

This prospectus is a base shelf prospectus. This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

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, and, subject to certain exceptions, may not be offered or sold in the United States or to U.S. persons.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Choice Properties Real Estate Investment Trust, at 22 St. Clair Avenue East, Suite 800, Toronto, Ontario, Canada, M4T 2S5 (telephone: (905) 861-2165), and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue and Secondary Offering

September 3, 2013



CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST

\$2,000,000,000

Units

Debt Securities

Choice Properties Real Estate Investment Trust (the “**REIT**”) may from time to time during the 25 months that this short form base shelf prospectus (the “**Prospectus**”), including any amendments thereto, remains valid, offer for sale and issue trust units of the REIT (the “**Units**”) and debt securities of the REIT (the “**Debt Securities**”, and together with the Units, the “**Securities**”), which may include Debt Securities convertible into or exchangeable for Units of the REIT. The REIT may sell up to \$2,000,000,000 aggregate initial offering price of Securities (or the equivalent amount if any Securities are denominated in a currency other than Canadian dollars). Loblaw Companies Limited (“**Loblaw**”) or certain of its subsidiaries may also offer Units beneficially owned by or issuable to them on the exchange of Class B limited partnership units (“**Class B LP Units**”) of Choice Properties Limited Partnership (the “**Partnership**”), the REIT’s operating subsidiary. This Prospectus qualifies the distribution of Securities by the REIT and by Loblaw and its subsidiaries which are selling unitholders.

The specific terms of any Securities offered will be described in one or more shelf prospectus supplements (collectively or individually, as the case may be, a “**Prospectus Supplement**”), including, where applicable: (i) in the case of Units, the number of Units being offered, the offering price (or the manner of determination thereof if offered on a non-fixed price basis) and any other specific terms; and (ii) in the case of Debt Securities, their specific designation, aggregate principal amount, denominations, currency, maturity, rate (which may be fixed or variable) and time of payment of interest, any terms for redemption at the option of the REIT or the holder, any terms for sinking fund payments, any listing on a securities exchange, any conversion or exchange terms, the public offering price (or the manner of determination thereof if offered on a non-fixed price basis) and any other specific terms. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus.

The REIT may sell Securities to or through underwriters or dealers or to purchasers directly or through agents. See “Plan of Distribution”. A Prospectus Supplement will set out the names of any underwriters, dealers or agents involved in the sale of the Securities, the principal amount (if any) to be purchased by any underwriters and the compensation of such underwriters, dealers or agents. Unless otherwise indicated in a Prospectus Supplement, an offering of Securities will be subject to approval of certain legal matters on behalf of the REIT by Torys LLP.

Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities will not be listed on any securities exchange. Accordingly, unless so specified, there will be no market through which the Debt Securities may

be sold and purchasers may not be able to resell the Debt Securities purchased under this Prospectus. This may affect the pricing of the Debt Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Debt Securities and the extent of issuer regulation.

The Units are listed on the Toronto Stock Exchange (the “TSX”) under the symbol “CHP.UN”. The REIT’s head and registered office is located at 22 St. Clair Avenue East, Suite 800, Toronto, Ontario, Canada, M4T 2S5.

There are certain risks inherent in an investment in the Securities and in the activities of the REIT. Prospective investors should carefully consider these risk factors before purchasing any Securities. See “Risk Factors” in the IPO Prospectus (as defined in “Documents Incorporated by Reference”) and the risk factors contained in the Prospectus Supplement relating to the particular offering of Securities.

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that statute or any other legislation.

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ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this Prospectus and in the documents incorporated by reference herein and is not entitled to rely on parts of the information contained in this Prospectus or documents incorporated by reference herein to the exclusion of others. The REIT has not authorized anyone to provide investors with additional or different information. The REIT is not offering to sell the Securities in any jurisdictions where the offer or sale of such Securities is not permitted. The information contained in this Prospectus or in the documents incorporated by reference herein is accurate only as of the date of this Prospectus or the respective date of the applicable document incorporated by reference herein, regardless of the time of delivery of this Prospectus or of any sale of the Securities. The REIT's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

For investors outside Canada, the REIT has not done anything that would permit the offering of the Securities or possession or distribution of this Prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the offering of the Securities and the possession or distribution of this Prospectus.

This Prospectus includes or incorporates by reference a summary description of certain material agreements of the REIT. The summary description discloses all attributes material to an investor in Securities but is not complete and is qualified by reference to the terms of the material agreements, which have been filed with the Canadian securities regulatory authorities and are available on SEDAR. Investors are encouraged to read the full text of such material agreements.

Any graphs and tables demonstrating the historical performance of the Initial Properties (as defined under "The REIT") contained in or incorporated by reference in this Prospectus are intended only to illustrate past performance and are not necessarily indicative of future performance.

All references in this Prospectus to "AFFO per Unit" refer to AFFO per Unit on a fully-diluted basis.

As indicated under "Documents Incorporated by Reference", certain sections of the IPO Prospectus have been incorporated by reference herein (collectively, the "**IPO Prospectus Disclosure**"). As the IPO Prospectus Disclosure was prepared in advance of the completion of the REIT's initial public offering ("**IPO**") on July 5, 2013 (the "**IPO Closing**"), certain portions of the IPO Prospectus Disclosure contain future-looking statements, such as "in conjunction with its initial public offering", "on Closing", "contemporaneously with Closing", "concurrently with Closing", "in connection with Closing" and phrases of similar effect. As contemplated in the IPO Prospectus, the closing of the IPO was completed on July 5, 2013. Accordingly, and for greater certainty, all transactions, agreements and other matters contemplated in the IPO Prospectus Disclosure to be completed, entered into or to take effect on or prior to the IPO Closing were completed, entered into or made effective, as the case may be, in the manner contemplated by the IPO Prospectus Disclosure. As such, unless otherwise indicated in this Prospectus, this Prospectus should be read with the understanding that such transactions, agreements and other matters contemplated in the IPO Prospectus Disclosure have been completed, entered into or made effective, as the case may be, in the manner contemplated by the IPO Prospectus Disclosure.

MEANING OF CERTAIN REFERENCES

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

References to "management" in this Prospectus means the persons acting in the capacities of the REIT's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. Any statements in this Prospectus made by or on behalf of management are made in such persons' capacities as officers of the REIT and not in their personal capacities.

All references to dollars or "\$" are to Canadian dollars.

Certain terms used in this Prospectus but not defined herein are defined under "Glossary" at pages 1 to 11 of the IPO Prospectus, incorporated by reference herein.

FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated herein by reference contain forward-looking statements about the REIT's objectives, 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" and "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 and expected future developments, as well as other factors it believes are appropriate in the circumstances. 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 the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to:

- the REIT's relationship with Loblaw, including in respect of (i) Loblaw's retained interest in the REIT and its current intention with respect thereto, (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 certain interests in properties held by Loblaw) and (iv) the Strategic Alliance Agreement;
- the REIT's intention with respect to, and ability to execute, its internal and external growth strategies;
- the forecasted financial results of the REIT, including the assumptions contained in such forecast, for the periods set out in the "Financial Forecast" section of the IPO Prospectus;
- the REIT's capital expenditure requirements and capital expenditures to be made by the REIT;
- the REIT's distribution policy and the distributions to be paid to holders of Units ("**Unitholders**");
- the distributions to be paid to holders of Partnership units;
- the REIT's ability to execute on its debt strategy;
- the REIT's access to available sources of debt and/or equity financing;
- future compensation and governance practices by the REIT;
- future legislative and regulatory developments which may affect the REIT;
- the expected tax treatment of the REIT and its distributions to Unitholders;
- the REIT's ability to meet its stated obligations;
- the REIT's ability to expand its asset base and make accretive acquisitions;
- the percentage of cash distributions to be paid to Unitholders that will be tax deferred in 2013; and
- the ability of the REIT to qualify as a "mutual fund trust", as defined in the *Income Tax Act* (Canada) and the regulations thereunder, and as a "real estate investment trust", as defined in the SIFT Rules.

This is not an exhaustive list of the factors that may affect the REIT's forward-looking statements. Other risks and uncertainties not presently known to the REIT could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the REIT's expectations only as of the date of this Prospectus. Except as required by applicable law, the REIT does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DOCUMENTS INCORPORATED BY REFERENCE

As of the date of this Prospectus, the REIT has not yet filed its first annual information form as a reporting issuer. Instead, the REIT has incorporated by reference into this Prospectus certain disclosure from its long form prospectus dated June 26, 2013 in respect of its initial public offering of Units (the "**IPO Prospectus**").

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:

- (a) The IPO Prospectus, but excluding the disclosure in the following sections or subsections of the IPO Prospectus:
 - (i) "About this Prospectus" at page 12 of the IPO Prospectus;
 - (ii) "Meaning of Certain References" at page 13 of the IPO Prospectus;
 - (iii) "Market and Industry Data" at page 13 of the IPO Prospectus;
 - (iv) "Forward-Looking Statements" at pages 13 to 14 of the IPO Prospectus;
 - (v) "Eligibility for Investment" at page 14 of the IPO Prospectus;
 - (vi) "Prospectus Summary" at pages 16 to 33 of the IPO Prospectus;
 - (vii) "The Offering" at pages 34 to 36 of the IPO Prospectus;
 - (viii) "Canadian Retail and Real Estate Market Characteristics" at pages 41 to 42 of the IPO Prospectus;
 - (ix) "Acquisition of the Initial Properties – Principal Transaction Steps" at pages 69 to 70 of the IPO Prospectus;
 - (x) "Assessments and Valuations of the Initial Properties – Independent Valuations" at pages 73 to 74 of the IPO Prospectus;
 - (xi) "Debt Strategy and Indebtedness" at pages 79 to 85 of the IPO Prospectus;
 - (xii) "Credit Ratings" at page 86 of the IPO Prospectus;
 - (xiii) "Capitalization of the REIT" at page 92 of the IPO Prospectus;
 - (xiv) "Certain Canadian Federal Income Tax Considerations" at pages 141 to 148 of the IPO Prospectus;
 - (xv) "Plan of Distribution" at pages 149 to 151 of the IPO Prospectus;
 - (xvi) "Prior Issuances" at page 151 of the IPO Prospectus;

- (xvii) “Use of Proceeds” at page 151 of the IPO Prospectus;
 - (xviii) “Promoter” at page 171 of the IPO Prospectus;
 - (xix) “Legal Matters” at page 180 of the IPO Prospectus;
 - (xx) “Experts” at page 180 of the IPO Prospectus;
 - (xxi) “Auditors, Transfer Agent, Registrar and Indenture Trustee” at page 180 of the IPO Prospectus;
 - (xxii) “Agents for Service of Process” at page 180 of the IPO Prospectus;
 - (xxiii) “Purchasers’ Statutory Rights” at page 180 of the IPO Prospectus;
 - (xxiv) “Certificate of the REIT and the Promoter” at page D-1 of the IPO Prospectus; and
 - (xxv) “Certificate of the Underwriters” at page D-2 of the IPO Prospectus,
- (collectively, the “**Excluded Sections**”);
- (b) the unaudited interim financial statements of the REIT and the notes thereto for the period from May 21, 2013 (date of formation) to June 30, 2013; and
 - (c) management’s discussion and analysis for the unaudited interim financial statements referred to in paragraph (b) above.

The Excluded Sections have not been incorporated by reference into, and do not form a part of, this Prospectus since: (i) comparable and updated disclosure is included elsewhere in this Prospectus; (ii) such sections contain specific information relating to the offering of the securities under the IPO Prospectus and do not pertain to the offering of the Securities that may be offered from time to time under this Prospectus; or (iii) the information contained therein is permitted to be excluded from the Prospectus by National Instrument 44-102 – *Shelf Distributions*, and will instead be included in any applicable prospectus supplement to this Prospectus, to the extent applicable.

Notwithstanding the foregoing, the “Financial Forecast” (prepared using assumptions current as of May 21, 2013) at pages 92 to 104 of the IPO Prospectus is incorporated by reference herein only for the period from the date hereof to the expiry of the Forecast Period (June 30, 2014) or such earlier time as the REIT may withdraw the Financial Forecast in accordance with applicable securities laws.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes 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. 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 (b) through (c) as well as all Prospectus Supplements, business acquisition reports, material change reports (other than confidential material change reports, if any), management information circulars, annual information forms, audited consolidated financial statements and other documents disclosing additional or updated information filed by the REIT with the securities regulatory authorities in any of the provinces of Canada during the term of this Prospectus and prior to the termination of an applicable offering shall be deemed to be incorporated by reference into this Prospectus.

A Prospectus Supplement containing the specific terms applicable to the issuance of any Securities and other information in relation to such issuance will be delivered, together with this Prospectus, to purchasers and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement, but only for the purposes of the offering of such Securities to which such Prospectus Supplement pertains.

Upon new audited annual financial statements being filed by the REIT with the applicable securities regulatory authorities during the term of this Prospectus, the previously filed audited annual financial statements (if any) and all unaudited interim financial statements, together with related management's discussion and analysis, relating to prior periods shall be deemed to no longer be incorporated into this Prospectus for the purposes of future offers and sales of securities under this Prospectus.

Upon a new annual information form being filed by the REIT with the applicable securities regulatory authorities during the term of this Prospectus, the disclosure referred to above in the IPO Prospectus, the previously filed annual information form (if any), any material change reports filed prior to the end of the financial year in respect of which the new annual information form is filed, any information circular filed since the start of such financial year (unless otherwise required by applicable Canadian securities legislation to be incorporated by reference into this Prospectus), and any business acquisition report for acquisitions completed since the beginning of such financial year (unless such report is incorporated by reference into the current annual information form or less than nine months of the acquired business' or related businesses' operations are incorporated into the REIT's most recent audited annual financial statements), shall be deemed no longer to be incorporated by reference into this Prospectus for the purposes of future offers and sales of Securities under this Prospectus.

Upon a new information circular prepared in connection with an annual general meeting of the REIT being filed with the applicable securities regulatory authorities during the term of this Prospectus, the previous information circular prepared in connection with an annual general meeting of the REIT and filed with the applicable securities regulatory authorities during the term of this Prospectus (if any) shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

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 principal, registered and head office of the REIT is located at 22 St. Clair Avenue East, Suite 800, 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 425 properties totaling approximately 35.3 million square feet of GLA, comprising 415 retail properties, one office complex and nine warehouse properties (the "**Initial Properties**"). The retail properties are made up of (i) 267 properties with a stand-alone store operating under a banner owned or licensed by Loblaw or certain of its subsidiaries (a "**Loblaw-Owned Banner**"), (ii) 143 properties anchored by a store operating under a Loblaw-Owned Banner that also contain one or more third-party tenants, and (iii) five properties containing only third-party tenants. The office complex consists of two office buildings and the warehouse properties include two properties that host three warehouses each.

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 IPO Prospectus under "The REIT", "Growth Strategies of the REIT" and "Assets of the REIT" which are incorporated by reference herein.

RECENT DEVELOPMENTS

There have been no material developments in the business of the REIT since June 30, 2013, the date of the REIT's unaudited consolidated interim financial statements for the three-month period ended June 30, 2013, which have not been disclosed in this Prospectus or the documents incorporated by reference herein.

On July 5, 2013, the REIT completed its IPO of 40,000,000 Units at a price of \$10.00 per Unit for aggregate gross proceeds of \$400,000,000. Concurrently with the IPO Closing, George Weston Limited ("GWL"), Loblaw's majority shareholder, indirectly purchased through two wholly-owned subsidiaries 20,000,000 Units at a price of \$10.00 per Unit for aggregate gross proceeds of \$200,000,000. The REIT used the proceeds of the IPO to indirectly acquire, through the Partnership, the Initial Properties from subsidiaries of Loblaw (the "IPO Acquisition").

On July 5, 2013, the REIT completed the issuance (the "IPO Debenture Offering") of (i) \$400 million aggregate principal amount of 3.554% Series A senior unsecured debentures due July 5, 2018 (the "Series A Debentures") and (ii) \$200 million aggregate principal amount of 4.903% series B senior unsecured debentures due July 5, 2023 (the "Series B Debentures" and, together with the Series A Debentures, the "IPO Debentures"). The IPO Debentures were issued at a price of \$1,000 per \$1,000 principal amount. The net proceeds from the IPO Debenture Offering were used by the REIT to indirectly repay indebtedness.

On July 15, 2013, Loblaw, the REIT's most significant tenant for the foreseeable future, entered into a definitive agreement to acquire all of the outstanding common shares of Shoppers Drug Mart Corporation ("Shoppers") for \$33.18 in cash plus 0.5965 of a Loblaw common share per each Shoppers common share, on a fully pro-rated basis. Based on Loblaw's closing common share price on July 12, 2013, this would represent a purchase price of approximately \$12.4 billion. The maximum amount of cash to be paid by Loblaw will be approximately \$6.7 billion and the maximum number of Loblaw common shares to be issued will be approximately 119.9 million, based on the number of Shoppers common shares outstanding as of the date of the agreement.

Loblaw will finance the cash element of the transaction with available cash resources and committed bank facilities. These committed facilities consist of a \$3.5 billion term loan and a \$1.6 billion bridge loan that will only be utilized upon completion of the acquisition. Loblaw plans to replace the bridge loan primarily through issuance of unsecured notes. As part of the financing of the acquisition, Loblaw's controlling shareholder, GWL, has agreed to subscribe for approximately \$500 million of additional Loblaw common shares.

Loblaw anticipates that the transaction will be completed within six to seven months. Completion is subject to various approvals, including Shoppers shareholder and court approvals, compliance with the *Competition Act* (Canada) and other regulatory approvals as well as certain other closing conditions customary in transactions of this nature. There can be no assurance that any such approvals will be obtained, that these conditions will be met or waived or that Loblaw will be able to successfully consummate the proposed transaction as currently contemplated or at all. For further details in respect of the proposed transaction with Shoppers, please refer to Loblaw's public disclosure.

On July 17, 2013, the REIT completed the issuance of an additional 6,000,000 Units at a price of \$10.00 per Unit for aggregate gross proceeds of \$60,000,000 pursuant to the exercise by the Underwriters of the over-allotment option granted in connection with the IPO (the "IPO Over-Allotment Option"). The REIT used the net proceeds from the IPO Over-Allotment Option to indirectly repay indebtedness.

Consistent with the REIT's practice and in the normal course of business, the REIT is engaged in discussions, and 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 other acquisition, investment and disposition opportunities.

INDEPENDENT VALUATIONS OF THE INITIAL PROPERTIES

Loblaw retained an independent appraiser qualified by the Appraisal Institute of Canada (the "Independent Appraiser") to provide an independent estimate of the fair market value of each of the Initial Properties (the "IPO

Appraisals”). The IPO Appraisals for the Initial Properties were prepared in conformity with the Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada. The Appraisal Institute of Canada has adopted a definition of market value, which is “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus”. According to the Appraisal Institute of Canada, implicit in the definition of market value is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (i) buyer and seller are typically motivated; (ii) both parties are well informed or well-advised, and acting in what they consider their best interests; (iii) a reasonable time is allowed for exposure in the open market; and (iv) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Based on the IPO Appraisals, the estimated aggregate market value of the Initial Properties as at March 31, 2013 was \$7.11 billion prior to application of any portfolio premium and resulted in a weighted average capitalization rate of 6.16%.

To determine the full value of the Initial Properties in the context of a publicly traded portfolio, the Independent Appraiser added a 2% to 4% portfolio premium to the aggregate value of the Initial Properties which, in the Independent Appraiser’s professional experience, given the size and nature of the portfolio and current market condition, is warranted. The resulting full value of the Initial Properties is between \$7.25 billion and \$7.40 billion, corresponding to a weighted average capitalization rate range between 6.04% and 5.92%.

The IPO Appraisals also identified excess land value of approximately \$216 million. This excess land value relates to the potential to further develop, intensify and/or redevelop certain of the Initial Properties. The REIT will compensate Loblaw, over time, if, as and when the REIT pursues further development, intensification and/or redevelopment on the Initial Properties. Accordingly, the excess land value is not included in the IPO Appraisal figures presented in the two preceding paragraphs.

The estimated market value of the Initial Properties was determined by the Independent Appraiser using an income valuation approach (which utilized both the direct capitalization and discounted cash flow methods). These valuation methods are methods traditionally used by investors when acquiring properties of this nature. The Independent Appraiser gave consideration to a forecast of income for each property based on contractual lease terms, market rental rates, growth levels, vacancy rates, tenant roll-overs and operating expenses. The Independent Appraiser visited each of the Initial Properties to assess the location and general physical characteristics and estimated the highest and best use for each property. Valuation parameters were used, having due regard to the income characteristics, current market conditions and prevailing economic and industry information. In appraising the Initial Properties, the Independent Appraiser assumed, among other things, that title to the Initial Properties was good and marketable and did not take into account issues such as, but not limited to, engineering, environmental, zoning, planning or related issues. The Independent Appraiser noted in the IPO Appraisals that they had not reviewed capital expenditure budgets or the BCA Reports for the properties, and that any outstanding expenditures of a capital nature will affect value conclusions.

In determining the approximate market value of the Initial Properties, the Independent Appraiser relied on operating and financial data provided by Loblaw and a third party manager, including rent rolls. For each Initial Property, the Independent Appraiser discussed with management of Loblaw the property’s history, current tenant status and future prospects, reviewed historical operating results and reviewed management revenue and expense estimates for their reasonableness. Based on this review, and other relevant facts, the Independent Appraiser considered such data to be reasonable and supportable.

Caution should be exercised in the evaluation and use of appraisal results, such as the IPO Appraisals. An appraisal is an estimate of market value. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The IPO Appraisals are based on various assumptions of future expectations and, while the Independent Appraiser’s internal forecasts of net operating income for the Initial Properties is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

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

Pursuant to an undertaking that the REIT has provided to the Canadian securities regulatory authorities in each of the provinces of Canada, the REIT has agreed to identify the name of the Independent Appraiser and to arrange for the filing of a written consent of such Independent Appraiser in any Prospectus Supplement that is filed prior to the REIT filing its unaudited interim financial statements for the period ended September 30, 2013.

CONSOLIDATED CAPITALIZATION

The following table sets forth the REIT's *pro forma* consolidated capitalization as at June 30, 2013, both before and after giving effect to the Offering (including the exercise in full of the IPO Over-Allotment Option), the IPO Debenture Offering, the IPO Acquisition and various transactions related thereto (collectively, the "Adjustments").

	As at June 30, 2013 ⁽¹⁾	As at June 30, 2013 after giving effect to the Adjustments (in thousands of dollars)
Unitholders' Equity	\$10.00	\$ 828,900
Class B LP Units	\$ –	\$2,724,979
Class C LP Units	\$ –	\$ 876,263
Indebtedness		
Series A Debentures.....	\$ –	\$ 398,125
Series B Debentures.....	\$ –	\$ 198,925
Transferor Notes	<u>\$ –</u>	<u>\$ 1,901,408</u>
Total Capitalization	<u>\$10.00</u>	<u>\$ 6,928,600</u>

Notes:

(1) The REIT was initially settled on May 21, 2013 with \$10.00 in cash.

DEBT STRATEGY AND INDEBTEDNESS

General

The REIT will seek to maintain a combination of short, medium and long-term debt maturities that spread maturities over 10 years to minimize refinancing risk, taking into account the availability of financing and market conditions and the financial characteristics of each property. The REIT's Consolidated Indebtedness as a percentage of its Aggregate Adjusted Assets is approximately 37% as at the date hereof. The Consolidated Indebtedness plus the aggregate amount of capital ascribed to the Class C limited partnership units ("Class C LP Units") of the Partnership as a percentage of its Aggregate Adjusted Assets is approximately 50% as at the date hereof.

The weighted average maturity and the weighted average annual interest rate of all Indebtedness of the REIT as at the date hereof is approximately 5.4 years and 3.4%, respectively. Interest rates and debt maturities will be reviewed regularly by the Board of Trustees of the REIT in order to ensure that appropriate debt management strategies are implemented. The REIT may, from time to time, enter into instruments to hedge the amount of interest to be paid by the REIT on future debt and to reduce its exposure to refinancing risks, provided that such hedging will not affect the REIT's status as a "real estate investment trust" for purposes of the SIFT Rules.

In addition, upon the request of the Transferors, the Partnership will be obligated to redeem up to \$300 million, \$300 million and \$325 million of the outstanding Class C LP Units in the years 2027, 2028 and 2029, respectively, in each case in exchange for cash, Class B LP Units or any combination thereof, at the option of the Partnership. The Class C LP Units will be included in the calculation of the debt incurrence test and the debt service coverage ratio under the Indenture (as defined below), as supplemented.

Composition of Indebtedness

The REIT partially financed the acquisition of the Initial Properties and its ongoing operations with fixed rate unsecured term debt with staggered maturities. The fixed rate term debt is made up of the Transferor Notes (issued by the Partnership) and the IPO Debentures (issued by the REIT). The Transferor Notes and the IPO Debentures have varying maturities. Additionally, floating rate unsecured debt may be incurred pursuant to the Credit Facility. The REIT is generally liable for the IPO Debentures and the Credit Facility.

Transferor Notes

On the IPO Closing, the Partnership collectively issued \$2.6 billion aggregate principal amount of Transferor Notes to the Transferor Trust in exchange for all of the Transferor Trust Notes. The Transferor Trust Notes were assigned to the Transferors by the Partnership as partial consideration for the sale of the Initial Properties. The Transferor Notes rank *pari passu* in right of payment with all of the Partnership's other senior unsecured indebtedness, including the guarantees by the Partnership of the Credit Facility and the IPO Debentures, as well as the REIT Notes. The REIT has not provided a guarantee in respect of the Transferor Notes.

All of the net proceeds from the issuance of the IPO Debentures and the exercise of the IPO Over-Allotment Option were used by the Partnership to early redeem a portion of the outstanding aggregate principal amount of the Transferor Notes. Following completion of the IPO Debenture Offering, the Series 1 and Series 2 Transferor Notes were redeemed in full. Following completion of the IPO Over-Allotment Option, \$60 million principal amount of the \$150 million principal amount of Series 3 Transferor Notes were redeemed.

The following table summarizes the respective initial aggregate principal amounts, annual interest rates and maturity dates of the Transferor Notes outstanding as at the date of this Prospectus.

Transferor Notes

Series	Maturity	Interest Payment Dates		Principal Amount	Annual Interest Rate
				(\$ millions)	
Series 3.....	May 20, 2014	May 20	Nov 20	\$90	3.00%
Series 4.....	April 20, 2015	Apr 20	Oct 20	\$350	3.00%
Series 5.....	April 20, 2016	Apr 20	Oct 20	\$300	3.00%
Series 6.....	April 20, 2017	Apr 20	Oct 20	\$200	3.00%
Series 7.....	September 20, 2019	Mar 20	Sep 20	\$200	3.00%
Series 8.....	April 20, 2020	Apr 20	Oct 20	\$300	3.60%
Series 9.....	September 20, 2021	Mar 20	Sep 20	\$200	3.60%
Series 10.....	September 20, 2022	Mar 20	Sep 20	\$300	3.60%
Total / Weighted Average.....				\$1,940	3.25%

For the period from the date of issue of each Transferor Note to the day prior to the earlier of the maturity date and the 6th anniversary thereof, the Partnership may:

- (i) with three months or less remaining until the maturity date (to the extent the maturity date of such Transferor Note occurs prior to the 6th anniversary of the date of issue), redeem some or all of the Transferor Notes (including some or all of a particular series of Transferor Notes) at par value, plus accrued and unpaid interest; and

- (ii) with more than three months remaining until the maturity date, redeem some or all of the Transferor Notes (including some or all of a particular series of Transferor Notes), with the consent of the holder thereof, at par value, plus accrued and unpaid interest.

For the period from the 6th anniversary of the date of issue of each Transferor Note still outstanding, the Partnership may:

- (i) until the date that is three months prior to the maturity date thereof, at any time and from time to time, redeem some or all of the Transferor Notes (including some or all of a particular series of Transferor Notes) at a redemption price equal to the greater of (i) the Canada Yield Price (as defined in the Transferor Notes) and (ii) par, together in each case with accrued and unpaid interest to the date fixed for redemption; and
- (ii) from and after the date that is three months prior to the maturity date of each Transferor Note, redeem some or all of such Transferor Note at par value, plus accrued interest.

Events of default under the Transferor Notes include, among other things, (a) default by the Partnership in the payment of principal when due, (b) default by the Partnership in the payment of interest when due, where such default has not been cured within three business days after the relevant interest payment date, (c) breach of or default in the performance of any covenant, where such default or breach continues for a period of 30 business days following notice thereof, (d) a final judgment being rendered against the REIT or any Partnership 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, (e) cross-acceleration of debt of the REIT in an aggregate amount in excess of \$25 million, and (f) the bankruptcy or insolvency of the REIT or the Partnership.

Key covenants of the Partnership under the Transferor Notes include: (i) a debt service coverage ratio covenant whereby the REIT must at all times maintain a ratio of Consolidated EBITDA to Debt Service of not less than 1.50:1.0; (ii) a debt incurrence covenant whereby the REIT must, on each day that it or the Partnership incurs Indebtedness, other than permitted Indebtedness, have (A) an Indebtedness Percentage of not more than (x) 60% excluding any convertible Indebtedness and (y) 65% including (without duplication) any convertible Indebtedness in the calculation of Consolidated Indebtedness plus the aggregate amount of capital ascribed to the Class C LP Units; and (B) a ratio of Consolidated Secured Indebtedness to Aggregate Adjusted Assets (the “**Secured Coverage Ratio**”) of not more than 40%; and (iii) an unencumbered asset value ratio covenant whereby the ratio of Unencumbered Aggregate Adjusted Assets (excluding construction assets and other non-income producing assets) to Consolidated Unsecured Indebtedness (excluding Subordinated Indebtedness) may not be less than 1.50:1.00. In addition, the Partnership will be required to, among other things, maintain its existence, maintain properties in good order and maintain insurance.

Upon a Change of Control Triggering Event, the Partnership shall offer to repurchase all of the Transferor Notes at a purchase price equal to 101% of the outstanding principal amount thereof plus accrued and unpaid interest, if any. A “Change of Control Triggering Event” means a Change of Control and a Rating Event.

A “Rating Event” means any of (A) the Rating of any series of Debt Securities 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 Debt Securities 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 Debt Securities 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 any series of Debt Securities by the Required Threshold is below an investment grade rating upon the occurrence of a Change of Control and the Rating of such series of Debt Securities 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 Debt Securities 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 Debt Securities of such series as aforesaid, would

aggregate in number the Required Threshold), and (C) following the occurrence of a Change of Control, one of more of the Specified Rating Agencies cease to rate any series of Debt Securities such that only one Specified Rating Agency continues to rate such series of Debt Securities.

IPO Debentures

On July 5, 2013, the REIT issued \$400 million aggregate principal amount of Series A Debentures and \$200 million aggregate principal amount of Series B Debentures pursuant to the trust indenture (the “**Indenture**”) dated July 5, 2013 between the REIT and BNY Trust Company of Canada, as indenture trustee, and the First Supplemental Indenture and Second Supplemental Indenture, respectively. The Series A Debentures bear interest from and including July 5, 2013 at the rate of 3.554% per annum, payable in equal semi-annual installments on January 5 and July 5 in each year, commencing on January 5, 2014. The Series B Debentures bear interest from and including July 5, 2013 at the rate of 4.903% per annum, payable in equal semi-annual installments on January 5 and July 5 in each year, commencing on January 5, 2014. The Series A Debentures and the Series B Debentures will mature on July 5, 2018 and July 5, 2023, respectively.

Revolving Credit Facility

On July 5, 2013, the REIT entered into the Credit Facility which consists of a \$500 million revolving facility available for general business purposes, including property acquisitions and development activities, and the refinancing of indebtedness, of the REIT and its subsidiaries. The Credit Facility can be drawn upon in either Canadian dollars or an equivalent amount in United States dollars. If the REIT draws upon the Credit Facility in Canadian dollars, interest will be calculated either at the Canadian prime lending rate or at the bankers’ acceptance (“**BA**”) rate plus, in each case, a spread based on the external credit rating of the REIT, which on August 30, 2013 was 0.45% with respect to prime rate and 1.45% with respect to the BA rate. The REIT has the right to choose between Canadian prime rate and BA rate advances based on available rates and timing requirements. If the REIT draws upon the Credit Facility in United States dollars, interest will be calculated either at the United States prime lending rate or at United States dollar LIBOR (the London Interbank Offered Rate) plus, in each case, a spread based on the external credit rating of the REIT, which on August 30, 2013 was 0.45% with respect to the United States dollar prime rate and 1.45% with respect to LIBOR. As at the date hereof, the REIT has not drawn under the Credit Facility. Amounts owing under the Credit Facility are unsecured, ranking *pari passu* with the IPO Debentures and the Transferor Notes and have an initial term of five years from July 5, 2013. Amounts owing under the Credit Facility are generally subject to customary terms and conditions for issuers of this nature, including limits on granting liens, limitation on additional indebtedness, limitation on investments, limitation on asset sales and limitation on transactions with affiliates.

The Credit Facility provides that, for so long as the rent paid by Loblaw or any of its subsidiaries accounts for 40% of the consolidated revenue of the REIT, it will be an event of default under the Credit Facility if any indebtedness of Loblaw or its subsidiaries individually or in the aggregate in an amount in excess of \$100 million is accelerated.

Letter of Credit Facility

In addition to the Credit Facility, the REIT entered into an uncommitted letter of credit facility of up to \$40 million with a Schedule I Canadian chartered bank.

Debt Maturities

The following table presents (i) the maturity balances on the outstanding Transferor Notes, and (ii) the maturity balances on the IPO Debentures, in each case, to be paid over each of the next five calendar years and thereafter (assuming such debt is not renewed at maturity).

<u>Year:</u>	<u>Balance Due on Maturity (\$000's)</u>	<u>Total Debt Repayments (\$000's)</u>	<u>% of Total</u>
2014.....	\$90,000	\$90,000	3.5%
2015.....	\$350,000	\$350,000	13.8%
2016.....	\$300,000	\$300,000	11.8%
2017.....	\$200,000	\$200,000	7.9%
2018.....	\$400,000	\$400,000	15.7%
Thereafter	\$1,200,000	\$1,200,000	47.3%
Total	\$2,540,000	\$2,540,000	100.0%
Weighted average annual interest rate.....			3.4% ⁽¹⁾
Weighted average term to maturity			5.4 years

Notes:

- (1) Before giving effect to mark-to-market adjustments on the Transferor Notes, and after giving effect to the annual interest rates on the IPO Debentures.

CREDIT RATINGS

Standard and Poor's Ratings Service ("S&P") and DBRS Limited ("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 an issuer credit rating of "BBB", with a Stable outlook, and a credit rating of "BBB", with a Stable outlook, relating to the IPO Debentures. A credit rating of "BBB" by S&P is the fourth highest of 10 categories 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. A credit rating of "BBB-" or higher is an investment grade rating. 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. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category.

DBRS has provided the REIT with an issuer credit rating of "BBB" and a credit rating of "BBB" relating to the IPO 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 in question. The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue.

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. In connection with the definitive agreement entered into by Loblaw to acquire all of the outstanding common shares of Shoppers, DBRS placed the credit ratings of the REIT under review with developing implications and S&P placed the REIT on credit watch with negative implications. On August 2, 2013, S&P announced that it had concluded its review and confirmed the ratings of Loblaw and the REIT at "BBB" with a Stable outlook. The REIT expects DBRS to complete its review in the upcoming weeks.

The REIT has paid customary rating fees to DBRS and S&P in connection with the above-mentioned ratings and will pay customary rating fees to DBRS and S&P in connection with credit ratings to be assigned to Debt Securities of the REIT, if any, which may be offered for sale from time to time in the future under this Prospectus. 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.

DESCRIPTION OF UNITS

The following is a summary of the material attributes and characteristics of the Units that may be issued from time to time under a Prospectus Supplement.

Units

The beneficial interest in the assets of the REIT is divided into Units. The aggregate number of Units which may be outstanding is unlimited and, as at August 30, 2013, there were 87,500,000 Units outstanding. Units represent a Unitholder's proportionate undivided interest in the REIT. No Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of the REIT.

Each Unit confers the right to one vote at any meeting of voting unitholders of the REIT and to participate equally and rateably in distributions by the REIT, whether of net income, net realizable capital gains or other amounts and, on termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities of the REIT. Units are issued in registered form (including global form), are fully paid and non-assessable when issued and are transferable. Fractional Units may be issued as a consequence of an act of the Board of Trustees of the REIT, but fractional Units will not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

The Declaration of Trust provides that the REIT will be precluded from accepting any subscription for, or issuing or registering any transfer of, Units if, as a result thereof, greater than 49% of the outstanding Units would become beneficially owned, directly or indirectly, by non-residents of Canada. The Declaration of Trust includes a mechanism to permit the REIT to require any person who is the holder or beneficial owner of Units held in contravention of this restriction to sell such Units. Upon any such sale, the Unitholder will lose any entitlement to the Units and the Unitholder's only remaining right in respect thereof will be the right to receive the net proceeds of such sale, subject to the Unitholder's right to receive payment of any distribution declared and not paid which may be owed to such Unitholder.

Further information relating to the Units is set out in the IPO Prospectus under "Declaration of Trust and Description of REIT Units" which is incorporated by reference herein.

EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the applicable Prospectus Supplement with respect to the issuance of Debt Securities pursuant to this Prospectus.

DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of the Debt Securities offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities will be issued in series under one or more trust indentures entered into or to be entered into between the REIT and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee (the "Trustee"), including under the Indenture, as supplemented. Each such trust indenture will set out the terms of the applicable series of the Debt Securities.

The Debt Securities will be direct obligations of the REIT and may be guaranteed. The Debt Securities will be senior or subordinated indebtedness of the REIT and will be secured or unsecured, all as will be described in the relevant Prospectus Supplement.

A Prospectus Supplement may include specific variable terms pertaining to the Debt Securities that are not within the alternatives and parameters described in this Prospectus.

General

A Prospectus Supplement relating to a particular series of Debt Securities will describe the terms of such Debt Securities including, where applicable, the following:

- (a) the specific designation of the Debt Securities;
- (b) any limit on the aggregate principal amount of the Debt Securities;
- (c) the authorized denominations of the Debt Securities;
- (d) the currency in which the Debt Securities may be purchased and the currency in which principal and interest is payable;
- (e) the date or dates (if any) on which the Debt Securities will mature and the portion (if less than all of the principal amount) of the Debt Securities to be payable on declaration of acceleration of maturity;
- (f) the rate or rates per annum (which may be fixed or variable) at which the Debt Securities will bear interest (if any), the date or dates on which any such interest will be payable and the record dates (if any) for any interest payable on the Debt Securities which are registered securities;
- (g) any mandatory or optional redemption or sinking fund provisions, including the period or periods within which, the price or prices at which and the terms and conditions on which the Debt Securities may be redeemed or purchased at the option of the REIT or otherwise;
- (h) any conversion or exchange terms;
- (i) the percentage of the principal amount (including any premium) at which the Debt Securities may be issued or redeemed;
- (j) whether the Debt Securities will be issuable in registered or bearer form or both or in the form of global securities and the basis of exchange, transfer and ownership thereof;
- (k) each office or agency where the principal of, premium (if any) on and interest on the Debt Securities will be payable, and each office or agency where the Debt Securities may be presented for registration of transfer or exchange; and
- (l) any other terms of the Debt Securities, including covenants and events of default relating solely to the applicable series of Debt Securities or any covenants or events of default generally applicable to other series of Debt Securities which are not to apply to the applicable series of Debt Securities.

Debt Securities may be issued bearing no interest or interest at a rate below or above the prevailing market rate at the time of issuance and may be offered and sold at a discount below or premium above their stated principal amounts.

Denominations, Registration and Transfer

Unless otherwise provided for in the applicable Prospectus Supplement with respect to a particular series of Debt Securities, Debt Securities will be issued in fully registered form (including global form) and in denominations and integral multiples as set out in the applicable Prospectus Supplement. Other than in the case of book-entry only securities, Debt Securities may be presented for registration or transfer (with the form of transfer endorsed thereon duly executed) at the corporate trust office of the Trustee in Toronto, Ontario or at the office of any transfer agent designated by the REIT for such purpose with respect to any Debt Securities referred to in a Prospectus Supplement. Reasonable service charges may be levied for certain transfers, conversions or exchanges of the Debt Securities. The REIT may require payment of a sum to cover any tax or other governmental charge payable in connection therewith. The Trustee or such transfer agent, as the case may be, will effect such transfer, conversion or exchange only when satisfied with the documents of title and the identity of

the person making the request. If a Prospectus Supplement refers to any transfer agent in addition to the Trustee initially designated by the REIT with respect to any series of Debt Securities, the REIT may at any time rescind the designation of any such transfer agent or approve any change in the location through which such transfer agent acts.

In the case of book-entry only securities, a global certificate or certificates (a “**Global Security**”) representing such Debt Securities will be held by a designated depository (the “**Depository**”) for its participants.

These Debt Securities may be purchased or transferred only through such participants, which include securities brokers and dealers, banks and trust companies. The Depository will establish and maintain book-entry accounts for its participants acting on behalf of beneficial holders of such Debt Securities. The interests of beneficial holders of such Debt Securities will be represented by entries in the records maintained by the participants. Beneficial holders of Debt Securities issued in book-entry only form will not be entitled to receive a certificate or other instrument evidencing their ownership thereof, except in limited circumstances. Each such beneficial holder will typically receive a customer confirmation of purchase from the participant from which the Debt Securities are purchased in accordance with the practices and procedures of that participant.

Payment

Unless otherwise specified in the applicable Prospectus Supplement, payment of principal of and premium (if any) on a Debt Security will be made in Canadian currency against surrender of the Debt Security at the corporate trust office of the Trustee in Toronto, Ontario. Unless otherwise indicated in the applicable Prospectus Supplement, payment of any instalment of interest on a Debt Security will be made by either cheque or electronic funds transfer to the person in whose name such Debt Security is registered at or before the close of business on the recorded date for such interest payment.

SELLING UNITHOLDERS

This Prospectus may also, from time to time, relate to the offering of Units by way of a secondary offering by certain selling unitholders. The terms under which the Units will be offered by selling unitholders will be described in the applicable Prospectus Supplement. The Prospectus Supplement for or including any offering of the Units by selling unitholders will include, without limitation, where applicable: (i) the names of the selling unitholders; (ii) the number of Units owned, controlled or directed by each of the selling unitholders; (iii) the number of Units being distributed for the account of each selling unitholder; (iv) the number of Units to be owned, controlled or directed by the selling unitholders after the distribution and the percentage that number or amount represents out of the total number of outstanding Units; (v) whether the Units are owned by the selling unitholders both of record and beneficially, of record only or beneficially only; (vi) if the selling unitholder purchased any of the Units held by it in the 24 months preceding the date of the applicable Prospectus Supplement, the date or dates the selling unitholders acquired the Units; and (vii) if the selling unitholder acquired the Units held by it in the 12 months preceding the date of the applicable Prospectus Supplement, the cost thereof to the selling unitholder in the aggregate and on a per security basis.

PLAN OF DISTRIBUTION

General

The REIT will sell the Securities to or through underwriters or dealers or purchasers directly or through agents. The Securities may be sold from time to time in one or more transactions at a fixed price or prices, which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

A Prospectus Supplement will set forth the terms of the offering, including the name or names of any underwriters, dealers or agents, the purchase price or prices of the Securities, the proceeds to the REIT from the sale of the Securities, any initial offering price (or the manner of determination thereof if offered on a non-fixed price basis), any underwriting discount or commission and any discounts, concessions or commissions allowed or reallocated or paid by any underwriter to other dealers. Any initial offering price and any discounts, concessions or commissions allowed or reallocated or paid to dealers may be changed from time to time.

Each series or issue of Debt Securities will be a new issue of securities with no established trading market. Unless otherwise specified in a Prospectus Supplement relating to an issue of Debt Securities, the Debt Securities will not be listed on any securities or stock exchange. In connection with any offering of Securities, the underwriters, dealers or agents may over-allot or effect transactions that stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any underwriters or agents to or through whom Securities are sold by the REIT may make a market in the Securities, but they will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that a trading market in any of the Securities will develop or as to the liquidity of any trading market for the Securities.

Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the REIT 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. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, the REIT in the ordinary course of business.

The Securities have not been and, unless specified in a Prospectus Supplement relating to an issue of Securities, will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States. Accordingly, unless so specified, except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws, the Securities may not be offered, sold or delivered, directly or indirectly, within the United States (as defined in Regulation S under the U.S. Securities Act) (the “**United States**”), and each underwriter or agent will agree that it will not offer, sell or deliver the Securities within the United States. Each underwriter or agent will also agree that all offers and sales of the Securities outside the United States will only be conducted in accordance with Regulation S under the U.S. Securities Act. This short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Securities within the United States. In addition, until 40 days after the commencement of an offering of Securities, an offer or sale of such Securities 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 the registration requirements of the U.S. Securities Act.

RISK FACTORS

Prospective investors in a particular offering of Securities should carefully consider, in addition to information contained herein, in the Prospectus Supplement relating to that offering and the information incorporated by reference herein and therein, the risks described in the IPO Prospectus and management’s discussion and analysis which are incorporated by reference herein as at the date of the Prospectus Supplement relating to the particular offering of Securities.

IPO Appraisals

The REIT retained the Independent Appraiser to provide independent estimates of the fair market value range in respect of the Initial Properties prior to the completion of its initial public offering. Caution should be exercised in the evaluation and use of appraisal results, which are estimates of market value at a specific point in time, and are not current estimates of market value. In general, appraisals such as the IPO Appraisals represent only the analysis and opinion of qualified experts as of the effective date of such appraisals and are not guarantees of present or future value. There is no assurance that the assumptions employed in determining the appraised values of the Initial Properties are correct as of the date of this Prospectus or that such valuations actually reflect an amount that would be realized upon a current or future sale of any of the Initial Properties or that any projections included in the IPO Appraisals will be attainable. In addition, the IPO Appraisals were each given as at certain effective dates in April and May 2013 and are therefore not current to the date of this Prospectus. As prices in the real estate market fluctuate over time in response to numerous factors, the fair market value of the Initial Properties reflected in the IPO Appraisals may be an unreliable indication of its current market value. A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the IPO Appraisals.

PROMOTER

Loblaw has taken the initiative in founding and organizing the REIT and is therefore considered a promoter of the REIT for the purposes of applicable securities legislation. Loblaw and certain of its subsidiaries hold an approximate 81.7% effective interest in the REIT through ownership of 21,500,000 Units and all of the Class B LP Units of the Partnership that are economically equivalent to and exchangeable for Units. The REIT indirectly acquired the Initial Properties from Loblaw and certain of its subsidiaries in conjunction with the IPO Closing.

The REIT reimbursed Loblaw for all reasonable expenses incurred by it in connection with the founding and organizing of the REIT, including financial, legal, accounting, tax, travel, filing and printing fees. Loblaw has not received any acquisition or other fee in connection with the founding and organization of the REIT or the completion of the IPO Acquisition and related financings.

Pursuant to a joint undertaking that each of Loblaw and the REIT have provided to the Canadian securities regulatory authorities in each of the provinces of Canada, Loblaw has agreed to execute a promoter certificate, and the REIT has agreed to include such promoter certificate, in any Prospectus Supplement that is filed by the REIT under this Prospectus during the period in which this Prospectus remains operative.

LEGAL MATTERS

Certain legal matters relating to the offering of the Securities will be passed upon on behalf of the REIT by Torys LLP. As of the date hereof, the partners and associates of Torys LLP beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the REIT.

REGULATORY RELIEF

Pursuant to section 58(5) of the *Securities Act* (Ontario) and Part 8 of National Instrument 44-101 – *Short Form Prospectus Distributions*, the REIT has applied for relief from the requirements under section 58(1) of the *Securities Act* (Ontario), which require a promoter of the REIT to sign a certificate in this Prospectus. The REIT has applied for such relief on the basis that Loblaw has agreed to execute a promoter certificate, and the REIT has agreed to include such promoter certificate, in any Prospectus Supplement that is filed by the REIT under this Prospectus during the period in which this Prospectus remains operative. The REIT has been advised by the Ontario Securities Commission that the issuance of a receipt by or on behalf of the applicable Canadian Securities Administrators by the Ontario Securities Commission for this Prospectus will evidence the granting of this relief.

AUDITOR, TRANSFER AGENT, REGISTRAR AND INDENTURE TRUSTEE

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

AGENT FOR SERVICE OF PROCESS

Michelle Felman, a trustee of the REIT, resides outside of Canada and has appointed the following agent for service of process:

	<u>Name and Address of Agent</u>
Michelle Felman.....	Choice Properties Real Estate Investment Trust 22 St. Clair Avenue East, Suite 800 Toronto, Ontario M4T 2S5

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY AND CONTRACTUAL 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, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of convertible Debt Securities, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the convertible Debt Securities is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

By virtue of their purchase of any convertible or exchangeable Debt Securities ("**Convertible Debt Securities**") under this Prospectus, original purchasers of such Convertible Debt Securities will have a contractual right of rescission against the REIT following the conversion thereby of such Convertible Debt Securities as follows. The contractual right of rescission will entitle such original purchasers to receive the amount paid for such Convertible Debt Securities upon surrender of the securities issued to such purchaser upon conversion of such Convertible Debt Securities, in the event that this Prospectus, as supplemented by the applicable Prospectus Supplement relating to such Convertible Debt Securities, as amended (the "**Supplemented Prospectus**") contains a misrepresentation, provided that the right of rescission is exercised within 180 days of the date of the purchase of such Convertible Debt Securities under the Supplemented Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers of Convertible Debt Securities under section 130 of the *Securities Act* (Ontario) or otherwise at law. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this statutory right of action for damages, or consult with a legal adviser.

CERTIFICATE OF THE REIT

Dated: September 3, 2013

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

(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