“Consolidated Indebtedness”** of the REIT as at any date means the consolidated Indebtedness of the REIT as at such date determined in accordance with GAAP and including Proportionate Consolidation Adjustments.

**“Consolidated Interest Expense”** of the REIT for any period means the aggregate amount of interest expense of the REIT, adjusted in all cases for Proportionate Consolidation Adjustments in respect of Consolidated Indebtedness, Capital Lease Obligations, the original issue discount (or, as applicable, premium) of any Consolidated Indebtedness issued at a price less than (or, as applicable, more than) the face amount thereof paid, accrued or scheduled to be paid or accrued by the REIT during such period and, to the extent interest has been capitalized on projects that are under development or held for future development during the period, the amount of interest so capitalized (including Proportionate Consolidation Adjustments), all as determined on a consolidated basis in accordance with GAAP; provided that (A) such amount shall be adjusted, as and to the extent applicable, for non-cash gains or losses related to the Partnership Debentures and (B) notwithstanding its presentation under GAAP, all interest expense of the REIT in respect of convertible debenture Indebtedness and Subordinated Indebtedness will be included at the face rate of interest thereon and, for the purpose of calculations made in respect of the Debentures, distributions paid on the Class C LP Units will be included, and (C) for the avoidance of doubt, distributions in respect of the Class B LP Units will not be included in determining Consolidated Interest Expense.



**“Consolidated Net Income”** of the REIT for any period means the net income (loss) of the REIT for such period determined on a consolidated basis in accordance with GAAP, excluding (i) the aggregate amount of distributions on the Class B LP Units for such period, (ii) any gain or loss attributable to the sale or other disposition of any asset or liability of the REIT, other than the sale or disposition of income properties held for resale, (iii) any non-cash changes in fair value and other non-cash gains or losses of the REIT, determined on a consolidated basis in accordance with GAAP, (iv) other non-recurring items, and including (v) any Proportionate Consolidation Adjustments; and including or excluding, as applicable, the related tax impact of items (i) to (iv).

**“Consolidated Secured Indebtedness”** of the REIT at any date means the Consolidated Indebtedness that is secured in any manner by any Lien as at such date, determined in accordance with GAAP and including Proportionate Consolidation Adjustments.

**“Consolidated Unsecured Indebtedness”** of the REIT at any date means the Consolidated Indebtedness of the REIT that is not secured in any manner by any Lien as at such date, determined in accordance with GAAP and including Proportionate Consolidation Adjustments.

**“Coverage Ratio”** has the meaning given to that term under “Details of the Offering — Certain Covenants in the Trust Indenture — Maintenance of the Unencumbered Aggregate Adjusted Assets”.

**“Debentures”** means, collectively, the Series G Debentures and the Series H Debentures.

**“Debt Service”** means, for any period, the sum of (without duplication) (i) Consolidated Interest Expense for such period and (ii) all regularly scheduled principal payments made with respect to Consolidated Indebtedness during such period (other than any balloon, bullet or similar principal payable at maturity or which repays such Indebtedness in full).

**“Deferred Income Plans”** means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts, each as described in the Tax Act.

**“Eighth Supplemental Indenture”** means the eighth supplemental indenture to the Indenture to be dated as of the date of closing of the Offering and providing for the creation and issuance of the Series H Debentures.

**“GAAP”** means generally accepted accounting principles in Canada (which for Canadian reporting issuers is IFRS) as in effect from time to time and as adopted by the REIT from time to time for the purposes of its public financial reporting.

**“General Partner”** means Choice Properties GP Inc., a corporation existing under the laws of the Province of Ontario.

**“GLA”** means gross leasable area.

**“Guarantee”** means a guarantee to be provided by each of the Guarantors substantially in the form attached as Schedule “B” to each of the Supplemental Indentures.

**“Guarantor”** means each of the General Partner and the Partnership together with any person that becomes a Wholly-Owned Subsidiary of the REIT after the closing of the Offering (other than a Nominee Subsidiary or an inactive Subsidiary).

**“Holder”** has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations”.

**“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the CICA in Part I of The Canadian Institute of Chartered Accountants Handbook — Accounting, as amended from time to time.

**“Indebtedness”** of any person means (without duplication) (i) any obligation of such person for borrowed money (including, for greater certainty, the full principal amount of convertible debt, notwithstanding its presentation under GAAP), (ii) any obligation of such person incurred in connection with the acquisition of property, assets or businesses,

(iii) any obligation of such person issued or assumed as the deferred purchase price of property, (iv) any Capital Lease Obligation of such person, and (v) any obligations of the type referred to in clauses (i) through (iv) of another person, the payment of which such person has guaranteed or for which such person is responsible or liable; provided that, (A) for the purpose of clauses (i) through (v) (except in respect of convertible debt, as described above), an obligation will constitute Indebtedness of such person only to the extent that it would appear as a liability on the consolidated balance sheet of such person in accordance with GAAP, (B) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith, deferred revenues, intangible liabilities, deferred income taxes, deferred financing costs, tenant deposits and indebtedness with respect to the unpaid balance of installment receipts where such indebtedness has a term not in excess of 12 months, and (C) Units, Class A LP Units, Class B LP Units, Class C LP Units, and exchangeable securities do not constitute Indebtedness. Furthermore, obligations referred to in clauses (i) through (v) shall be adjusted, as and to the extent applicable, for (a) any adjustments which correspond to those made in accordance with the definition of Consolidated EBITDA, and (b) Proportionate Consolidation Adjustments.

“**Indebtedness Percentage**” has the meaning given to that term under “Details of the Offering — Certain Covenants in the Trust Indenture — Restrictions on Additional Indebtedness”.

“**Indenture**” means the trust indenture between the REIT and the Indenture Trustee, dated as of July 5, 2013, pursuant to which the Debentures will be created and issued.

“**Indenture Trustee**” means BNY Trust Company of Canada.

“**Lien**” means any security interest, encumbrance, lien, hypothec, mortgage, pledge, charge or any other arrangement (including a deposit arrangement) or condition that in substance secures payment or performance of an obligation.

“**Loblaw**” means, collectively, Loblaw Companies Limited together with its Subsidiaries (excluding the REIT and the REIT’s Subsidiaries), or, as the context requires, only Loblaw Companies Limited.

“**Loblaw-Owned Banner**” means (i) corporate-owned or licensed (in the case of Dominion) store banners, including Atlantic Superstore, Dominion, Extra Foods, Loblaws, Maxi, Maxi & Cie, Provigo, Real Canadian Superstore, T&T Supermarket and Zehrs Markets; (ii) wholesale outlets operating as Cash & Carry, Presto, and The Real Canadian Wholesale Club; and (iii) franchised and affiliated store banners operating as Save Easy, Fortinos, Extra Foods, no frills, Super Valu, Valu-mart, Provigo and Your Independent Grocer.

“**Material Subsidiary**” at any date means any Subsidiary of the REIT which constitutes more than 10% of Unitholders’ Equity calculated as at such date.

“**Nominee Subsidiary**” means a Subsidiary of the REIT holding registered title to real property on behalf of the REIT but which does not otherwise hold any assets or carry on any business and which has incurred no Indebtedness.

“**Non-Recourse Indebtedness**” means any Indebtedness of a Subsidiary of the REIT which is a single purpose company or any Subsidiary of the REIT whose principal assets and business are constituted by a particular property and pursuant to the terms of such Indebtedness payment is to be made from the revenues arising out of such property with recourse for such payment being available only to the revenues or the assets of such single purpose company or such property.

“**Offering**” means the offering of Debentures pursuant to this Prospectus Supplement.

“**Partnership**” means Choice Properties Limited Partnership, a limited partnership existing under the *Limited Partnerships Act* (Ontario).

“**Partnership Debentures**” means, collectively, the Indebtedness owing by the Partnership to the current noteholders thereof, that were initially issued by the Partnership to the Transferor Trust as part of a series of transactions related to the Partnership’s acquisition of certain properties from Loblaw in connection with the REIT’s initial public offering on July 5, 2013.

**“Permitted Indebtedness”** means:

- (a) Indebtedness of (A) the REIT owed to any of its Subsidiaries and (B) any Subsidiary of the REIT owed to the REIT and/or another of its Subsidiaries (each of the entities in (A) and (B) being for these purposes a “related entity”), provided, however, that the provisions of this subsection (a) will no longer be applicable,
  - i. upon the subsequent transfer or other disposition of such Indebtedness to any person that is not a related entity to the transferor, to the amount that was so transferred or otherwise disposed of to such other person; or
  - ii. in the case of Indebtedness of the REIT owed to any of its Subsidiaries, upon the subsequent issuance or disposition of common shares (including, without limitation, by consolidation or merger) of such Subsidiary which results in such Subsidiary ceasing to be a Subsidiary of the REIT (and thereby for this purpose a “third party”), to the amount of such Indebtedness equal to the product obtained by multiplying the amount of such Indebtedness by the percentage of common shares of the third party owned immediately after such issuance or disposition of such common shares by persons other than the REIT or one of its Subsidiaries,

and, in each case, such amount of such Indebtedness will be deemed for the purpose of the calculation of the Indebtedness Percentage to have been incurred at the time of such transfer, issuance or disposition; and

- (b) Indebtedness of the REIT or any of its Subsidiaries which is incurred or the proceeds of which are used to renew, extend, repay, redeem, purchase, refinance or refund (each a “refinancing”) any Indebtedness of the REIT or any of its Subsidiaries outstanding on the date hereof or permitted to be incurred hereunder, provided, however, that (i) the Indebtedness which is incurred will not exceed the aggregate principal amount of all Indebtedness which is so refinanced at such time, plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of the Indebtedness which is so refinanced or the amount of any premium reasonably determined by the REIT or the relevant Subsidiary as necessary to accomplish such refinancing by means of a tender offer or privately negotiated agreement, plus the expenses of the REIT and the relevant Subsidiary incurred in connection with such refinancing and (ii) for purposes of the Debentures, the Indebtedness which is incurred, the proceeds of which are used to refinance the Debentures or Indebtedness of the REIT or any of its Subsidiaries which ranks equally and rateably with the Debentures or Indebtedness of the REIT or any of its Subsidiaries which is subordinate in right of payment to the Debentures, will only be permitted if, in the case of any refinancing of the Debentures or Indebtedness of the REIT or any of its Subsidiaries which ranks equally and rateably with the Debentures, the Indebtedness which is incurred is made equal and rateable to the Debentures or subordinated to the Debentures and, in the case of any refinancing of the Indebtedness of the REIT or any of its Subsidiaries which is subordinate to the Debentures, the Indebtedness which is incurred is made subordinate to the Debentures at least to the same extent as is such Indebtedness which is being so refinanced.

**“Proportionate Consolidation Adjustments”** means accounting adjustments to reflect assets, liabilities, equity, revenues and expenses on a proportionate basis in place of the REIT’s use of equity accounting in accordance with GAAP with respect to real estate investments or interests in which the REIT participates.

**“Rating”** means a final rating, if any, assigned to the senior unsecured debt of the REIT or to the REIT, as applicable, by a Specified Rating Agency.

**“Reference Period”** means the most recently completed four fiscal quarters for which consolidated financial statements of the REIT have been publicly released preceding the date of a calculation.

**“Secured Coverage Ratio”** has the meaning given to that term under “Details of the Offering — Certain Covenants in the Trust Indenture — Restrictions on Additional Indebtedness”.

“**Seventh Supplemental Indenture**” means the seventh supplemental indenture to the Indenture to be dated as of the date of closing of the Offering and providing for the creation and issuance of the Series G Debentures.

“**Special Voting Units**” means, collectively, special voting units of the REIT, and “**Special Voting Unit**” means any one of them.

“**Specified Rating Agencies**” shall mean each of Moody’s Investors Service, Inc., S&P, DBRS and Fitch Ratings Inc. as long as, in each case, it has not ceased to rate the Debentures of the particular series or failed to make a rating of Debentures of the particular series publicly available for reasons outside of the REIT’s control; provided that if one or more of Moody’s Investors Service, Inc., S&P, DBRS or Fitch Ratings Inc. ceases to rate the applicable series of Debentures or fails to make a rating of the applicable series of Debentures publicly available for reasons outside of the REIT’s control, the REIT may select any other “designated rating organization” within the meaning of National Instrument 41-101 — *General Prospectus Requirements* as a replacement agency for such one or more of them, as the case may be; and “**Specified Rating Agency**” means any one of them.

“**Subordinated Indebtedness**” means Indebtedness of the REIT (or its successor) (i) that is expressly subordinate in right of payment to the Debentures and the obligations of the REIT and its Subsidiaries under its revolving credit facilities and the Partnership Debentures and (ii) in connection with the issuance of which each Specified Rating Agency confirms in writing that its Rating, if any, for the Debentures upon the issuance of the Indebtedness will be at least equal to the Rating accorded to the Debentures immediately prior to the issuance of the Indebtedness.

“**Subsidiary**” has the meaning given to that term in National Instrument 45-106 — *Prospectus Exemptions*.

“**Supplemental Indentures**” means, collectively, the Seventh Supplemental Indenture and the Eighth Supplemental Indenture, and “**Supplemental Indenture**” means any one of them.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder.

“**Transferor Trust**” means Loblaw Finance Trust.

“**Unencumbered Aggregate Adjusted Assets**” as at any date means, as at the relevant Calculation Reference Date, the Aggregate Assets (excluding any amount relating to assets that are encumbered), *provided that* the component amount thereof that would otherwise comprise the amount shown on a balance sheet as “Investment properties” (or its equivalent) shall be instead calculated as the amount obtained by applying the Capitalization Factor as at such Calculation Reference Date to determine the fair value of the REIT’s assets that would comprise “Investment properties” (excluding assets that are Encumbered) using the valuation methodology described by the REIT in its then most recently published annual or interim financial statements or management’s discussion and analysis, applied consistently in accordance with past practice.

“**Unitholders’ Equity**” means, for purposes of the definition of Material Subsidiary only, at any time, the aggregate of (i) the aggregate amount of Unitholders’ equity of the REIT plus (ii) the aggregate capital ascribed to the Class B LP Units plus (iii) the aggregate capital ascribed to the Class C LP Units, in each case, as shown on the REIT’s most recently published annual or interim consolidated balance sheet at such time and calculated as at such date in accordance with GAAP.

“**Units**” means trust units in the capital of the REIT, other than Special Voting Units, and “**Unit**” means any one of them.

“**Weston Group**” means (a) W. Galen Weston (“**WGW**”); (b) his spouse; (c) any lineal descendant of WGW (treating for this purpose, for greater certainty, any legally adopted descendants as a lineal descendant); (d) the estate trustee of any person listed in clauses (a) to (c); (e) any trust (whether testamentary or inter vivos) primarily for the lineal descendants of WGW, spouses of such lineal descendants, WGW himself or his spouse; and/or (f) any and all corporations which are directly or indirectly controlled by one or more of the foregoing, provided that for the purposes of this definition, “control” of a corporation means the ownership of, or control or direction over, more than 50% of the total voting interest entitled (without regard to the occurrence of any contingency) to vote in the election of the board of directors and the votes attached to such voting interest are sufficient, if exercised, to elect a majority of the board of directors of such corporation and “spouse” includes a person’s widow or widower.

**“Wholly-Owned Subsidiary”** means any Subsidiary of which the REIT or the Partnership (so long as, in the case of the Partnership, the Partnership remains a Guarantor) beneficially owns, directly or indirectly, all of the outstanding shares, units or interests and, if such Subsidiary is a limited partnership, all of the shares, units or interests of each general partner of such Subsidiary.

All dollar amounts herein are in Canadian dollars unless otherwise stated.

## **THE REIT**

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated as of May 21, 2013 under, and governed by, the laws of the Province of Ontario. The registered, head and principal office of the REIT is located at 22 St. Clair Avenue East, Suite 500, Toronto, Ontario, Canada, M4T 2S5.

The REIT owns a diversified real estate portfolio of income producing commercial properties located in Canada. The REIT's portfolio consists of 519 properties totaling approximately 41.6 million square feet of GLA, comprising 501 retail properties, one office complex, 11 warehouse properties, one industrial site and five parcels of land for development.

The objectives of the REIT are to: (a) provide Unitholders with stable, predictable and growing monthly cash distributions on a tax-efficient basis; (b) enhance the value of the REIT's assets in order to maximize long-term Unitholder value; and (c) expand the REIT's asset base while also increasing its AFFO per Unit, including through accretive acquisitions and site intensification.

Further information regarding the REIT and its business is set out in the AIF which is incorporated by reference herein.

## **RECENT DEVELOPMENTS**

There have been no material developments in the business of the REIT since December 31, 2015, the date of the Annual Financial Statements, which have not been disclosed in this Prospectus Supplement or the documents incorporated by reference herein.

As previously disclosed, the REIT (i) received notices of assessment from the Ontario Ministry of Finance (the **“Ministry”**) for approximately \$10.3 million (penalties and interest included) with respect to land transfer tax relating to the acquisition of properties from Loblaw in conjunction with the REIT's initial public offering (the **“IPO”**), and (ii) filed notices of objection to these assessments. In light of recent amendments made by the Ministry to the *Land Transfer Tax Act* (Ontario) regulations on February 18, 2016, the REIT is currently evaluating its position in respect of the above-noted assessments. Notwithstanding the foregoing, the REIT is fully indemnified by Loblaw for all taxes assessed by the Ministry in connection with the properties acquired from Loblaw in conjunction with the IPO.

Consistent with the REIT's practice and in the normal course of business, the REIT is engaged in discussions, or has various agreements, with respect to possible acquisitions of new properties and dispositions of existing properties in its portfolio. However, there can be no assurance that these discussions or agreements will result in acquisitions or dispositions or, if they do, what the final terms or timing of such acquisitions or dispositions would be. The REIT expects to continue current discussions and actively pursue acquisition, investment and disposition opportunities.

## INTEREST AND EARNINGS COVERAGE

### Earnings Coverage Ratios

As of March 1, 2016, the REIT’s interest requirements, after giving *pro forma* effect to transactions involving the issuances of long-term debt and changes in indebtedness not reflected in the financial information of the REIT for the twelve month period ended December 31, 2015 (including, but not limited to, the offering of the Debentures and the anticipated repayment of certain indebtedness as described under “Use of Proceeds”) and all servicing costs that have been, or are expected to be, incurred in connection therewith, but without giving effect to changes in income taxes which result from the change in interest expense for the twelve month period ended December 31, 2015 would have been \$352,896,000 and its net income (before deducting interest expense and income taxes) for such period would have been \$191,897,000 which is 0.5 times the REIT’s *pro forma* interest requirements for such period (or 3.5 times when excluding fair value adjustments as well as the distributions paid on the Class B LP Units from the determination of interest expense). Additional consolidated net income (before deducting interest expense and income taxes) of \$160,999,000 would have been required for the twelve month period ended December 31, 2015 to achieve an earnings coverage ratio of 1:1.

### Debt Service Coverage Ratio

The Supplemental Indentures will each contain a covenant that the REIT will maintain at all times a ratio of Consolidated EBITDA to Debt Service (the “**Debt Service Coverage Ratio**”) of not less than 1.50 to 1.00. The calculation of such ratio will be based on the defined terms of Consolidated EBITDA and Debt Service to be contained in the Supplemental Indentures. This ratio is different than the earnings coverage ratios set forth above, which have been prepared in accordance with applicable Canadian securities law. Canadian securities law requires the calculation to be based upon earnings and includes a full 12 months of *pro forma* interest expense on indebtedness incurred subsequent to the end of the applicable calculation period as if the indebtedness was incurred at the beginning of the calculation period but gives no credit to income derived from the associated use of proceeds other than interest savings on the repayment, redemption or retirement of other indebtedness. The Debt Service Coverage Ratio calculated in accordance with the terms of the Supplemental Indentures for the twelve month period ended December 31, 2015 gives *pro forma* effect to the Offering and to acquisitions and dispositions of income producing assets, debt incurred and debt retired during or subsequent to the calculation period including the anticipated repayment of certain indebtedness as described under “Use of Proceeds” and the associated annual income therefrom as if these transactions occurred at the beginning of the calculation period. The Debt Service Coverage Ratio for the REIT as of March 1, 2016 for the twelve month period ended December 31, 2015 (including *pro forma* adjustments as required under the Supplemental Indentures) is approximately 3.5 times, as set out in the following table:

	<i>Pro forma for the twelve month period ended December 31, 2015</i>
Numerator – Consolidated EBITDA (\$) (in thousands of dollars).....	\$534,858
Denominator – Debt Service (\$) (in thousands of dollars) .....	\$152,359
Debt Service Coverage Ratio.....	3.5 times

## MATERIAL CHANGES TO CONSOLIDATED CAPITALIZATION

There have been no material changes in the consolidated capitalization of the REIT since December 31, 2015, the date of the Annual Financial Statements, which have not been disclosed in this Prospectus Supplement or the documents incorporated by reference herein.

## DETAILS OF THE OFFERING

*The following is a brief summary of the material attributes and characteristics of the Debentures which does not purport to be complete. For full particulars, reference is made to the Indenture, the Seventh Supplemental Indenture providing for, among other things, the creation and issue of the Series G Debentures and the Eighth Supplemental Indenture providing for, among other things, the creation and issue of the Series H Debentures (the Indenture, as*

supplemented by the Supplemental Indentures, is referred to as the “**Trust Indenture**”). Should any conflict arise between the following summary and the Trust Indenture, the terms of the Trust Indenture will govern.

## **General**

The Series G Debentures will be issued in \$1,000 denominations initially issued for a purchase price of \$1,000 for each \$1,000 principal amount of Series G Debentures, will be dated March 7, 2016, will bear interest at the rate of 3.196% per annum, payable in equal semi-annual instalments on March 7 and September 7 in each year, with the first payment of interest due on September 7, 2016, and will mature on March 7, 2023.

The Series H Debentures will be issued in \$1,000 denominations initially issued for a purchase price of \$1,000 for each \$1,000 principal amount of Series H Debentures, will be dated March 7, 2016, will bear interest at the rate of 5.268% per annum, payable in equal semi-annual instalments on March 7 and September 7 in each year, with the first payment of interest due on September 7, 2016, and will mature on March 7, 2046.

The aggregate principal amount of the Series G Debentures and the Series H Debentures that may be issued under the applicable Supplemental Indenture will be unlimited.

## **Rank**

The Debentures will be direct senior unsecured obligations of the REIT and will rank equally and rateably with one another and with all other unsecured and unsubordinated Indebtedness of the REIT, except to the extent prescribed by law.

The terms of the Debentures are, in all material respects, (A) the same as those of the Series E Debentures and the Series F Debentures, and (B) the same as those of the Series A Debentures, the Series B Debentures, the Series C Debentures and the Series D Debentures except that (i) the definition of “Guarantor” in the Indenture as supplemented by the applicable supplemental indenture in respect of each of the Series A Debentures, the Series B Debentures, the Series C Debentures and the Series D Debentures includes all Subsidiaries of the REIT whereas the definition of “Guarantor” to be included in the Seventh Supplemental Indenture in respect of the Series G Debentures and the Eighth Supplemental Indenture in respect of the Series H Debentures will only include Wholly-Owned Subsidiaries of the REIT, and (ii) a Guarantor may be released from its Guarantee in respect of the Debentures if it ceases to be a Wholly-Owned Subsidiary.

## **Guarantee**

The Debentures will be guaranteed by each of the General Partner, the Partnership and any other person that becomes a Wholly-Owned Subsidiary of the REIT (other than a Nominee Subsidiary or an inactive Subsidiary) after the closing of the Offering. In the case of default by the REIT, the Indenture Trustee will, subject to the Trust Indenture, be entitled to seek redress from the Guarantors for the guaranteed obligations in the same manner and upon the same terms that it may seek to enforce the obligations of the REIT. These Guarantees are intended to address issues related to structural subordination. A Guarantor may be released from its Guarantee if it ceases to be a Wholly-Owned Subsidiary of the REIT. A Guarantor that is not a resident of Canada (within the meaning of the Tax Act) may be released from its Guarantee in certain circumstances set out in the applicable guarantee.

The financial results of the Guarantors are included in the consolidated financial results of the REIT that are filed from time to time in accordance with applicable securities laws.

## **Redemption by the REIT**

At its option, the REIT may redeem the Debentures at any time, in whole or in part, on payment of a redemption price equal to the greater of (i) the applicable Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to, but excluding, the date fixed for redemption. The REIT will give notice of redemption at least 30 days but not more than 60 days before the date fixed for redemption. Where less than all of the Series G Debentures or Series H Debentures are to be redeemed pursuant to their terms, the applicable Debentures to be so redeemed will be redeemed on a *pro rata* basis according to the principal amount of Debentures registered in the respective name of each holder of

Debentures or in such other manner as the Indenture Trustee may consider equitable. In the event that the REIT elects to redeem (i) the Series G Debentures in whole or in part within one calendar month or less of such Debentures' maturity date, or (ii) the Series H Debentures in whole or in part within six calendar months or less of such Debentures' maturity date, the redemption price for the applicable series of Debentures to be redeemed by the REIT shall be par, together with accrued and unpaid interest to, but excluding, the date fixed for redemption (less any taxes required by law to be deducted or withheld).

For the purposes of the foregoing provisions in respect of the Series G Debentures, the following terms will be defined in the Seventh Supplemental Indenture (pursuant to which the Series G Debentures will be issued) substantially as follows:

**"Canada Yield Price"** means a price equal to the price of a Series G Debenture calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield calculated on the date on which the REIT gives notice of redemption pursuant to the Indenture plus 0.55%.

**"Government of Canada Yield"** on any date means the yield to the Par Call Date on such date, compounded semi-annually and calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date calculated as of the redemption date of the Series G Debentures, such yield to the Par Call Date being the average of the yields provided by two major Canadian investment dealers selected by the REIT.

**"Par Call Date"** means February 7, 2023.

For the purposes of the foregoing provisions in respect of the Series H Debentures, the following terms will be defined in the Eighth Supplemental Indenture (pursuant to which the Series H Debentures will be issued) substantially as follows:

**"Canada Yield Price"** means a price equal to the price of a Series H Debenture calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield calculated on the date on which the REIT gives notice of redemption pursuant to the Indenture plus 0.81%.

**"Government of Canada Yield"** on any date means the yield to the Par Call Date on such date, compounded semi-annually and calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date calculated as of the redemption date of the Series H Debentures, such yield to the Par Call Date being the average of the yields provided by two major Canadian investment dealers selected by the REIT.

**"Par Call Date"** means September 7, 2045.

### **Purchase of Debentures**

The REIT may at any time and from time to time purchase Debentures in the market (which will include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or private contract at any price. Debentures that are so purchased will be cancelled and will not be reissued or resold.

### **Certain Covenants in the Trust Indenture**

Each of the Supplemental Indentures will contain covenants substantially to the following effect, in addition to those prescribed in the Indenture.



### ***Consolidated EBITDA to Debt Service Ratio***

The REIT will maintain at all times a ratio of Consolidated EBITDA to Debt Service of not less than 1.50:1.00.

Each of the Supplemental Indentures will provide that Consolidated EBITDA will be calculated on a *pro forma* basis for the Reference Period giving effect to the Indebtedness to be incurred, Indebtedness incurred to the date of calculation and, in each case, to the application of the proceeds therefrom and, for this purpose, (i) all Indebtedness incurred since the first day of the Reference Period and the application of the proceeds therefrom, including Indebtedness incurred to refinance other Indebtedness, will be deemed to have occurred at the beginning of the Reference Period, (ii) the repayment or retirement of any other Indebtedness since the first day of the Reference Period will be deemed to have been repaid or retired at the beginning of the Reference Period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility will be computed based upon the average daily balance of such Indebtedness during the Reference Period), (iii) in the case of Acquired Indebtedness acquired since the first day of the Reference Period, the related acquisition will be deemed to have occurred as of the first day of the Reference Period with the appropriate adjustments with respect to such acquisition being included in such *pro forma* calculation and (iv) in the case of any acquisition or disposition by the REIT or its Subsidiaries of any asset or group of assets since the first day of the Reference Period, whether by merger, share purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Indebtedness will be deemed to have occurred as of the first day of the Reference Period with the appropriate adjustments with respect to such acquisition or disposition being included in such *pro forma* calculation.

### ***Restrictions on Additional Indebtedness***

The REIT will not incur, or permit any Subsidiary to incur, any Indebtedness, other than Permitted Indebtedness, unless:

(A) (i) the quotient (expressed as a percentage) obtained by dividing Consolidated Indebtedness (excluding any convertible Indebtedness) by the amount of Aggregate Adjusted Assets (in the case of each such amount, less cash or cash equivalents on hand) and calculated on a *pro forma* basis would be less than or equal to 60%, and (ii) the quotient (expressed as a percentage) obtained by dividing the sum of Consolidated Indebtedness (including, for certainty, any convertible Indebtedness) plus the aggregate amount of capital ascribed to the Class C LP Units by the amount of Aggregate Adjusted Assets (in the case of each such amount, less cash or cash equivalents on hand) and calculated on a *pro forma* basis would be less than or equal to 65% (the 60% and 65% percentages in the preceding clauses (i) and (ii) being the “**Indebtedness Percentage**”); and

(B) the ratio of Consolidated Secured Indebtedness to Aggregate Adjusted Assets (in the case of each such amount, less cash or cash equivalents on hand) and calculated on a *pro forma* basis (the “**Secured Coverage Ratio**”) would not be more than 40%.

Each such calculation will (i) be made on each day that the REIT or any Subsidiary proposes to incur such Indebtedness, and (ii) include Proportionate Consolidation Adjustments.

The Supplemental Indentures will provide that the Indebtedness Percentage and the Secured Coverage Ratio will be calculated on a *pro forma* basis as at the date of the REIT’s most recently published annual or interim consolidated balance sheet (the “**Balance Sheet Date**”) giving effect to the incurrence of the Indebtedness to be incurred and the application of the proceeds therefrom and to any other event that has increased or decreased Consolidated Indebtedness or Consolidated Secured Indebtedness, convertible Indebtedness, the capital ascribed to the Class C LP Units or Aggregate Adjusted Assets (in each case, as applicable to such calculation) since the Balance Sheet Date to the date of calculation.

### ***Maintenance of Unencumbered Aggregate Adjusted Assets***

The REIT will maintain at all times a ratio of Unencumbered Aggregate Adjusted Assets (excluding construction assets and other non-income producing assets) to the aggregate principal amount of the REIT’s outstanding Consolidated Unsecured Indebtedness (excluding Subordinated Indebtedness) (the “**Coverage Ratio**”) of not less than 1.50:1.00.

Each of the Supplemental Indentures will provide that the Coverage Ratio will be calculated on a *pro forma* basis as at the Balance Sheet Date giving effect to the incurrence of the Indebtedness to be incurred and the application of proceeds therefrom and to any other event that has increased or decreased Consolidated Unsecured Indebtedness (other than Subordinated Indebtedness) or Unencumbered Aggregate Adjusted Assets (excluding construction assets and other non-income producing assets) since the Balance Sheet Date to the date of calculation.

### ***Restrictions on Consolidations and Mergers***

Neither the REIT nor any Guarantor may consolidate with, amalgamate or merge with or into or sell, assign, transfer or lease all or substantially all of its properties and assets unless:

- (i) the entity formed by such consolidation or amalgamation or into which the REIT or the relevant Guarantor is merged or the entity which acquires by operation of law or by conveyance or by transfer the assets of the REIT or the relevant Guarantor substantially as an entirety is (i) with respect to the REIT, a corporation or unincorporated organization organized or existing under the laws of Canada or any province or territory thereof, and (ii) with respect to the relevant Guarantor, a corporation or unincorporated organization organized or existing under (x) the laws of Canada or any province or territory thereof to the extent that such Guarantor's jurisdiction of organization is Canada or a province or territory thereof, (y) the laws of the United States or any state thereof to the extent that such Guarantor's jurisdiction of organization is the United States or any state thereof, or (z) the jurisdiction of organization of the relevant Guarantor if other than the foregoing and, in each case, (except where such assumption is deemed to have occurred solely by the operation of law) such entity assumes under a supplemental trust indenture all of the obligations of the REIT or the relevant Guarantor under the Indenture, the Supplemental Indentures and the Debentures and such transaction to the satisfaction of the Indenture Trustee and in the opinion of counsel will be upon such terms to preserve and not to impair any of the rights and powers of the Indenture Trustee and the holders of any Debentures;
- (ii) immediately before and immediately after giving effect to such transaction, no Event of Default (as defined in the Indenture) has occurred and is continuing;
- (iii) immediately after giving effect to such transaction, the surviving entity could incur at least \$1.00 of additional Indebtedness; and
- (iv) the REIT shall have delivered to the Indenture Trustee a Certificate (as defined in the Indenture) and an opinion of counsel, each stating that such consolidation, amalgamation, merger, sale, assignment, lease or transfer and such supplemental indenture comply with Article 9 of the Indenture and that all conditions precedent contained in the Indenture relating to such transaction have been complied with.

### **Depository Services**

Except as otherwise provided below, the Debentures will be issued in "book-entry only" form and must be purchased or transferred through participants ("**Participants**") in the depository service of CDS, which include securities brokers and dealers, banks and trust companies. On the closing of the Offering, the REIT will cause a global certificate or certificates representing the Debentures (each, a "**Global Debenture**") to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of a Debenture will be entitled to a certificate or other instrument from the REIT or CDS evidencing that holder's ownership thereof, and no holder of Debentures will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such holder of Debentures. It is expected that each holder of Debentures will receive a customer confirmation of purchase from the registered dealer from which the Debenture is purchased in accordance with the practices and procedures of that registered dealer. Practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Debentures.

Debentures will be issued in fully registered form to holders or their nominees other than CDS or its nominee if (i) the REIT determines that CDS is no longer willing or able to discharge properly its responsibilities as depository and the

REIT is unable to locate a qualified successor, (ii) the REIT at its option elects, or is required by law, to terminate the book-entry system through CDS, or (iii) after the occurrence of an Event of Default, holders of Debentures representing beneficial interests aggregating over 50% of the outstanding principal amount of Debentures determine that the continuation of the book-entry system is no longer in their best interests.

Neither the REIT nor the Agents will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in the Base Shelf Prospectus and this Prospectus Supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and beneficial owners must look solely to Participants for the payment of the principal, interest on the Debentures paid by or on behalf of the REIT to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to certain exceptions): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

### **Transfers**

Transfers of ownership in the Debentures will be effected only through records maintained by CDS or its nominee for such Debentures with respect to interests of Participants and on the records of Participants with respect to interests of persons other than Participants. Holders of Debentures who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interest in the Debentures, may do so only through Participants.

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

### **Payment of Interest and Principal**

Except in the case of payment on maturity, in which case payment may be made on surrender of the Global Debenture, payments of interest and principal on each Global Debenture will be made to CDS as registered holder of the Global Debenture. Interest payments on the Global Debenture may be made by cheque dated the date interest is payable and delivered to CDS two days before the date interest is payable. Payments of interest may also be made, at the option of the REIT, by electronic funds transfer to CDS on the date interest is payable. Principal payments on the Global Debenture may be made by cheque dated the maturity date and delivered to CDS at maturity against receipt of the Global Debenture. Payments of principal may also be made, at the option of the REIT, by electronic funds transfer to CDS on the maturity date. As long as CDS is the registered holder of the Global Debenture, CDS will be considered the sole owner of the Global Debenture for the purpose of receiving payment on the Debentures and for all other purposes under the Trust Indenture and the Debentures.

The REIT expects that CDS, upon receipt of any payment of principal or interest in respect of a Global Debenture, will credit Participants' accounts, on the date principal or interest is payable, with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Debenture as shown on the records of CDS. The REIT also expects that payments of principal and interest by Participants to the owners of beneficial interests in such Global Debenture held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants. The responsibility and liability of the REIT and the Indenture Trustee in respect of Debentures represented by the Global Debenture is limited to making payment of any principal and interest due on such Global Debenture to CDS.

If the date for payment of any amount of principal or interest on any Debenture is not a business day at the place of payment, then payment will be made on the next business day and the holder of the Debenture will not be entitled to any further interest or other payment in respect of the delay.

## Repurchase upon Change of Control Triggering Event

If a Change of Control Triggering Event (as defined herein) occurs with respect to a series of Debentures, unless the REIT has exercised its optional right to redeem all of the Debentures of that series as described under “— Redemption by the REIT” above, the REIT will be required to make an offer to repurchase all or, at the option of the holder of that series of Debentures, any part (equal to \$1,000 or an integral multiple thereof) of each holder’s Debentures of that series pursuant to the offer described below (the “**Change of Control Offer**”) on the terms set forth in the applicable Supplemental Indenture. In the Change of Control Offer, the REIT will be required to offer payment in cash equal to 101% of the aggregate outstanding principal amount of Debentures of the series to be repurchased together with accrued and unpaid interest on such series of Debentures to, but excluding, the date of repurchase.

Within 30 days following any Change of Control Triggering Event, the REIT will be required to give written notice to holders of the applicable series of Debentures describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Debentures of the applicable series on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given (the “**Change of Control Payment Date**”). The REIT must comply with the requirements of applicable securities laws and regulations in connection with the repurchase of the Debentures of the particular series as a result of a Change of Control Triggering Event. To the extent that the provisions of any such applicable securities laws and regulations conflict with the Change of Control (as defined herein) provisions, the REIT will be required to comply with such laws and regulations and will not be deemed to have breached its obligations to repurchase such series of Debentures by virtue of such conflict.

The REIT will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Debentures of such series properly tendered and not withdrawn under its offer.

“**Change of Control Triggering Event**” shall mean the occurrence of both a Change of Control and a Rating Event.

“**Investment Grade Rating**” shall mean a rating equal to or higher than “Baa3” (or the equivalent) by Moody’s Investors Service, Inc., “BBB-” (or the equivalent) by S&P, “BBB (low)” (or the equivalent) by DBRS, or “BBB-” (or the equivalent) by Fitch Ratings Inc. or the equivalent investment grade credit rating from any other Specified Rating Agency.

“**Rating Event**” shall mean any of (A) the Rating of the particular series of Debentures is lowered to below an Investment Grade Rating by at least two of the Specified Rating Agencies if there are more than two Specified Rating Agencies or all of the Specified Rating Agencies if there are less than three Specified Rating Agencies (the “**Required Threshold**”) on any day within the 60-day period (which 60-day period will be extended so long as the Rating of Debentures of such series is under publicly announced consideration for a possible downgrade by such number of the Specified Rating Agencies which, together with Specified Rating Agencies which have already lowered their ratings on the Debentures of such series as aforesaid, would aggregate in number the Required Threshold, but only to the extent that, and for so long as, a Change of Control Triggering Event would result if such downgrade were to occur) after the earlier of (i) the occurrence of a Change of Control, and (ii) public notice of the occurrence of a Change of Control or of the REIT’s intention or agreement to effect a Change of Control, (B) the Rating of the particular series of Debentures by the Required Threshold is below an Investment Grade Rating upon the occurrence of a Change of Control and the Rating of the particular series of Debentures by the Required Threshold remains below an Investment Grade Rating 30 days after the occurrence of such Change of Control (which 30-day period will be extended so long as the Rating of Debentures of such series is under publicly announced consideration for a possible increase by such number of the Specified Rating Agencies which, together with Specified Rating Agencies which have already increased their ratings on the Debentures of such series as aforesaid, would aggregate in number the Required Threshold), and (C) following the occurrence of a Change of Control, one or more of the Specified Rating Agencies cease to rate the Debentures of the particular series such that only one Specified Rating Agency continues to rate the Debentures.

## Maintenance of Properties

The REIT will maintain and keep or cause to be maintained and kept in good condition, repair and working order all of the properties owned by it or any of its Subsidiaries used in its business or in the business of any of its Subsidiaries

and will make or cause to be made all necessary repairs and renewals to and replacements and improvements of these properties, in each case as in its judgment may be necessary to carry on its business properly and prudently. Notwithstanding the foregoing, the REIT and its Subsidiaries will not be prohibited from selling or transferring any of their properties in the ordinary course of business.

## **Insurance**

The REIT will maintain and cause its Subsidiaries to maintain prudent property and liability insurance and/or similar arrangements.

## **Events of Default**

The Indenture provides that each of the following events will constitute an event of default (each, an “**Event of Default**”) under the Debentures:

- (a) default in payment of principal when due;
- (b) default in payment of any interest when due where such default continues for a period of three business days after the relevant interest payment date;
- (c) a breach of or default in the performance of any covenant of the REIT under the Debentures or the Indenture in connection with that series of Debentures where such default or breach continues for a period of 30 days after the Indenture Trustee has given notice in writing to the REIT specifying the nature of such breach or default, and requiring the REIT to remedy such breach or default unless the Indenture Trustee (having regard to the subject matter of such breach or default) agrees to a longer period, and in such event within the period agreed to by the Indenture Trustee;
- (d) certain events of bankruptcy, insolvency, winding up or dissolution related to the REIT or a Material Subsidiary as set out in the Indenture;
- (e) the rendering of a final judgment (not subject to appeal) against the REIT or any Material Subsidiary in an aggregate amount in excess of \$25 million by a court of competent jurisdiction, which remains undischarged and unstayed for a period of 60 days after the date on which the right to appeal has expired; and
- (f) default by the REIT or any Subsidiary under the terms of any Indebtedness (other than any Non-Recourse Indebtedness) where that default results in the acceleration of that Indebtedness (after expiration of any applicable grace period) unless such acceleration is waived or rescinded; provided that the aggregate of all such Indebtedness which is accelerated exceeds \$25 million.

Subject to the provisions of the Trust Indenture relating to the duties of the Indenture Trustee, in case an Event of Default applicable to a series of Debentures occurs and is continuing, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Trust Indenture at the request or direction of any of the holders of Debentures of such series, unless such holders have offered to indemnify the Indenture Trustee to its reasonable satisfaction.

If an Event of Default (other than an Event of Default described in paragraph (d) above) occurs and is continuing with respect to a particular series of Debentures, the Indenture Trustee may, in its discretion, or will, upon receiving instruction from the holders of at least 25% in aggregate principal amount of the outstanding Debentures of such series, accelerate the maturity of all Debentures of such series; provided that, notwithstanding any other provisions of the Trust Indenture, after such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of outstanding Debentures of that series may rescind and annul such acceleration in certain circumstances described in the Indenture. See “— Modification and Waiver” below. If an Event of Default specified in paragraph (d) above occurs, the outstanding Debentures will become immediately due and payable without any declaration or other act on the part of the Indenture Trustee or any holder of Debentures.

## **Defeasance**

The Trust Indenture contains provisions requiring the Indenture Trustee to release the REIT from its obligations under the Indenture and a Supplemental Indenture relating to the Series G Debentures or the Series H Debentures, as applicable, provided that, among other things, the REIT satisfies the Indenture Trustee that it has deposited funds or made due provision for the payment of the expenses of the Indenture Trustee and for payment of all principal and interest and other amounts due or to become due in respect of such series of Debentures.

## **Modification and Waiver**

The rights of the holders of Debentures issued under the Indenture and the applicable Supplemental Indenture may be modified if authorized by extraordinary resolution. If the proposed modification affects the rights of the holders of a separate series of debentures issued under a supplemental indenture to the Indenture rather than all of the debt securities of the REIT, the approval of a like proportion of the holders of such separate series of debt securities outstanding under such supplemental indenture will be required.

Notwithstanding the above, the approval of holders of 100% of the outstanding principal amount of Debentures of any series will be required (a) to change the stated maturity of the principal, the redemption price of, or any installment of interest on, any Debentures of such series, (b) to reduce the principal amount of, or interest or premium (if any) on, any Debentures of such series, (c) to change the place or currency of payment of the principal of, premium (if any) on redemption price of or interest on, any Debentures of such series, or (d) to amend the percentage of Debentures of such series necessary to approve an extraordinary resolution.

The holders of a majority of the outstanding principal amount of the Debentures of a series, on behalf of all holders of Debentures of that series, may waive compliance by the REIT with certain restrictive provisions of the Trust Indenture relating to such series. Subject to certain rights of the Indenture Trustee as provided in the Trust Indenture, the holders of a majority of the outstanding principal amount of the Debentures of a series, on behalf of all holders of Debentures of such series, may waive certain Events of Default under the Trust Indenture with respect to such series of Debentures.

## **Financial Information**

The REIT has covenanted in the Indenture to deliver to the Indenture Trustee its audited annual financial statements and unaudited interim period financial statements at such time as such statements are delivered to Canadian securities regulators or, in the event that the REIT is no longer required to deliver such statements to Canadian securities regulators, at such time as the REIT would be required to deliver such statements to Canadian securities regulators if the REIT was a reporting issuer.

## **PLAN OF DISTRIBUTION**

Pursuant to an agency agreement (the “**Agency Agreement**”) dated March 1, 2016 between the Agents and the REIT, the REIT has agreed to sell and the Agents have severally agreed to offer for sale (i) \$250,000,000 aggregate principal amount of the Series G Debentures and (ii) \$100,000,000 aggregate principal amount of the Series H Debentures, as agents of the REIT, on a best efforts basis, if, as and when issued by the REIT subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Agency Agreement. The offering price of each series of Debentures was established by negotiation between the REIT and the Agents. The closing of the Offering is expected to occur on March 7, 2016 or such other date as the REIT and the Agents may agree, but in any event not later than March 14, 2016. The obligations of the Agents under the Agency Agreement are several and not joint and several, are conditional, and may be terminated at the Agents’ discretion upon the occurrence of certain stated events, including (i) certain stated material changes with respect to the REIT and its subsidiaries (including the Partnership), taken as a whole, (ii) certain stated events materially adversely affecting the financial markets in Canada or the United States or the business, operations or affairs of the REIT and its subsidiaries (including the Partnership), taken as a whole, and (iii) the state of the financial markets in Canada or the United States is such that in the reasonable opinion of the Agents, either series of the Debentures cannot be profitably marketed.

In consideration for their services in connection with the Offering, the REIT has agreed to pay the Agents a fee of \$3.70 per \$1,000 principal amount of Series G Debentures and \$5.00 per \$1,000 principal amount of Series H Debentures, being an aggregate fee of \$1,425,000. Subscriptions for Debentures will be received subject to rejection or allocation in whole or in part and the right is reserved to close the subscription books at any time without notice. While the Agents have agreed to use their best efforts to sell the Debentures offered hereby, they are not obligated to purchase any Debentures which are not sold. Assuming that all of the Debentures contemplated in the Offering are sold, the net proceeds of the Offering, after deducting the Agents' aggregate fee of \$1,425,000 and the expenses of the Offering estimated at \$600,000, are estimated to be approximately \$348 million. See "Use of Proceeds".

**There is no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "Risk Factors".**

The REIT has been advised by the Agents that, in connection with the Offering, the Agents may effect transactions which stabilize or maintain the market price of the Debentures at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Agents are entitled under the Agency Agreement to indemnification by the REIT against certain liabilities including liabilities under securities legislation, or to contribution with respect to payments that they may be required to make in respect thereof.

Under the Agency Agreement, the REIT has agreed that it will not, without the prior written consent of the Joint Bookrunners, on behalf of the Agents, such consent not to be unreasonably withheld or delayed, create, issue or sell any debt securities of the REIT issued under the Trust Indenture, or any securities convertible into or exchangeable for such debt securities, or enter into an agreement to do any of the foregoing, for the period up to and including 60 days after the closing date of the Offering other than the Debentures and any mortgages or other charges granted on specific properties owned or acquired by the REIT or any of its affiliates.

The Debentures have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"). Accordingly, except in certain transactions exempt from the registration requirements of the U.S. Securities Act, the Debentures may not be offered, sold or delivered within the United States, and each Agent or selling agent has agreed that it will not offer, sell or deliver the Debentures within the United States. This Prospectus Supplement does not constitute an offer to sell or solicitation of an offer to buy any of the Debentures in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Debentures within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

**Each of the Agents are affiliates of Canadian chartered banks that have provided to the REIT a \$500 million operating credit facility. BMONB is also an affiliate of a Canadian chartered bank with which the REIT entered into an uncommitted letter of credit facility of up to \$40 million. In addition, each of the Agents are affiliates of financial institutions that have provided credit lines to Loblaw, in the aggregate principal amount of approximately \$3 billion. Consequently, the REIT may be considered a "connected issuer" of each of the Agents, under applicable Canadian securities laws. The decision to issue the Debentures and the determination of the terms of the Offering were made through negotiation between the REIT and the Agents. The financial institutions of which such Agents are affiliates did not have any involvement in such decision or determination although such financial institutions may be advised of the Offering and the terms thereof. As a consequence of the Offering, each of such Agents will receive its proportionate share of the Agents' fee. Loblaw has informed the REIT that Loblaw is and has been in compliance with all material terms and conditions of the foregoing credit lines, that no waiver of any default has occurred thereunder and that there has not been a material change in the value of the security for such credit lines since their incurrence.**

#### USE OF PROCEEDS

The estimated net proceeds to the REIT from the Offering, after deducting fees payable to the Agents and the estimated expenses of the Offering, will be approximately \$348 million. The REIT intends to use approximately \$303

million of the proceeds of the Offering to redeem the \$300 million outstanding principal amount of the 3.00% Series 5 debentures of the Partnership, due April 20, 2016 (plus accrued but unpaid interest thereon), and to retain the balance of the proceeds for general business purposes.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Torys LLP, counsel to the REIT, and Blake, Cassels & Graydon LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally applicable as of the date hereof to a purchaser who acquires Debentures pursuant to this Offering and who, for purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length with the REIT and the Agents and is not affiliated with the REIT or the Agents and acquires and holds their Debentures as capital property (a "**Holder**"). Generally, the Debentures will be considered to be capital property to a Holder provided that the Holder does not hold such Debentures in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Debentures as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Debentures and all other "Canadian securities" as defined in the Tax Act owned by such Holder in the taxation year in which the election is made and in subsequent taxation years, deemed to be capital property. Holders who do not hold their Debentures as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Holder: (i) that is a "financial institution" for purposes of the "mark-to-market rules"; (ii) that is a "specified financial institution"; (iii) that reports its "Canadian tax results" in a currency other than Canadian currency; or (iv) an interest in which is a "tax shelter investment", as each term is defined in the Tax Act. Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Debentures. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Debentures under this Offering and assumes that no Holder has entered into or will enter into a "derivative forward agreement" as defined in the Tax Act with respect to the Debentures.

This summary is based upon the facts set out in this Prospectus Supplement and the Base Shelf Prospectus, the current provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing by CRA prior to the date hereof. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, or changes in CRA's administrative policies or assessing practices, nor does it take into account or consider any other federal tax considerations or any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurances can be given that this will be the case. There can be no assurances that CRA will not change its administrative policies or assessing practices.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Debentures. The income and other tax consequences of acquiring, holding or disposing of Debentures will vary depending on a Holder's particular status and circumstances, including the province or territory in which the Holder resides or carries on business. This summary is not intended to be, and should not be construed to be, legal or tax advice to any particular Holder. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences of an investment in Debentures in their particular circumstances.**

### **Interest on Debentures**

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



Any other Holder will be required to include in computing income for a taxation year all interest on a Debenture that is received or receivable by such Holder in that taxation year (depending on the method regularly followed by the Holder in computing income), including on a redemption or repayment on maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" (as defined in the Tax Act) in relation to the Holder, such Holder will be required to include in computing its income for a taxation year all interest (not otherwise required to be included in income) that accrues or is deemed to accrue on the Holder's Debentures to the end of any "anniversary day" (as defined in the Tax Act) in that year. For this purpose, an anniversary day means the day that is one year after the day immediately preceding the date of issue of a Debenture, the day that occurs at every successive one year interval from that day and the day on which the Debenture is disposed of.

The amount of any premium paid by the REIT to a Holder on a redemption or repayment of a Debenture will generally be deemed to be interest received at that time by such Holder if such premium is paid by the REIT because of the redemption or repayment by it of the Debenture before maturity, but only to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at such time of, the interest that would have been paid or payable by the REIT on the Debenture for taxation years of the REIT ending after that time.

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" (as defined in the Tax Act), including amounts of interest. Pursuant to Tax Proposals released on December 7, 2015, the rate of refundable tax will be increased from 6 $\frac{2}{3}$ % to 10 $\frac{2}{3}$ % for taxation years that end after 2015, subject to proration for years that begin before 2016.

### **Dispositions of Debentures**

On a disposition or deemed disposition of a Debenture by a Holder, including on redemption or purchase for cancellation, a Holder will generally be required to include in income the amount of interest accrued or deemed to accrue on the Debenture from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year. In general, a disposition or deemed disposition of a Debenture will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any accrued interest and any other amount required to be included in computing income exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition.

One-half of the amount of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year on a disposition of a Debenture will generally be included in the Holder's income for the year. One-half of the amount of any capital loss (an "allowable capital loss") sustained by the Holder in a taxation year on the disposition of a Debenture must generally be deducted by such Holder against taxable capital gains for the year. Any excess allowable capital losses over taxable capital gains of the Holder for that year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, subject to the detailed provisions of the Tax Act.

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" (as defined in the Tax Act), including amounts of taxable capital gains and interest. Pursuant to Tax Proposals released on December 7, 2015, the rate of refundable tax will be increased from 6 $\frac{2}{3}$ % to 10 $\frac{2}{3}$ % for taxation years that end after 2015, subject to proration for years that begin before 2016. A Holder that is an individual, including most trusts, may be liable for alternative minimum tax as a result of realizing a capital gain.

### **RISK FACTORS**

There are risks associated with an investment in the Debentures being distributed under the Offering. In addition to the risks described herein, reference is made to the section entitled "Risk Factors" in the AIF and the risks described in the Annual MD&A, all of which are incorporated herein by reference. If any of such or other risks materialize, the REIT's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. There is no assurance that risk management steps taken by the REIT will avoid future loss due to the occurrence of the below described or other unforeseen risks.

## **Credit Rating and Credit Risk**

There can be no assurance that the credit ratings assigned to the Debentures will remain in effect for any given period of time or that the ratings will not be lowered, withdrawn or revised by one or more of the Specified Rating Agencies at any time. Real or anticipated changes in the credit ratings on the Debentures may affect the market value of the Debentures, and may also affect the cost at which the REIT can access the capital markets. See “Credit Ratings”.

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the REIT and its creditworthiness. In addition, the Debentures will be unsecured obligations of the REIT, ranking behind any secured indebtedness that the REIT may incur. As of the date of closing of the Offering, the REIT will have a nominal amount of secured indebtedness outstanding.

## **Structural Subordination of the Debentures**

Liabilities of a parent entity with assets held by various Subsidiaries may result in the structural subordination of the lenders to the parent entity. The parent entity is entitled only to the residual equity of its Subsidiaries after all debt obligations of its Subsidiaries are discharged. Absent the guarantee arrangements referenced below, in the event of a bankruptcy, liquidation or reorganization of the REIT, holders of indebtedness of the REIT (including holders of the Debentures) would be structurally subordinated to lenders to the Subsidiaries of the REIT.

The Guarantors (at closing of the Offering, being the General Partner and the Partnership) will each provide a guarantee pursuant to which the Indenture Trustee will, subject to the Trust Indenture, be entitled to seek redress from each such Guarantor for the guaranteed indebtedness. These guarantees are intended to eliminate structural subordination which would otherwise arise as a consequence of the REIT’s assets being held in the Partnership and other Subsidiaries of the REIT. There can be no assurance, however, that the Indenture Trustee will, or will be able to, effectively enforce the guarantees. See “Details of the Offering — Guarantee”.

## **Coverage Ratios**

The REIT may be unable to pay interest or principal on the Debentures when due. In order to assess this risk, please see “Interest and Earnings Coverage — Earnings Coverage Ratios” and “Interest and Earnings Coverage — Debt Service Coverage Ratio”.

## **Market Value Fluctuation**

Prevailing interest rates will affect the market value of the Debentures, as they carry a fixed interest rate. Assuming all other factors remain unchanged, the market value of the Debentures, which carry a fixed interest rate, will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

## **Market for the Debentures and Trading Prices of the Debentures**

There is currently no trading market for the Debentures and purchasers may not be able to resell Debentures purchased under this Prospectus Supplement. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the liquidity and prices at which the Debentures trade may be adversely affected. Whether or not the Debentures will trade at lower prices depends on many factors, including liquidity of the Debentures, prevailing interest rates and the markets for similar securities, general economic conditions and the REIT’s financial condition and future prospects. Moreover, the Debentures will not be publicly listed for trading on any stock exchange. The Agents may, but are not obligated to, make a market for the Debentures, subject to applicable laws and regulations and any market making may be discontinued at any time.

### **Inability of the REIT to Purchase Debentures upon a Change of Control Triggering Event**

The REIT may be required to purchase all outstanding Debentures upon the occurrence of a Change of Control Triggering Event. However, it is possible that following a Change of Control Triggering Event, the REIT will have insufficient funds at that time to make any required purchase of outstanding Debentures or that restrictions contained in other present or future indebtedness or agreements will restrict those purchases. The REIT's failure to purchase the Debentures would constitute an Event of Default under the Indenture, which may also constitute a default under the terms of the REIT's other indebtedness at that time. See "Details of the Offering — Repurchase upon a Change of Control Triggering Event".

### **Redemption Prior to Maturity**

The Debentures may be redeemed, at the option of the REIT in whole at any time or in part from time to time on or after the closing of the Offering, subject to certain conditions for redemptions prior to the maturity date. Debentureholders should assume that this redemption option will be exercised if the REIT is able to refinance at a lower interest rate or if it is otherwise in the interest of the REIT to redeem the Debentures. Debentureholders whose Debentures are redeemed would not be entitled to participate in any future growth in the market price of the Debentures and may not be able to reinvest their redemption proceeds in securities providing a comparable expected rate of return to maturity as the Debentures for a comparable level of risk. See "Details of the Offering — Redemption by the REIT" and "Details of the Offering — Purchase of Debentures".

### **AUDITORS, INDENTURE TRUSTEE, TRANSFER AGENT AND REGISTRAR**

KPMG LLP are the auditors of the REIT and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The indenture trustee, transfer agent and registrar for the Debentures is BNY Trust Company of Canada at its principal office in Toronto, Ontario.

### **LEGAL MATTERS**

Legal matters in connection with the issuance of the Debentures offered by this Prospectus Supplement will be passed upon at the date of closing of the Offering on behalf of the REIT by Torys LLP and on behalf of the Agents by Blake, Cassels & Graydon LLP.

As of the date hereof, the partners and associates of Torys LLP, as a group, and Blake, Cassels & Graydon LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the outstanding securities of the REIT.

### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF THE REIT, THE PROMOTER AND THE CREDIT SUPPORTERS**

Dated: March 1, 2016

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

**CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST**

(Signed) John Morrison  
Chief Executive Officer

(Signed) Bart Munn  
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) Paul R. Weiss  
Trustee

(Signed) Daniel F. Sullivan  
Trustee

**LOBLAW COMPANIES LIMITED**  
(as Promoter)

(Signed) Galen G. Weston  
Executive Chairman

(Signed) Richard Dufresne  
Chief Financial Officer

**The Credit Supporters**

**CHOICE PROPERTIES GP INC.,**  
in its own capacity and as general partner for and on behalf of  
**CHOICE PROPERTIES LIMITED PARTNERSHIP**

(Signed) John Morrison  
Chief Executive Officer

(Signed) Bart Munn  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) Paul R. Weiss  
Director

(Signed) Daniel F. Sullivan  
Director

**AGENTS' CERTIFICATE**

Dated: March 1, 2016

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

**TD SECURITIES INC.**

**CIBC WORLD MARKETS  
INC.**

**RBC DOMINION  
SECURITIES INC.**

**BMO NESBITT BURNS  
INC.**

(Signed) Andrew Becker

(Signed) Amber Choudhry

(Signed) William Wong

(Signed) Jonathan Li

**DESJARDINS  
SECURITIES INC.**

**NATIONAL BANK  
FINANCIAL INC.**

**SCOTIA CAPITAL INC.**

(Signed) Ryan Godfrey

(Signed) John Carrique

(Signed) Sharon Telem