CHOICE PROPERTIES AND CANADIAN REAL ESTATE INVESTMENT TRUST COMBINE TO FORM CANADA'S LARGEST REIT IN A $6.0 BILLION TRANSACTION

Transformational combination creates the preeminent diversified REIT in Canada focused on stability, growth of cash flows and value creation through owning, developing and managing one of Canada's largest real estate portfolios

- **Significant Portfolio of Size, Scale and Reach:** Expanded portfolio of 752 properties comprising 69 million square feet of gross leasable area ("GLA")
- **Improved Stability Through Enhanced Diversification:** Consolidated portfolio offers asset class, geographic and tenant diversification providing balance and stability as well as greater exposure to key urban markets in Canada
- **Expanded Value-Creation Opportunities:** Combined portfolios create one of Canada's largest development pipelines offering long-term value creation and growth potential
- **Continued Strategic Relationship:** Committed and long-term support from Loblaw Companies Limited ("Loblaw") and George Weston Limited ("GWL") with proforma combined ownership of 65%
- **Best-In-Class Operating Platform:** Integrated national leasing, property and asset management capability with a proven track record in all key real estate sectors better positions the combined entity to take advantage of future opportunities and changing market trends

TORONTO, ON, February 15, 2018 – Choice Properties Real Estate Investment Trust (TSX:CHP.UN, "Choice Properties") and Canadian Real Estate Investment Trust (TSX:REF.UN, "CREIT") today announced an agreement pursuant to which Choice Properties will acquire all of CREIT's assets and assume all of its liabilities, including long-term debt and all residual liabilities. CREIT will then redeem all of its outstanding units for an aggregate of $22.50 in cash and 2.4904 Choice Properties units per CREIT unit, on a fully prorated basis. Using the Choice Properties closing unit price on February 14, 2018 of $12.49, this represents $53.61 per CREIT unit, which is a 23.1% premium to the CREIT closing unit price on February 14, 2018.

John Morrison, President and CEO of Choice Properties, commented, "We are excited to be creating Canada's leading diversified REIT. Choice Properties' expanded diversified real estate portfolio, anchored by Canada's largest retailer, will provide unitholders of both Choice Properties and CREIT the opportunity to capitalize on the future growth and value creation opportunities of this strategic transaction. Relying on the depth of tenant relationships of both organizations, the combined real estate will provide tenants with best-in-class real estate solutions across an extensive national portfolio."

Stephen Johnson, CEO of CREIT, said "This transformational combination creates immediate value for CREIT and provides tremendous opportunity for Choice Properties to capitalize on Canada's leading development pipeline and create long term value. Together, the combined REIT is uniquely positioned to deliver results for unitholders as the owner, manager and developer of a high quality portfolio of diversified assets."

Together, Choice Properties and CREIT will form Canada's largest REIT with an enterprise value of approximately $16B. The resulting enterprise will have industry leading operating and development capabilities as well as an unparalleled diversified portfolio comprising 752 properties with 69 million square feet of GLA.

This combined entity will be Canada's preeminent diversified REIT. The retail portfolio (78% of NOI) is focused on necessity based retailers (85% of the retail assets) and provides a solid foundation of stable and growing cash flows. The balance of the portfolio is diversified by high quality industrial assets (14% of NOI) and office assets (8% of NOI) located in Canada's largest markets.

The consolidated development pipeline presents meaningful value creation opportunities. This expanded pipeline includes potential to capitalize on an established retail development and intensification program and to leverage joint venture partnerships to access attractive sites to fuel additional development. The combined REIT is in an enviable position with more than 60 sites prime for creating exciting residential-focused mixed-use communities, many of which are in close proximity to public transportation where people want to live, work, play and shop.

"This transformational acquisition leads to the creation of a real estate investment trust with resilient characteristics and adds value creation opportunities to Choice Properties' existing strong portfolio of retail assets," said Galen G. Weston, Chairman and CEO of Loblaw and GWL. "Loblaw and GWL continue to be fully committed to Choice Properties as a strong pillar of growth within the Weston Group of Companies. In the combined REIT, John Morrison will become the Vice Chairman of the Board of Trustees and Stephen Johnson will be the President and CEO."

(1) Metropolitan area with a population greater than 500,000

Key Transaction Terms

The total consideration will consist of approximately 58% in Choice Properties units and 42% in cash. CREIT unitholders will have the ability to choose whether to receive $53.75 in cash or 4.2835 Choice Properties units for each CREIT unit held, subject to proration. The maximum amount of cash to be paid by Choice Properties will be approximately $1.65 billion and approximately 183 million units will be issued, based on the fully diluted number of CREIT units outstanding.

Generally, the transaction will provide a tax-deferred rollover for Canadian resident CREIT unitholders who receive Choice Properties units in respect of their CREIT units. CREIT unitholders resident in Canada who receive cash generally will receive capital gains treatment on the redemption of their CREIT units. The arrangement agreement provides that CREIT is subject to non-solicitation provisions and provides that the Board of Trustees of CREIT may, under certain circumstances, terminate the agreement in favour of an unsolicited superior proposal, subject to payment of a termination fee of $95 million to Choice Properties and subject to a right of Choice Properties to match the superior proposal in question.

Capital Structure and Transaction Financing

The combined entity will continue to maintain a stable and prudent capital structure, prioritizing risk management, liquidity and financial flexibility. The proforma entity is expected to have leverage in the range of 45-46% debt to total assets, a debt-to-EBITDA ratio of approximately 8 times and a $11.3 billion pool of unencumbered assets.

The transaction financing has been structured with the intent of maintaining Choice Properties' current "BBB" credit rating. Choice Properties will finance the cash portion of the transaction with committed credit facilities fully underwritten by TD Securities totaling $3.6 billion. These committed facilities consist of an $850 million bridge facility that Choice Properties intends to refinance through the issuance of senior unsecured debentures and a $1.25 billion term loan. The term loan is structured in tranches maturing in 3, 4 and 5 years. Choice Properties will consider hedging the term loan to manage floating interest rate exposure. Choice Properties has also arranged a new $1.5 billion committed revolving credit facility, that will replace its and CREIT's existing credit facilities ensuring that Choice Properties will have maximum flexibility to support ongoing growth prospects including acquisitions and development.

To facilitate Choice Properties' financing for the transaction, Loblaw has agreed to convert all of its outstanding Class C LP units of Choice Properties Limited Partnership with a face value of $925 million ("Class C LP units") into Class B LP units of Choice Properties Limited Partnership ("Class B LP units") on closing. The Class C LP units are convertible by their terms into Class B LP units commencing in 2027 and the conversion of the Class C LP units on closing of the transaction will be effected in accordance with those terms. Each Class C LP unit will be valued at $10.00 and the Class B LP units issuable will be valued at the 20-day VWAP of Choice Properties units on the TSX at closing. Choice Properties plans to issue a maximum of approximately 70.9 million units upon the conversion and, if required, to pay any shortfall in value on closing in cash.

The TSX has granted Choice Properties an exemption from the minority unitholder approval requirement that would otherwise technically apply to the conversion given that the number of Class B LP units to be issued to Loblaw exceeds 10% of the total number of outstanding units of Choice Properties (including Class B LP units/special voting units) on a standalone basis before giving effect to the transaction and the conversion of the Class C LP units is being accelerated to facilitate the financing of the transaction. As a condition of the exemption, Loblaw will undertake to not exercise its right to vote the special voting units of Choice Properties issued in connection with the Class B LP units, or to exchange or transfer the Class B LP units, until the date on which the Class C units would otherwise have become convertible in accordance with their terms.

CREIT's outstanding unsecured debentures will become debentures of Choice Properties on closing, ranking equally with existing Choice Properties unsecured debentures, and will remain outstanding.

Following the transaction, Loblaw and GWL (TSX:WN) will own approximately 62% and 4% of the proforma entity, respectively. The public unitholder base for Choice Properties will significantly increase, with approximately 35% of the proforma entity owned widely by the public. This will increase liquidity for the proforma Choice Properties units, which is expected to make them eligible for inclusion in relevant indices.

CREIT unitholders, who will own approximately 27% of the combined company, stand to benefit from substantial upside over the long-term, driven by the combined entity's financial stability, diversity and growth prospects.

Choice Properties intends to maintain its current distribution of $0.74 per unit on an annual basis.

Board Recommendations

CREIT's Board of Trustees has unanimously (other than Trustees who have abstained from voting or recused themselves) determined that the transaction is in the best interest of CREIT and CREIT unitholders and is unanimously recommending that CREIT unitholders vote in favour of the transaction. CREIT's Board of Trustees has received an opinion from its financial advisor, RBC Capital Markets, that as of the date thereof and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by unitholders of CREIT pursuant to the transaction is fair, from a financial point of view, to unitholders of CREIT.

Choice Properties' Board of Trustees has unanimously determined that the transaction is in the best interests of Choice Properties. Choice Properties' Board of Trustees has received an opinion from its financial advisor, TD Securities Inc., that as of the date thereof and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by Choice Properties to CREIT unitholders pursuant to the transaction is fair, from a financial point of view, to Choice Properties.

The Trustees and executive officers of CREIT have agreed to vote their units in support of the transaction.

Leadership and Organization

Upon closing, Mr. John Morrison will step down as President and Chief Executive Officer of Choice Properties and will serve as non-executive Vice Chairman of the combined REIT, providing guidance to the combined organization. Assuming leadership roles in Choice Properties will be Mr. Stephen Johnson, as President and Chief Executive Officer, Mr. Rael Diamond, as Chief Operating Officer, and Mr. Mario Barrafato, as Chief Financial Officer.

Approvals and Closing Conditions

The transaction will be carried out by way of a court-approved plan of arrangement and will require the approval of at least 66 2/3% of the votes cast by the unitholders of CREIT at a special meeting expected to take place in April 2018.

Under applicable TSX rules, the transaction also requires the approval of Choice Properties' unitholders by majority vote, as the number of Choice Properties units to be issued in the transaction exceeds 25% of the total number of outstanding Choice Properties units. Loblaw, Choice Properties' controlling unitholder, has entered into a voting agreement in support of the transaction. The TSX has advised Choice Properties that, as Loblaw holds an approximately 82% voting interest in Choice Properties, it will accept Loblaw's agreement to support the transaction as evidence of unitholder approval and not require Choice Properties to hold a unitholder meeting.

In addition to unitholder and court approvals, the transaction is subject to compliance with the Competition Act and certain other closing conditions customary in transactions of this nature. Choice Properties and CREIT anticipate that the transaction will be completed in the second quarter of 2018.

Further information regarding the transaction will be included in the management proxy circular expected to be mailed to CREIT unitholders in March 2018. Choice Properties also intends to file an information statement containing further information regarding the transaction. Copies of the arrangement agreement, management proxy circular and information statement will be available on SEDAR at www.sedar.com.

Conference Call

Choice Properties and CREIT will host an investor conference call and webcast on February 15, 2018 at 8am EDT, (647) 427-7450 or (888) 231-8191. Senior management of Choice Properties and CREIT will be available to discuss the details of the transaction. A playback will be made available two hours after the event at (416) 849-0833; access code: 4295779. To access the conference call via webcast, a link is available at www.choicereit.ca in the "Events and Webcast" section under "News and Events". An investor presentation will be made available on the Choice Properties and CREIT respective websites immediately prior to the call (please visit: www.choicereit.ca or www.creit.ca).

Advisors

TD Securities Inc. is acting as financial advisor to Choice Properties and RBC Capital Markets is acting as financial advisor to CREIT. Torys LLP is acting as legal counsel to Choice Properties and Blake, Cassels & Graydon LLP is acting as legal counsel to CREIT.

About Choice Properties Real Estate Investment Trust

Choice Properties is an owner, manager and developer of well-located retail and commercial real estate across Canada. Choice Properties' portfolio spans approximately 44.1 million sq. ft. of GLA and consists of 546 properties primarily focused on supermarket and drug store anchored shopping centres and stand-alone supermarkets and drug stores. Choice Properties' strategy is to create value by enhancing and optimizing its portfolio through accretive acquisitions, strategic development and active property management. Choice Properties' principal tenant and largest unitholder is Loblaw, Canada's largest retailer. Choice Properties' strong alliance with Loblaw positions it well for future growth.

About Canadian Real Estate Investment Trust

CREIT is a real estate investment trust focused on accumulating and aggressively managing a portfolio of high-quality real estate assets and delivering the benefits of real estate ownership to unitholders. The primary benefit is a reliable and, over time, increasing monthly cash distribution. CREIT owns a diversified portfolio of retail, industrial and office properties.

Non-GAAP Measures

This press release uses the following non-GAAP measures: NOI (Net Operating Income). Choice Properties and CREIT believe these non-GAAP financial measures provide useful information to both management and investors in measuring financial performance. NOI is a supplemental measure of operating performance widely used in the real estate industry. Choice Properties calculates NOI as rental revenue, excluding straight-line rent, from investment properties less property operating costs. NOI is a key performance indicator, as it evaluates the results of the portfolio and represents a measure over which management has control. It is also a key input in determining the fair value of the portfolio.

These measures do not have a standard meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measurers presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP. More information regarding these non-GAAP measures and a reconciliation of each to the nearest IFRS financial measure is available in Choice Properties' most recent management's discussion and analysis filed on SEDAR (www.sedar.com).

Forward-Looking Statements

This press release for Choice Properties and CREIT contains forward-looking statements about the proposed acquisition by Choice Properties of CREIT. 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. Forward-looking statements reflect current estimates, beliefs and assumptions, which are based on Choice Properties' and CREIT's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Choice Properties' and CREIT'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. Choice Properties and CREIT can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

This press release contains forward-looking statements concerning: the combined entity's financial position; growth prospects of the combined entity; certain strategic benefits of the transaction; intensification and development opportunities; management and governance of the combined entity; conversion of Loblaw's Class C LP units into Class B LP units on closing and related matters; the timing of the CREIT's unitholders meeting and publication of related unitholder materials; the timing of publication of Choice Properties' information statement; the expected completion date of the proposed transaction; the anticipated tax treatment of the proposed transaction for CREIT unitholders; leverage of the combined entity following closing of the transaction; and the combined entity's anticipated future results and development opportunities. The proforma information set forth in this press release should not be considered to be what the actual financial position or other results of operations would have necessarily been had Choice Properties and CREIT operated as a single combined entity as, at, or for the periods stated.

Numerous risks and uncertainties could cause the combined entity'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: failure to realize anticipated results and strategic benefits; general economic conditions, including changes in interest rates and the rate of inflation; failure of the combined entity to manage 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 competitiveness in the real estate market or the unavailability of desirable commercial real estate assets; the ability to maintain occupancy and to timely lease or re-lease space at current or anticipated rents; tenant bankruptcies, tenant defaults, joint venture and/or co-ownership partner defaults; changes in operating costs and capital expenditures; lack of liquidity of real property and the availability of financing; the inability to make distributions or other payments or advances; the inability of Choice Properties to maintain and leverage its relationship with Loblaw, including in respect of (i) Loblaw's retained interest in Choice Properties, (ii) the services to be provided to Choice Properties (whether directly or indirectly) by Loblaw, (iii) expected transactions to be entered into between Loblaw and Choice Properties (including Choice Properties' acquisition of certain properties held by Loblaw) and (iv) the strategic alliance agreement between Choice Properties and Loblaw dated July 5, 2013; changes in Loblaw's business, activities or circumstances which may impact Choice Properties, including Loblaw's inability to make rent payments or perform its obligations under its leases; and changes in laws or regulatory regimes which may affect the combined entity, including changes in their tax treatment and distributions to unitholders, or the inability of the combined entity 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).

Readers are cautioned that the foregoing list of factors is not exhaustive. Other risks and uncertainties not presently known to Choice Properties and CREIT or that Choice Properties and CREIT presently believe are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional information on these and other factors that could affect the operations or financial results of Choice Properties, CREIT or the combined entity are included in reports filed by Choice Properties and CREIT with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

There can be no assurance that the proposed transaction will occur or that the anticipated strategic benefits will be realized. The proposed transaction is subject to approval under the Competition Act and by the TSX and the fulfillment of certain conditions, and there can be no assurance that any such approvals will be obtained and/or any such conditions will be met. The proposed transaction could be modified, restructured or terminated.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Choice Properties' and CREIT's expectations only as of the date of this release. Choice Properties and CREIT disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

For further information

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