



NOTICE OF UNITHOLDER MEETING

to be held June 28, 2016

and

INFORMATION CIRCULAR AND PROXY STATEMENT

with respect to the proposed

TRANSACTION

with subsidiaries of

SOBEYS INC.

These materials are important and require your immediate attention. They require holders of units of Crombie Real Estate Investment Trust (the “**Unitholders**”) to make important decisions. The Board of Trustees of Crombie Real Estate Investment Trust recommends that Unitholders vote **FOR** the Transaction Resolution, as described in this Information Circular, at the meeting of Unitholders.



INVITATION TO UNITHOLDERS

May 27, 2016

Dear Unitholder:

We are pleased to invite you to join our Board of Trustees (the "**Board**") and senior management team to attend the meeting (the "**Meeting**") of the Unitholders of Crombie Real Estate Investment Trust ("**Crombie**"). The meeting will be held on:

June 28, 2016
11:00 a.m. (Atlantic Daylight Saving Time)
Cineplex Cinemas
612 East River Road
New Glasgow, Nova Scotia

On May 12, 2016, Crombie Limited Partnership ("**Crombie LP**") and Crombie entered into an asset acquisition agreement (the "**Transaction Agreement**") with Sobeys Inc. ("**Sobeys**") and certain of its subsidiaries (the "**Vendors**"), pursuant to which Crombie will indirectly acquire beneficial ownership of (i) a portfolio of nineteen (19) retail properties (the "**Properties**"), (ii) a 50% interest in three distribution centres (the "**Distribution Centres**"), and (iii) two parcels of development land adjacent to existing REIT properties (collectively with the Properties and the Distribution Centres, the "**Acquisition Properties**"), and to invest approximately \$58.9 million in the renovation and expansion of ten properties anchored by Sobeys retail grocery stores currently beneficially owned by Crombie (the "**Modernizations**"), for an aggregate purchase price of approximately \$418 million, subject to certain adjustments (collectively, the "**Transaction**"). The purchase price for the Transaction will be paid from a combination of a drawdown of approximately \$198.7 million on the Revolving Credit Facility, the net proceeds from an offering of \$131.6 million of Subscription Receipts, each exchanged for one Unit of Crombie upon the closing of the Transaction (the "**Offering**") and the issuance of 6,353,741 Class B LP Units in Crombie LP (the "**Class B LP Units**") to the Vendors, equivalent to an aggregate \$93.4 million at a price per Class B LP Unit equal to the offering price of the Subscription Receipts in the Offering. The issuance of the Class B LP Units will result in Empire Company Limited continuing to hold an indirect 41.5% interest in Crombie following the Offering and the Transaction. Upon closing of the Transaction, an affiliate of Sobeys will enter into (i) long term triple-net leases for certain of the Acquisition Properties (ii) assignments to Crombie LP of leases with SQI for certain of the Acquisition Properties located in the province of Quebec at which there currently exists a lease between SQI and a franchisee or dealer (iii) a long term quadruple-net lease for each of the Distribution Centres and (iv) amendments to existing leases with affiliates of Sobeys for each of the properties affected by the Modernizations providing for additional rent based on market return on the approximately \$58.9 million aggregate investment in the Modernizations, 1.5% annual rental escalations and new 20 year lease terms. The Transaction is currently expected to close on or about June 29, 2016.

The Transaction comprises approximately 2.2 million square feet of gross leasable area, including 50% of the gross leasable area of the Distribution Centres in which Crombie will have a 50% interest, in Canada's fastest growing regions with a significantly higher portion of net operating income derived from Canada's top six markets by population size. The Transaction is consistent with Crombie's strategy of acquiring grocery or drug-store anchored retail centres, increases Crombie's weighted average lease term to 12.3 years from 11.2 years, adds approximately \$26.5 million in property net operating income derived from the Acquisition Properties and the Modernizations, is expected to be accretive to Crombie's adjusted funds from operations immediately following closing, and further leverages Crombie's existing relationship with Sobeys.

The independent elected trustees of Crombie reviewed and approved the Transaction, and the Board of Crombie appointed a special committee of independent elected trustees consisting of Michael Knowlton (Chair), Brian Johnson and John Eby (the "**Committee**"), for the purposes of, among other things, considering the Transaction, supervising the process to be carried out by Crombie and its professional advisors in connection with the Transaction, determining whether the Transaction is in the best interests of Crombie and, as the Committee may determine to be necessary or advisable, report and make recommendations to the Board with respect to the Transaction.

Empire Company Limited ("**Empire**") indirectly owns all of the outstanding voting securities of Sobeys, and indirectly owns 53,918,890 Class B LP Units and Special Voting Units and 909,090 Units, together representing a 41.5% economic and voting interest in Crombie. Consequently, under Subsection 604(a)(ii) of the Toronto Stock Exchange, the Transaction requires the approval of not less than a majority of votes cast by all of the Unitholders present in person or represented by proxy at the meeting who are not Empire or subsidiaries of Empire, being the insiders of Crombie who are participating in the Transaction. The Transaction is subject to certain other conditions described in the accompanying information circular, including approval under the *Competition Act* (Canada).

The accompanying information circular provides a detailed description of the Transaction. Please give this material your careful consideration.

On behalf of Crombie's Board, management and employees, we would like to thank you for your consideration of this important transaction and for your continued support. Your vote is important. Please complete and return your proxy or voting information form.

Sincerely,

(signed) "*John Eby*"

John Eby
Lead Trustee

(signed) "*Frank C. Sobey*"

Frank C. Sobey
Chair



NOTICE OF MEETING OF UNITHOLDERS
May 27, 2016

NOTICE IS HEREBY GIVEN that a meeting (the "**Meeting**") of the Unitholders of Crombie Real Estate Investment Trust ("**Crombie**") will be held at Cineplex Cinemas, 612 East River Road, New Glasgow, Nova Scotia, on June 28, 2016, at 11:00 o'clock in the morning (Atlantic Daylight Saving Time) for the following purposes (each as more particularly described in the accompanying Management Information Circular dated May 27, 2016 (the "**Circular**")):

- To consider and, if deemed advisable, to pass, with or without alteration or modification, a resolution (the "**Transaction Resolution**"), the full text of which is set forth in Appendix "A" of the Circular, approving the acquisition of beneficial ownership of (i) a portfolio of 19 retail properties, (ii) a 50% interest in three distribution centres and (iii) two parcels of development land, and to invest in the renovation and expansion of the properties anchored by Sobeys retail grocery stores currently beneficially owned by Crombie for an aggregate purchase price of \$418 million (the "**Transaction**"), including the issuance of 6,353,741 Class B limited partnership units of Crombie's subsidiary, Crombie Limited Partnership and the associated special voting units of Crombie to the Vendors; and
- To transact such other business as may properly come before the meeting.

Unitholders who are unable to be present in person at the Meeting are requested to complete, sign, date, and return the enclosed voting instruction form in accordance with the instructions provided. The accompanying Circular provides further information regarding proxies and the matters to be considered at the Meeting and is deemed to form part of this Notice.

Dated at New Glasgow, Nova Scotia, this 27th day of May, 2016.

BY ORDER OF THE BOARD OF TRUSTEES

(signed) "*Glenn Hynes*"

Glenn Hynes
Executive Vice President, Chief Financial Officer and Secretary

MANAGEMENT INFORMATION CIRCULAR

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All information in this Management Information Circular is current as of May 27, 2016, unless otherwise indicated.

NON-IFRS FINANCIAL MEASURES

This Circular and the documents incorporated by reference herein include references to certain measures that do not have a standardized meaning under International Financial Reporting Standards ("**IFRS**") as prescribed by the International Accounting Standards Board, including "property net operating income ("**NOI**")", operating income attributable to Unitholders, funds from operations ("**FFO**")", "adjusted funds from operations" ("**AFFO**")", "debt to gross book value", earnings before interest, taxes, depreciation and amortization ("**EBITDA**")", interest service coverage and debt service coverage, that it uses to evaluate its performance. Management includes these measures because they represent key performance indicators to management and management believes certain investors use these measures as a means of assessing relative financial performance. Because non-IFRS measures do not have a standardized meaning and may differ from those used by other issuers, securities regulations require that non-IFRS measures be clearly defined and qualified, reconciled with their nearest IFRS measure and given no more prominence than the closest IFRS measure. Such information is presented in the sections dealing with these financial measures herein and in the documents incorporated by reference herein.

Readers should rely only on the information contained in this Circular or in documents incorporated by reference into this Circular. Crombie and the Underwriters have not authorized any other person to provide prospective investors with different information and any such information should not be relied upon. Crombie and the Underwriters are not making an offer to sell the Subscription Receipts in any jurisdiction where the offer or sale is not permitted. Readers should assume that the information appearing in this Circular, as well as information Crombie has previously filed with the securities regulatory authority in each of the provinces of Canada that is incorporated by reference into this Circular is accurate as of their respective dates only. The business, financial condition, results of operations and prospects of Crombie may have changed since those dates.

FORWARD-LOOKING STATEMENTS

This Circular contains forward-looking statements which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of Crombie. Forward-looking statements are typically identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", and other similar expressions, and include statements regarding: the impact of the Transaction (as defined herein) on Crombie's property portfolio, such as the effects on NOI, gross leasable area ("**GLA**")", annual minimum rent and weighted average lease term; the accretive effects of the Transaction; and the expected timing for closing the Offering (as defined herein), and the Transaction. These statements are based on management's assumptions and beliefs in light of the information currently available to them. These forward-looking statements are subject to inherent uncertainties, risks and other factors that could cause actual results to differ materially from such statements. The uncertainties and risks are discussed under "Risk Factors" in this Circular and in the information incorporated by reference herein, including those discussed in the Risk Management section of Crombie's fiscal 2015 management's discussion and analysis and in Crombie's management discussion and analysis for the quarter ended March 31, 2016, and in the "Risks" section of Crombie's annual information form in respect of the year ended December 31, 2015. Reference is also made to the disclosure concerning forward-looking statements in the information incorporated by reference herein.

When relying on forward-looking statements to make decisions, Crombie cautions readers not to place undue reliance on these statements, as a number of important factors could cause actual results to differ materially from any estimates or intentions expressed in such forward-looking statements. Crombie does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of Crombie, except as required by Canadian securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Circular from documents filed with the 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 Crombie at 610 East River Road, Suite 200, New Glasgow, Nova Scotia, B2H 3S2 (Telephone (902) 755-8100), and are also available electronically at www.sedar.com.

The following documents, filed with the securities commissions or similar regulatory authorities in Canada, are specifically incorporated by reference in, and form an integral part of, this Circular:

1. the annual information form of Crombie dated March 30, 2016 for the year ended December 31, 2015 (the "AIF");
2. the audited consolidated financial statements of Crombie as at December 31, 2015 and December 31, 2014, and for the years ended December 31, 2015 and December 31, 2014, together with the notes thereto and the auditor's report thereon;
3. management's discussion and analysis of the consolidated financial condition and results of operations of Crombie for the year ended December 31, 2015;
4. the management information circular of Crombie dated March 31, 2016 prepared in connection with Crombie's annual meeting of Unitholders held on May 5, 2016;
5. the unaudited interim consolidated financial statements of Crombie as at March 31, 2016 and March 31, 2015, and for the three months ended March 31, 2016 and March 31, 2015, together with the notes thereto;
6. management's discussion and analysis of the consolidated financial condition and results of operations of Crombie for the three months ended March 31, 2016; and
7. a material change report dated May 16, 2016 relating to the Transaction and the Offering.

Any documents of the type referred to above and any interim financial statements, management's discussions and analysis, business acquisition reports or material change reports (other than confidential material change reports) filed by Crombie with the securities commissions or similar regulatory authorities in each of the provinces of Canada subsequent to the date of this Circular and prior to the Meeting that specifically states that it is intended to be incorporated by reference into this Circular shall be deemed to be incorporated by reference into this Circular.

Any statement in this Circular contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular 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 such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall 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 was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

PURPOSE OF THE MEETING

This meeting (the "**Meeting**") of the holders (collectively "**Unitholders**") of Units of Crombie and special voting units ("**Special Voting Units**") of Crombie is being held to consider, and if deemed advisable, to adopt a resolution (the "**Transaction Resolution**") to approve the Transaction.

On May 12, 2016, Crombie Limited Partnership ("**Crombie LP**") and Crombie entered into an asset acquisition agreement (the "**Transaction Agreement**") with Sobeys Inc. ("**Sobeys**"), Sobeys Developments Limited Partnership ("**SDLP**"), Sobeys Capital Incorporated ("**SCI**"), SDLP Snowcat Limited ("**SDLP Snowcat**"), 9103-5322 Quebec Inc. ("**9103**") Sobeys Quebec Inc. ("**SQI**"), 3226867 Canada Inc. ("**3226867**"), 9250-2202 Quebec Inc. ("**9250**"), and Jace Holdings Ltd. ("**Jace**", and together with Sobeys, SDLP, SCI, SDLP Snowcat, 9103, SQI, 3226867 and 9250, the "**Vendors**"), pursuant to which Crombie will indirectly acquire beneficial ownership of (i) a portfolio of nineteen (19) retail properties (the "**Properties**"), (ii) a 50% interest in three distribution centres (the "**Distribution Centres**"), and (iii) two parcels of development land adjacent to existing REIT properties (the "**Development Land**", and collectively with the Properties and the Distribution Centres, the "**Acquisition Properties**"), and to invest approximately \$58.9 million in the renovation and expansion of ten properties anchored by Sobeys retail grocery stores currently beneficially owned by Crombie (the "**Modernizations**"), for an aggregate purchase price of approximately \$418 million, subject to certain adjustments (collectively, the "**Transaction**"). The Development Land will be acquired through the purchase of certain shares of Durham Leaseholds Limited and ECL Penhorn Mall (2011) Ltd. ("**Purchased Shares**"). The purchase price for the Transaction will be paid from a combination of a drawdown of approximately \$198.7 million on the Revolving Credit Facility, the net proceeds from the Offering (as defined below) and the issuance of 6,353,741 Class B LP Units in Crombie LP (the "**Class B LP Units**") to the Vendors, , equivalent to an aggregate \$93.4 million at a price per Class B LP Unit equal to the offering price of the Subscription Receipts in the Offering. The issuance of the Class B LP Units will result in Empire Company Limited ("**Empire**") continuing to hold an indirect 41.5% interest in Crombie following the Offering and the Transaction. Upon closing of the Transaction, an affiliate of Sobeys will enter into (i) long term triple-net leases for certain of the Acquisition Properties (the "**Sobeys Leases**"), (ii) assignments to Crombie LP of leases with SQI for the Acquisition Properties located in the province of Quebec at which there currently exists a lease between SQI and a franchisee or dealer (the "**Quebec Leases**") (iii) a long term quadruple-net lease for each of the Distribution Centres (the "**Distribution Centre Leases**"), and (iv) amendments to existing leases with affiliates of Sobeys for each of the properties affected by the Modernizations providing for additional rent based on market return on the approximately \$58.9 million aggregate investment in the Modernizations, 1.5% annual rental escalations and new 20 year lease terms (the "**Lease Amendments**"). The Transaction is currently expected to close on or about June 29, 2016.

In order to partially finance the Transaction, Crombie has agreed to sell, subject to regulatory approval and on a bought-deal basis, \$131,600,280 of subscription receipts (the "**Subscription Receipts**") at a price of \$14.70 per Subscription Receipt to a syndicate of underwriters co-led by CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc. (the "**Offering**"). On the closing of the Transaction, each Subscription Receipt will convert into one trust unit of Crombie (the "**Units**").

Empire indirectly owns all of the outstanding voting securities of Sobeys, and indirectly owns 53,918,890 Class B LP Units and Special Voting Units and 909,090 Units, together representing a 41.5% economic and voting interest in Crombie, or 40.7% if all outstanding convertible debentures of Crombie were to be converted to Units. As a result, Empire, Sobeys and their affiliates are considered to be insiders of Crombie. Because the Transaction involves the issuance of securities and payment of aggregate consideration to insiders in excess of 10% of Crombie's market capitalization, it is a condition of the approval of the Transaction by the Toronto Stock Exchange (the "**TSX**") that disinterested Unitholders of Crombie approve the Transaction. Consequently, under Subsection 604(a)(ii) of the TSX Company Manual, the Transaction requires the approval of not less than a majority of votes cast by all of the Unitholders present in person or represented by proxy at the meeting who are not Empire or subsidiaries of Empire, being the insiders of Crombie who are participating in the Transaction.

INFORMATION CONCERNING THE MEETING

Date, Time and Place of Meeting

The Meeting will be held at Cineplex Cinemas, 612 East River Road, New Glasgow, Nova Scotia, on June 28, 2016, at 11:00 o'clock in the morning (Atlantic Daylight Saving Time).

Solicitation of Proxies

This Circular is furnished in connection with the solicitation by Management of proxies (hereinafter referred to as the "**Proxy**" or "**Proxies**") from Unitholders of Crombie for use at the Meeting. It is expected that the solicitation will be primarily by mail, but Proxies may also be solicited personally by the Trustees or officers of Crombie. The cost of such solicitation will be borne by Crombie.

Appointment and Revocation of Proxies

The persons named in the enclosed form of Proxy are Trustees of Crombie. **A Unitholder has the right to appoint a person to represent such Unitholder at the meeting other than the persons named in the enclosed form of Proxy.** Such right may be exercised by striking out the name of the persons designated and by inserting such other person's name in the blank space provided in the form of Proxy. Failing any designation, one of the persons already named on the Proxy form shall be deemed to have been appointed as the nominee of such Unitholder for the purposes set out in the accompanying Notice of Meeting. To be valid, the form of Proxy must be executed and received by CST Trust Company before 11:00 a.m. (Atlantic Daylight Saving Time) on June 27, 2016. If the meeting is adjourned or postponed, the proxy must be executed and received by CST Trust Company at least 24 hours before the adjourned meeting.

If the accompanying separate form of Proxy is executed and returned, the Proxy may nevertheless be revoked by an instrument in writing revoking the Proxy and executed by the Unitholder, or by the attorney of the Unitholder authorized in writing, or if the Unitholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized and deposited with the Secretary of Crombie prior to the commencement of the Meeting on the date of the Meeting or any adjournment thereof.

Voting of Units Represented by Proxies

Units represented by Proxy will be voted or withheld from voting in accordance with instructions specified by the Unitholder on the form of Proxy. If no instructions are given by the Unitholder, the Proxy confers discretionary authority upon the Proxy nominees with respect to the matters set out in the Notice of Meeting and other matters that may properly come before the Meeting or any adjournment thereof, but shall not confer authority to vote for the election of any person as a Trustee, unless a bona fide proposed nominee for such election is named in this Circular, or to vote at any meeting other than the Meeting specified in the Notice of Meeting, or any adjournment thereof. **Where either Brian Johnson or Donald Clow has been appointed to vote on behalf of another Unitholder, he will vote in FAVOUR of the Transaction Resolution, unless otherwise instructed by the Unitholder.**

Management has no present knowledge that any business other than that referred to in the accompanying Notice of Meeting will be presented to the Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the Proxies to vote the Proxies in accordance with what they consider to be in the best interest of Crombie.

Non-Registered Unitholders

Investors in Units are non-registered Unitholders. Unlike some issuers where the names of individual security holders are recorded on a register of holders, the ownership of Units is tracked only through a book-entry only system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). In a book-

based system, the only registered Unitholder is CDS who acts as clearing agent for the brokers and other intermediaries who, in turn, act on behalf of investors who are the beneficial owners of the Units.

There are two kinds of beneficial owners – those who object to their name being made known to the issuers of securities which they own (called "**Objecting Beneficial Owners**") and those who do not object (called "**Non-Objecting Beneficial Owners**").

Non-Objecting Beneficial Owners

If you are a Non-Objecting Beneficial Owner, Crombie will obtain your name and you will be treated as if you are a registered holder. You will receive proxy-related materials including a form of proxy from our transfer agent, CST Trust Company. You may attend the Meeting and vote in person or you may appoint another person to represent you as proxyholder to vote your Units at the Meeting. You are encouraged to complete and return the enclosed form of proxy to ensure that your vote is counted should your plans to attend change. When you arrive at the Meeting, please register with the transfer agent, CST Trust Company.

Objecting Beneficial Owners

Objecting Beneficial Owners can only exercise their rights as beneficial owners of Units through CDS or a participant in the CDS depository service. This means that in order for Objecting Beneficial Owners to exercise their right to vote their Units at the Meeting, they must carefully review and follow the voting instructions provided by their broker or other intermediary.

Units held by brokers or their nominees for an Objecting Beneficial Owner can only be voted or otherwise represented upon the instructions of the Objecting Beneficial Owner. Without specific instructions, the broker/nominees are prohibited from voting or otherwise representing Units for their clients. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Objecting Beneficial Owners in advance of Unitholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Objecting Beneficial Owners in order to ensure that their Units are voted or otherwise represented at the Meeting. Often, the form of proxy supplied to an Objecting Beneficial Owners by its broker is identical to the form of proxy provided to registered Unitholders. However, its purpose is limited to instructing the intermediaries/brokers how to vote on behalf of or otherwise represent the Objecting Beneficial Owner.

Crombie does not intend to pay for your broker or intermediary to forward to Objecting Beneficial Owners the proxy-related materials and voting instruction form. Accordingly, Objecting Beneficial Owners will not receive these materials unless the Objecting Beneficial Owner's broker or intermediary assumes the cost of delivery.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Objecting Beneficial Owners and asks Objecting Beneficial Owners to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions respecting the Units to be represented at the Meeting. An Objecting Beneficial Owner receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote or otherwise represent Units in person at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Units voted or otherwise represented. Accordingly, it is strongly suggested that Objecting Beneficial Owners return their completed proxies as directed by Broadridge well in advance of the Meeting.

Voting in Person by Objecting Beneficial Owners

An Objecting Beneficial Owner who receives a form of proxy or a voting instruction form and wishes to vote at the Meeting in person should strike out the names of the persons designated in the form of proxy and insert the Objecting Beneficial Owner's name in the blank space provided or, in the case of a voting instruction form, follow the corresponding directions on the form. In either case, Objecting Beneficial

Owner should carefully follow the instructions of their intermediary/broker, including those regarding when and where the proxy or proxy authorization form is to be delivered. If you are an Objecting Beneficial Owner and wish to vote in person at the Meeting, we recommend that you contact your broker or agent well in advance of the Meeting to confirm how you can do so.

Record Date and Unitholders Entitled to Vote

Units

The board of trustees of Crombie (the "**Board**" or "**Board of Trustees**") has fixed May 25, 2016 as the record date for the purpose of determining which Unitholders are entitled to receive the Notice of Meeting.

On May 25, 2016, Crombie had 78,225,076 outstanding Units, each carrying the right to one vote per Unit at the Meeting, provided that the votes attached to 909,090 Units held by Empire's wholly-owned subsidiary, ECL Developments Limited ("**ECL**") will be excluded. See "Business of the Meeting – Vote Required". Any registered Unitholder of record at the time of the Meeting will be entitled to attend and vote at the Meeting either in person or by Proxy. See "Voting of Units Represented by Proxies" and "Non-Registered Unitholders" for information regarding the voting of Units at the Meeting.

Special Voting Units

On May 25, 2016, Crombie had 53,918,890 outstanding Special Voting Units, each carrying the right to one vote per Special Voting Unit. Special Voting Units may only be issued in connection with or in relation to Class B LP Units of Crombie LP for the purpose of providing voting rights with respect to Crombie to the holders of such securities. Special Voting Units are issued in conjunction with all Class B LP Units, and are evidenced only by the certificates representing such Class B LP Units. All of the outstanding Special Voting Units are held by ECL, and consequently, the votes associated with the Special Voting Units will not be counted in determining whether the Transaction and Private Placement Resolution has been approved.

Voting Units and Principal Holders Thereof

The Trustees and Management do not know of any person or company beneficially owning, directly or indirectly, or exercising control or direction over more than 10% of the Units. Empire currently indirectly holds 53,918,890 Class B LP Units and Special Voting Units and 909,090 Units of Crombie, representing a 41.5% economic and voting interest in Crombie.

To the knowledge of Crombie, after reasonable inquiry, the following table indicates, as at May 25, 2016, except as otherwise indicated, the number of Units of Crombie beneficially owned, directly or indirectly, or over which control or direction is exercised, by each trustee and officer of Crombie and their respective associates and each associate or affiliate or person or company acting jointly or in concert with such persons:

Name	Relationship With Crombie	Units		Deferred Units		Series D Debentures		Series E Debentures		Restricted Units	
		No.	%	No.	%	\$	%	\$	%	No.	%
DONALD E. CLOW	Trustee, President and Chief Executive Officer	190,598	0.2%							90,599	43.9%
JOHN EBY	Trustee and Lead Trustee	13,000	-%	13,408	17%	\$100,000	0.2%	\$20,000	-%		
BRIAN A. JOHNSON	Trustee	65,403	0.1%	3,746	5%	\$50,000	0.1%	\$50,000	-%		
MICHAEL KNOWLTON	Trustee	18,595	-%	3,746	5%						

Name	Relationship With Crombie	Units		Deferred Units		Series D Debentures		Series E Debentures		Restricted Units	
		No.	%	No.	%	\$	%	\$	%	No.	%
E. JOHN LATIMER	Trustee	21,000	-%	12,824	17%						
BARBARA PALK	Trustee	12,000	-%	2,630	3%						
FRANK C. SOBEY	Trustee and Chairman of the Board	52,600	0.1%	9,393	12%						
KENT SOBEY	Trustee	17,100	-%	17,725	23%						
PAUL D. SOBEY	Trustee	20,000	-%								
ELISABETH STROBACK	Trustee	13,500	-%	13,170	17%	\$25,000	-%				
FRANCOIS VIMARD	Trustee	5,000	-%								
GLENN HYNES	Chief Financial Officer and Secretary	118,866	0.1%							37,725	18.3%
PATRICK G. MARTIN	Executive Vice President Operations	41,124	0.1%							14,069	6.8%
SCOTT R. MACLEAN	Senior Vice President Operations Atlantic	34,907	-%							9,378	4.5%
FRED SANTINI	Regional Vice President Central Canada									2,906	1.4%
TREVOR LEE	Regional Vice President Western Canada	1,400	-%							6,109	2.9%
CHERYL FRASER	Chief Talent Officer	10	-%							8,350	4.0%
JOHN BARNOSKI	Vice President, Corporate Development									6,800	3.3%
TOTAL		625,103	0.8%	76,642	100%	\$175,000	0.3%	\$70,000	-%	175,936	85.3%

To the knowledge of Crombie, after reasonable inquiry, the following Trustees have the following interests in Empire and may be considered to have an interest in the matters to be considered at the Meeting: Frank C. Sobey and Paul D. Sobey are directors of Empire and Francois Vimard is the Chief Financial and Administrative Officer of Empire. In addition, each of Frank C. Sobey, Kent Sobey and Paul D. Sobey is an officer and director of a significant shareholder of Empire, and may have direction or control over shares of Empire held by the respective significant shareholder of which each is an officer or director.

BUSINESS OF THE MEETING

At the Meeting, Unitholders will be asked to consider and vote on the Transaction. To be effective, the Transaction Resolution must be approved by more than 50% of the votes cast by the Unitholders, voting together, in person or by proxy at the Meeting excluding any votes associated with securities held by Empire or any subsidiaries of Empire, being the insiders of Crombie who are participating in the Transaction. A copy of the Transaction Resolution is set out in Appendix "A" to this Circular. See "Business of the Meeting — Vote Required".

THE TRANSACTION

Background

Members of the Board of Trustees of the REIT who are considered to be independent of both the REIT and Empire approved the issuance of Class B LP Units and the associated Special Voting Units under the terms of the Transaction Agreement on the basis that such Class B LP Units and the associated Special Voting Units are the economic equivalent of the Units that ECL would be entitled to receive under its preemptive right in respect of the Offering, and such Class B LP Units are being valued at a price per Class B LP Unit and the associated Special Voting Units equal to the offering price per Unit under the Offering.

In addition, as a result of ECL's 41.5% economic and voting interest in the REIT, the Transaction constitutes a "related party transaction" under Multilateral Instrument 61-101 – Protection of Minority Security Holdings in Special Transactions ("MI 61-101"). MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. The REIT has obtained exemptive relief which, subject to certain conditions, permits it to include ECL's indirect economic and voting interest in the REIT in the calculation of the REIT's market capitalization for purposes of calculating the 25% threshold under MI 61-101. As a result, 25% of the REIT's market capitalization for purposes of MI 61-101 was approximately \$463 million as of May 12, 2016. Members of the Board of Trustees of the REIT who are considered to be independent of both the REIT and Empire, acting on behalf of the full Board of Trustees, determined that the fair market value of the subject matter of the Transaction was less than the 25% threshold based on a number of factors, including advice obtained from a qualified third party appraiser, the commercial terms of the investment in the Modernizations, the fact that the \$418 million purchase price was negotiated on an arm's length basis and approved by Empire's Board of Directors and the implied Transaction capitalization rates on the Acquisition Properties compared to market rates and rates implied by similar recent transactions. As a result of the determination that the fair market value of the subject matter of the Transaction is below the 25% threshold, the Transaction will not be subject to the valuation and minority approval requirements of MI 61-101. Consequently, the only Unitholder approval required in respect of the Transaction is that required under Subsection 604(a)(ii) of the TSX Company Manual.

Transaction Agreement

The following is a summary of certain provisions of the Transaction Agreement, which summary is not intended to be complete. Reference is made to the Transaction Agreement for a complete description and the full text of its provisions. A copy of the Transaction Agreement has been filed on Crombie's SEDAR profile at www.sedar.com.

Timing — The closing of the Transaction will take place on the business day following receipt of the Unitholder approval of the Transaction from the Unitholders of Crombie in accordance with TSX requirements. Closing is currently expected to be on or about June 29, 2016. If the closing of the Transaction has not occurred on or before July 29, 2016, either party may terminate the Transaction Agreement.

Adjustments — The purchase price for the Transaction is subject to adjustments for customary items, including prepaid rents, allowances, inducements, property operating costs, security deposits, taxes and utilities.

Assumed Obligations — Crombie LP will assume the obligations under: (i) certain contracts and other documents binding on Sobeys with respect to the ownership or operation of the Distribution Centres, together with Sobeys, as co-owners, (ii) the leases or other rights or licences binding upon Sobeys with respect to the Acquisition Properties, (iii) the existing third party warranties and guarantees relating to the Acquisition Properties, and (iv) certain permitted encumbrances.

Modernizations – On closing, Crombie LP will advance the investment in the Modernizations to SCI on behalf of the various tenants who will be party to the Lease Amendments providing for the Modernizations. The Lease Amendments will take effect on the closing of the Transaction.

Conditions — The transactions contemplated by the Transaction Agreement will be conditional upon the satisfaction of certain conditions, including: (i) the accuracy of the representations and warranties on the closing of the Transaction, (ii) the receipt of all required approvals under the *Competition Act* (Canada) (the "**Competition Act**"), (iii) Crombie LP, or its nominee, and Sobeys and its affiliate having entered into the Sobeys Leases, (iv) Sobeys and its affiliate having entered into the Quebec Leases, (v) Crombie LP, or its nominee, and Sobeys, or its affiliate, having entered into the Lease Amendments providing for the Modernizations, (vi) Crombie LP, or its nominee, and Sobeys, or its affiliate, having entered into the Distribution Centre Leases, (vii) Crombie LP, or its nominee, and the applicable affiliate of Sobeys having entered into a Co-Ownership Agreement (as defined below) with respect to each Distribution Centre, (viii) Crombie LP, or its nominee, and Sobeys, or its affiliate, having entered into the Environmental Indemnity Agreement (as defined below) and (ix) performance of the terms, covenants and conditions of the Transaction Agreement to be complied with or performed prior to the closing of the Transaction. Other conditions solely in favour of Crombie LP are: (i) verification of the NOI to be generated by the Acquisition Properties, (ii) the receipt of all required Unitholder approvals, (iii) the completion of the Offering, (iv) the receipt of certain estoppel certificates required under the Transaction Agreement, and (v) the receipt of all other consents, approvals and assumptions required under the Transaction Agreement, under any of the permitted encumbrances or under any other agreement affecting the Acquisition Properties and the other purchased assets. Failure to satisfy any of these conditions on or before the closing of the Transaction, unless otherwise waived, would allow the party having the benefit of the condition to terminate the Transaction Agreement. Closing of the Transaction is not subject to Crombie or Crombie LP completing satisfactory due diligence in respect of the Acquisition Properties.

Representations and Warranties — The Transaction Agreement contains representations and warranties relating to each of the Vendors, Crombie LP and Crombie, which in some cases are qualified by the knowledge of the Vendor, including representations and warranties as to: (i) organization and status, (ii) power and due authorization, (iii) non-contravention of constating and organizational documents, laws or material agreements, (iv) residency status and (v) no approval or consent requirements, other than as disclosed. The Transaction Agreement also contains representations and warranties given by the Vendors, with respect to (i) no commission to be paid to any broker with respect to the sale of the Acquisition Properties, (ii) no commission of an act of bankruptcy, (iii) the Vendors holding at closing of the Transaction good and marketable title to the Acquisition Properties free of all encumbrances except permitted encumbrances and there being no other agreements to sell the Acquisition Properties, (iv) there being no litigation against or affecting the Acquisition Properties that would adversely affect the Transaction Agreement or any transaction or agreement contemplated thereby, (v) no construction liens against the Acquisition Properties, (vi) the existing leases for the Acquisition Properties having been disclosed and assignable, (vii) no expropriation nor written notice of expropriation of the Acquisition Properties, (viii) the use of certain materials on the Acquisition Properties and the absence of notices of violations or outstanding work orders under environmental laws, and (ix) the Purchased Shares being the only issued shares of Durham Leaseholds Limited and ECL Penhorn Mall (2011) Ltd.

As is Where is Basis — The Transaction Agreement provides that except as expressly set forth in the Transaction Agreement, the Environmental Indemnity Agreement, the Sobeys Leases, the Distribution Centre Leases, the Co-Ownership Agreements (as herein defined), the Lease Amendments or any other agreement delivered pursuant to the Transaction Agreement in connection with the closing of the Transaction, the Acquisition Properties are being purchased on an "as is where is" basis in reliance on Crombie LP's own due diligence.

NOI Adjustment — The Transaction Agreement provides that prior to May 27, 2016, Crombie LP shall examine the calculation of the estimated NOI (the "**Estimated NOI**") to be generated by the Acquisition Properties to determine if there were any errors in the calculation thereof prepared by the Vendors. If the NOI to be derived from the Acquisition Properties, as determined by Crombie LP, differs from the Estimated NOI by more than \$500,000, the NOI for the Acquisition Properties will be increased or decreased, as the case may be, by adjusting the rent to be paid under one or more of the Sobeys Leases

or Distribution Centre Leases such that the aggregate NOI to be derived from the Acquisition Properties will equal the Estimated NOI. No adjustments to rents payable shall be made if the difference between the NOI as determined by Crombie LP and the Estimated NOI is less than \$500,000. The NOI adjustment is intended to ensure that the combined annual NOI from the Acquisition Properties and Modernizations will not be less than \$26.5 million.

Indemnities — The Transaction Agreement contains indemnity provisions between the Vendors, on one hand, and Crombie LP, on the other hand, whereby each agrees to indemnify the other and their respective partners, unitholders, shareholders, current and former directors, officers, employees and agents for any breaches or non-performance of the terms of the Transaction Agreements and any breaches of representations or warranties. Sobeys has also agreed to indemnify Crombie LP for certain environmental liabilities pursuant to the Environmental Indemnity Agreement, as described below.

Limits on Indemnification — Under the Transaction Agreement, the indemnifying party is not liable for losses unless the aggregate of all losses suffered by the indemnified party exceeds a one-time deductible of \$1.0 million (the "**Deductible**"), in which case the indemnifying party will be liable only for the excess over the Deductible. In addition, no claim may be made by the indemnified party unless the losses exceed such Deductible and the aggregate of any claim by the indemnified party exceeds the amount of \$100,000, which amount is not a deductible from the amount the indemnified party may be entitled to receive. The maximum liability of the Vendors, on one hand, and Crombie LP on the other hand, is limited to 100% of the aggregate purchase price actually received by Vendors.

Environmental Indemnity Agreement

As a condition to the closing of the Transaction, Sobeys, and its affiliate, as tenant, will provide an environmental indemnity with respect to each Acquisition Property to the extent that environmental issues are identified in the course of Crombie LP's due diligence investigation of the Acquisition Properties (the "**Environmental Indemnity Agreement**"). Crombie has retained an independent professional consulting engineering firm (the "**Independent Engineers**") with extensive experience in environmental services to conduct Phase I environmental site assessments with respect to each of the Acquisition Properties and, where applicable, Phase II environmental site assessments or other investigations or assessments necessary to identify any non-compliance with applicable environmental legal requirements. To the extent that such investigations and assessments are not complete prior to the closing of the Transaction, Crombie LP shall cause the Independent Engineers to complete such investigations and assessments within 120 days following the closing of the Transaction.

For any Acquisition Properties in respect of which such investigations or assessments identify the existence of hazardous materials in excess of amounts permitted under the generic criteria applicable from time to time in the jurisdiction where the Acquisition Property is located, in each case having regard to the property's current use under applicable environmental laws (each, an "**Identified Issue**"). Sobeys shall retain the Independent Engineers to undertake such remediation and monitoring steps as may be contained in a work plan approved by the Independent Engineers and Crombie LP. Sobeys is to use commercially reasonable efforts to (i) complete remediation work in accordance with the applicable work plan with respect to certain of the Acquisition Properties within one year following the closing of the Transaction, and (ii) with respect to other Acquisition Properties, complete sufficient remediation so as to render such Acquisition Properties as capable of being financed by third party lenders, such remediation work to be completed with respect to Acquisition Properties representing 20% of the Acquisition Properties (by allocated purchase price), in each 12 month period following the closing of the Transaction. In the event that the remediation work is not completed within a specified time, Crombie LP will have the right to cause the remediation work to be completed at the cost of Sobeys.

Under the terms of the Environmental Indemnity Agreement, Sobeys will indemnify Crombie LP for any claims or costs imposed by, under or pursuant to applicable environmental laws which arise as a result of or in connection with any Identified Issue, the work done or required to be done in connection therewith or any breach of the Environmental Indemnity Agreement by Sobeys, including costs of remediation and monitoring work. The indemnity shall cease to apply with respect to any direct claims by Crombie LP or Crombie relating to any Acquisition Property for which the Independent Engineers complete an

environmental site assessment showing no further Identified Issues; however, the indemnity will remain in effect with respect to third party claims. The indemnification obligation is not limited in amount. For any Acquisition Property for which the cost of complying with the remediation and monitoring obligation is estimated to exceed \$2 million, Sobeys may repurchase such Acquisition Property at the purchase price allocated to such Acquisition Property under the Transaction Agreement and transfer to Crombie LP another property or properties approved by Crombie LP in replacement therefor of not less value, with a Sobeys Lease and Environmental Indemnity Agreement for the replacement property or properties in place.

The form of Environmental Indemnity Agreement is attached to the Transaction Agreement as Schedule H.

Sobeys Leases

Crombie LP, through a nominee, will enter into separate lease agreements with respect to each of the Acquisition Properties (other than the Distribution Centres), whereby Crombie LP or such nominee will be the landlord and SCI or an affiliate thereof will be the tenant. Each of the Sobeys Leases will be triple net leases, such that the tenant shall be responsible for all property taxes, insurance and maintenance during the term of the lease, and will permit the premises to be used as a retail food store or any other lawful retail use, subject to customary limitations. In addition, Crombie LP has commissioned property condition assessments for each of the Acquisition Properties, to be completed within 90 days after the closing of the Transaction. Absent any material misstatement of the recommended work, any repair work recommended in the property condition report to be completed within three years after the date of the assessment shall be completed by the applicable tenant at such tenant's cost within such three year period.

The Sobeys Leases will have an initial term of three years and thereafter alternating between successive periods of two years and three years until an outside date of 20 years after the date of the applicable Sobeys Lease (each, an "**Outside Date**"), which Outside Date may be extended at the tenant's option by up to six consecutive further periods of five years each. Prior to each initial Outside Date, the term of each Sobeys Lease will automatically be extended to the next period unless one party delivers a lapse notice prior to the expiry of the then current period that is accepted by the other party. If the lapse notice is not accepted by the other party the term of the applicable Sobeys lease will be automatically extended. As a result, each Sobeys Lease is not terminable by the tenant unilaterally prior to the applicable Outside Date. The average effective term of the Sobeys Leases, without giving effect to any extension of the Outside Dates, is 20 years. The aggregate annual minimum rents under all the Sobeys Leases will increase annually by 1.5% per year until the Outside Date.

Distribution Centre Leases

Crombie LP and an affiliate will enter into separate lease agreements with SCI with respect to each of the Distribution Centres, whereby Crombie LP and SCI will be the co-landlords and an affiliate of Sobeys will be the tenant and with respect to which Sobeys will provide certain indemnification. The Distribution Centre Leases will be quadruple-net to the landlords, such that the tenant shall be responsible for all property taxes, insurance, maintenance and structural repairs during the term of the Distribution Centre Leases. The Distribution Centre Leases will have an initial term of three years and thereafter alternating between successive periods of two years and three years until an outside date of 20 years after the date of the applicable Distribution Centre Lease (the "**Outside Dates**") which Outside Date may be extended at the tenant's option by up to ten consecutive further periods of five years each. Prior to the initial Outside Dates, the term of each Distribution Centre Lease will automatically be extended to the next period unless one party delivers a lapse notice prior to the expiry of the then current period that is accepted by the other party. If the lapse notice is not accepted by the other party the term of the lease will be automatically extended. As a result, each Distribution Centre Lease is not terminable by the tenant unilaterally prior to the applicable Outside Date. The annual minimum rents under each Distribution Centre Lease will increase annually by 1.0% per year.

Co-Ownership Agreement

Crombie LP and an affiliate will enter into a co-ownership agreement with SCI with respect to each Distribution Centre (each, a "**Co-Ownership Agreement**"), whereby Crombie LP and SCI will co-own each Distribution Centre as tenants in common, each having a 50% interest (each, a "**Co-Owner**"). Crombie shall have no ownership interest in any equipment or fixtures located in each Distribution Centre. The Co-Ownership Agreement includes provisions governing the distribution of positive net cash flow generated by the Distribution Centre and requirements to provide funds in connection with the management and operation of the Distribution Centre as determined by a management committee consisting of one individual nominated by Crombie LP and one individual nominated by SCI.

Under the Co-Ownership Agreement, no Co-Owner may, directly or indirectly, sell, transfer, assign, mortgage, encumber or otherwise dispose of its interest in the Distribution Centre without the prior written consent of the other Co-Owner or except as otherwise provided in the Co-Ownership Agreement. If Sobeys or an affiliate of Sobeys is no longer the tenant under the applicable Distribution Centre Lease, or such Distribution Centre Lease expires or is terminated, and a Co-Owner desires to sell or receives an offer from a third party to buy all or a portion of such Co-Owner's interest in the Distribution Centre, the other Co-Owner shall have a right of first offer with respect to such interest.

Upon the occurrence of certain events, including default in any security granted by Crombie LP in its interest in the Distribution Centre, the occurrence of certain insolvency proceedings involving Crombie LP, a change of control in respect of the REIT or Crombie LP, a sale by Sobeys of all or substantially all of its store network serviced by such Distribution Centre, a decision by Sobeys to reorganize its logistical and distribution facilities, Crombie LP issues a notice with respect to the right of first offer, Sobeys and its affiliates ceasing to hold Units or Special Voting Units of Crombie representing at least 30% of the votes attached to all outstanding voting securities of Crombie, or if at any time after the tenth anniversary of the Co-Ownership Agreement Sobeys determines to reorganize or otherwise alter its operations conducted from the Distribution Centre such that Sobeys determines that it is in its best interests to exercise the option, Sobeys shall have the option to purchase the co-ownership interest of Crombie LP at a price equal to the original purchase price paid by Crombie LP increased by one percent on each anniversary of the date of the Co-Ownership Agreement.

Each Co-Owner may mortgage, encumber, charge or hypothecate its co-ownership interest, as mutually agreed by the parties, to secure construction financing or long term financing of the Distribution Centre or as part of the security for such Co-Owner's senior bank revolving credit facility, provided that any such security is subordinated to the Distribution Centre Lease.

Transaction Approvals

Competition Act Approval

The Transaction is subject to pre-merger notification requirements under the Competition Act. Each of Crombie LP and Sobeys have agreed to use commercially reasonable efforts to secure the required approval under the Competition Act as soon as reasonably possible, provided that Crombie LP shall not be obliged to enter into any form of settlement, undertaking or agreement with the Commissioner of Competition and Crombie LP shall not be required to divest or hold separate any of the Acquisition Properties or take any other action with respect to any of its subsidiaries, affiliates, business, assets or properties.

TSX Approval

The issuance of the Class B LP Units as partial consideration for the Transaction is subject to the approval of the TSX.

Unitholder Approval

The Vendors are affiliates of Empire. As Empire currently indirectly owns an approximate 41.5% economic and voting interest in Crombie, the TSX considers the Transaction to be a non-arm's length transaction under TSX rules.

Since the aggregate consideration payable to affiliates of Empire pursuant to the Transaction of approximately \$418 million exceeds 10% of Crombie's market capitalization, pursuant to Subsection 604(a)(ii) of the TSX Company Manual, the TSX is requiring Crombie to obtain approval for the Transaction and the issuance of the Class B LP Units as consideration under the Transaction Agreement from Unitholders unrelated to Empire or its associates or affiliates. The 6,353,741 Class B LP Units to be issued to the Vendors pursuant to the Transaction represents approximately 4.8% of the aggregate number of Units and Class B LP Units outstanding as of May 25, 2016, and are equivalent to an aggregate \$93.4 million at a price per Class B LP Unit equal to the offering price of \$14.70 per Subscription Receipt in the Offering. The issuance of these Class B LP Units will result in Empire continuing to hold an indirect 41.5% interest in Crombie following the completion of the Offering and the Transaction.

Benefits of the Transaction

Crombie believes the Transaction will provide the following benefits to Crombie and its Unitholders:

- Crombie's total GLA will increase to 19.3 million square feet, including 50% of the total GLA of the Distribution Centres in which Crombie will have a 50% interest.
- Crombie's weighted average lease term will improve to 12.3 years (from approximately 11.2 years) upon the closing of the Transaction and the entering into of the Sobeys Leases, the Quebec Leases, the Distribution Centre Leases and the Modernization store lease amendments.
- The Transaction will increase Crombie's presence in Canada's six largest markets by population size, with approximately 80% of the value of the Acquisition Properties to be derived from such markets.
- Approximately \$26.5 million in additional annual NOI to be generated by the Acquisition Properties, the Distribution Centres and the Modernizations.
- The Transaction will be accretive to Crombie's AFFO as measured on a per Unit basis upon the closing of the Transaction.
- The annual minimum rents under all the Sobeys Leases, the Distribution Centre Leases, the Lease Amendments and the Quebec Leases is projected to increase annually, in aggregate, by approximately 1.33% per year.

DESCRIPTION OF ACQUISITION PROPERTIES

The Acquisition Properties represent an aggregate of approximately 2.2 million square feet of GLA, including 50% of the total GLA of the Distribution Centres in which Crombie will have a 50% interest, and consist of 12 freestanding stores, seven retail plazas, each anchored by a grocery store bannered by IGA, Sobeys, Safeway or Thrifty Foods, two development properties and three Distribution Centres. The GLA information provided in the following table is based on information provided by the vendors and has not been independently verified by Crombie. Except for the Distribution Centres, Crombie LP is acquiring a 100% interest in each of the Acquisition Properties.

Location	Property Type	Address	GLA (Sq. Ft.)	Banner
British Columbia				
Burnaby Heights	Retail Plaza	4440 Hastings Street, Burnaby, BC	62,000	Safeway

Location	Property Type	Address	GLA (Sq. Ft.)	Banner
Robson	Retail Freestanding	1766 Robson Street, Vancouver, BC	42,000	Safeway
Marpole	Retail Freestanding	8555 Granville Street, Vancouver, BC	47,000	Safeway
Royal Oak	Retail Plaza	5235 Kingsway, Burnaby, BC	33,000	Safeway
Crown Isle SC	Retail Plaza	444 Lerwick Road, Courtenay, BC	97,000	Thrifty Foods
Total British Columbia			281,000	
Alberta				
Strathcona Square SC	Retail Plaza	555 Strathcona Blvd SW, Calgary, AB	80,000	Sobeys
Cochrane	Retail Freestanding	304 - 5 Avenue West, Cochrane, AB.	53,000	Safeway
Coliseum	Retail Freestanding	8118 - 118 Avenue NW, Edmonton, AB	46,000	Safeway
Beacon Heights	Retail Freestanding	20 - 1818 Centre Street NE, Calgary, AB	36,000	Safeway
Stettler	Retail Freestanding	4607 - 50 Street, Stettler, AB	31,000	Sobeys
Total Alberta			246,000	
Ontario				
Fort Frances	Retail Freestanding	417 Scott Street, Fort Frances, ON	43,000	Safeway
Total Ontario			43,000	
Quebec				
Malartic	Retail Plaza	450 Royale, Malartic, QC	28,000	IGA
Bromptonville	Retail Plaza	50 Bourgeois, Bromptonville, QC	27,000	IGA
Matane	Retail Freestanding	551 du Phare Est, Matane, QC	30,000	IGA
Huntingdon	Retail Freestanding	2195 Ridge, Huntingdon, QC	19,000	IGA
Masson-Angers	Retail Plaza	1205 de Neuville, Gatineau, QC	31,000	IGA
Louiseville	Retail Freestanding	714 St-Laurent Ouest, Louiseville, QC	23,000	IGA
Rouyn -Noranda	Retail Freestanding	680 Chaussée, Rouyn-Noranda, QC	43,000	IGA
St-Donat	Retail Freestanding	871 Principale, St-Donat, QC	34,000	IGA
Total Quebec			235,000	
Distribution Centres				
RockyView	Distribution Centre	260199 High Plains Blvd., Rocky View, AB	655,000 ⁽¹⁾	
Terrebonne	Distribution Centre	1101 Boul. de la Pinière Ouest, Terrebonne, QC	335,000 ⁽¹⁾	
Vaughan	Distribution Centre	8265 Huntington Road, Woodbridge, ON	397,000 ⁽¹⁾	
Total Distribution Centres			1,387,000	
Development Land				
Penhorn Lands		Dartmouth, NS		
Triangle Lands		Barrington Street, Halifax, NS		
Total Acquisition			2,192,000	

⁽¹⁾ The GLA of the Distribution Centres represents 50% of the total GLA of each of the Distribution Centres in accordance with Crombie's ownership percentage under the Co-Ownership Agreement.

Source of Funds

Crombie intends to fund the cash portion of the purchase price for the Transaction through a combination of the net proceeds of the Offering and drawing under the Revolving Credit Facility. If any of these sources of funds are not available, Crombie may not have sufficient financial resources to complete the Transaction.

Public Offering of Subscription Receipts

The Offering was conducted under a short form prospectus qualifying the offer and sale of 8,952,400 Subscription Receipts at a price of \$14.70 per Subscription Receipt. The total net proceeds received by Crombie from the Offering were approximately \$125.9 million, after deducting the underwriters' fee in

respect of the Subscription Receipts issued and sold by Crombie and the estimated expenses of the Offering. The net proceeds from the sale of the Subscription Receipts will be entirely used to finance a portion of the purchase price for the Transaction.

Subscription Receipts

The proceeds from the sale of the Subscription Receipts, net of half of the Underwriters' fee payable with respect to the Subscription Receipts (the "**Escrowed Funds**"), will be held by CST Trust Company, as subscription receipt agent (the "**Subscription Receipt Agent**"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending the earlier of the completion of the Transaction or the occurrence of a Termination Event (as defined herein). Upon satisfaction of the conditions to the Transaction, other than payment of the Purchase Price (the "**Escrow Release Condition**"), the Escrowed Funds, net of the balance of the Underwriters' fee payable with respect to the Subscription Receipts and an amount in respect of a Subscription Receipt adjustment payment reflecting cash distributions made by Crombie to its Unitholders for which the record dates occur while the Subscription Receipts are outstanding, will be released to Crombie and one Unit will be issued to each Subscription Receipt Holder for each Subscription Receipt held. Upon the release thereof, Crombie will utilize the Escrowed Funds to pay a portion of the purchase price for the Transaction.

If the closing of the Transaction occurs on or before 5:00 p.m. (Toronto time) on August 31, 2016 (the "**Deadline**") and the holders of Subscription Receipts ("**Subscription Receipt Holders**") become entitled to receive Units, such holders will also be entitled to receive, without duplication, an amount, if any, representing the Subscription Receipt adjustment payment, less applicable withholding taxes, if any, for each Subscription Receipt so held, provided that to the extent that the Subscription Receipt adjustment payment includes amounts in respect of cash distributions on the Units for which record dates have occurred and have not yet been paid, such amounts shall not be payable to the Subscription Receipt Holders until the date that such related cash distributions are paid to Unitholders, unless Crombie elects to pay such amounts earlier.

If (i) the closing of the Transaction does not take place on or before the Deadline, (ii) Crombie delivers to the Underwriters and the Subscription Receipt Agent a notice executed by Crombie that the Transaction Agreement has been terminated or that Crombie will not be proceeding with the Transaction, or (iii) Crombie formally announces to the public by way of a press release that it does not intend to proceed with the Transaction (in any case, a "**Termination Event**"), the Subscription Receipt Holders shall be entitled to receive an amount equal to the full Subscription Price and their pro rata entitlements to the interest earned on the Escrowed Funds. Upon such payment, the Subscription Receipts will become void and of no value or effect.

Vote Required

To be effective, the Transaction Resolution must be approved by more than 50% of the votes cast by the Unitholders, voting together, either in person or by proxy, at the Meeting who are not Empire or its associates and affiliates within the meaning of the *Securities Act* (Ontario).

The Transaction, including the issuance of the Class B LP Units to the Vendors, is subject to TSX approval because the Class B LP Units are exchangeable for Units, and have attached Special Voting Units. The TSX has conditionally approved the Transaction, including the issuance of 6,353,741 Class B LP Units to be issued to the Vendors, and any future issuance of Units upon exchange of those Class B LP Units.

The Transaction involves the payment of consideration in excess of 10% of Crombie's market capitalization. Consequently, pursuant to Subsection 604(a)(ii) of the TSX Company Manual, it is a condition of the TSX approval that disinterested Unitholders of Crombie approve the Transaction, including the issuance of Class B LP Units. The approval must be by at least 50% of the votes cast at a meeting of Unitholders excluding the votes attached to the voting securities held, directly or indirectly, by Empire and its subsidiaries, being the insiders of Crombie that are participating in the Transaction.

The votes attached to the 53,918,890 Special Voting Units and 909,090 Units held indirectly by Empire through ECL, representing 41.5% of the issued and outstanding Units and Special Voting Units combined, will be excluded from the vote on the Transaction Resolution. No other Units will be excluded from the vote on the Transaction Resolution.

The Trustees and senior officers of Crombie, who collectively own, directly or indirectly, or exercise control or direction over, approximately 0.8% of the outstanding Units, have indicated that they intend to vote in favour of the Transaction Resolution.

The Board of Trustees unanimously recommends that the Unitholders vote "FOR" the Transaction Resolution as set out in this Management Information Circular. Unless such authority is withheld, the person named in the accompanying proxy will vote "FOR" the Transaction Resolution.

Pro Forma Consolidated Capitalization

There have not been any material changes in the consolidated capitalization or indebtedness of Crombie since March 31, 2016, the date of Crombie's most recently filed financial statements.

The following table sets forth the *pro forma* capitalization of Crombie as at March 31, 2016, as adjusted to give effect to transactions that have closed since March 31, 2016, the Transaction, the Offering, the anticipated drawdown on the Revolving Credit Facility on closing of the Transaction.

	As at March 31, 2016	As at March 31, 2016 after giving effect to transactions of Crombie that have closed since March 31, 2016	As at March 31, 2016 after giving effect to transactions of Crombie that have closed since March 31, 2016, the Transaction and the Offering
	(unaudited) (expressed in 000's)	(unaudited) (expressed in 000's)	(unaudited) (expressed in 000's)
Indebtedness			
Mortgages	\$1,509,925	\$1,519,998	\$1, 519,998
Senior Unsecured Notes	\$398,207	\$398,207	\$398,207
Convertible Debentures	\$131,672	\$131,672	\$131,672
Revolving Credit Facility	8,706	\$85,268	\$284,007
Bilateral Credit Facility	-	-	-
Deferred Financing Charges	(\$9,756)	(\$9,756)	(\$9,756)
Total Indebtedness excluding Unitholders	\$2,038,754	\$2,125,389	\$2,324,128
Unitholders ⁽¹⁾	\$705,871	\$705,871	\$831,929
Special Voting Units and Class B LP Unitholders ⁽¹⁾	\$460,746	\$460,746	\$553,949
TOTAL CAPITALIZATION	\$3,205,371	\$3,292,006	\$3,710,006

Notes:

(1) For financial statement purposes, the Units and Class B LP Units are classified as liabilities under IFRS.

RISK FACTORS

Unitholders should carefully consider the risk factors set out below regarding the risks of the Transaction and consider all other information contained herein and in Crombie's other public filings before determining how to vote on the matters before the Meeting. For a description of risk factors in respect of the business of Crombie and the industry in which it operates, which will continue to apply to Crombie

after the Transaction, please refer to the headings "Risk Factors" as contained in Crombie's annual information form for the year ended December 31, 2015.

Risks Relating to the Transaction

Potential Undisclosed Liabilities Associated with the Transaction

Crombie has not completed Crombie's normal due diligence procedures, including receipt of discrete property appraisals, environmental site assessments and property condition reports, prior to the execution of the Transaction Agreement. Crombie is continuing to conduct its due diligence review of the Acquisition Properties, however, the closing of the Transaction is not subject to the satisfactory completion of such due diligence procedures. There may be liabilities, including under applicable environmental laws, that Crombie fails to discover or is unable to quantify in the due diligence review prior to the closing of the Transaction and Crombie may not be indemnified for some or all of these liabilities under the Transaction Agreement or the Environmental Indemnity Agreement. The subsequent discovery or quantification of any material liabilities could have a material adverse effect on Crombie's business, financial condition or future prospects, which may include diminution in the value of the affected properties or the inability to finance or dispose of the affected properties on acceptable terms.

Closing of the Transaction

The closing of the Offering will occur before the closing of the Transaction. The closing of the Transaction is subject to the satisfaction of certain closing conditions and regulatory approval under the Competition Act and disinterested Unitholder approval. There is no certainty, nor can Crombie provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. A substantial delay in obtaining regulatory approvals or the imposition of unfavourable terms or conditions in the approvals could have a material adverse effect on Crombie's ability to complete the Transaction and on Crombie's business, financial condition or results of operations. See "The Transaction". Crombie intends to consummate the Transaction as soon as practicable after obtaining the required regulatory and Unitholder approvals and satisfying the required closing conditions. If closing of the Transaction does not take place as contemplated, Crombie could suffer adverse consequences, including the loss of investor confidence.

Possible Failure to Acquire all Acquisition Properties

The Transaction involves risks that could materially and adversely affect Crombie's business plan, including the failure to acquire all the Acquisition Properties under the Transaction Agreement. Certain mechanisms under the Environmental Indemnity Agreement allow for the removal of Acquisition Properties based on certain environmental findings, and the possible inclusion of comparable replacement properties. As a result, Crombie may not acquire all of the Acquisition Properties described in this short form prospectus, and may acquire certain other properties not described in this short form prospectus. The acquisition of any properties not described in this short form prospectus would be subject to the same terms and conditions as the Acquisition Properties. See "The Transaction – Transaction Agreement" and "The Transaction – Environmental Indemnity Agreement".

Increased Exposure to Largest Tenant

After giving effect to the Transaction, 53.6% of Crombie's annual minimum rent will be generated from Sobeys, up from 50.6% as at March 31, 2016. Therefore, Crombie is dependent on the sustainable operation by Sobeys in the locations leased from Crombie.

Crombie May Not Realize its Expected Returns on the Transaction

Acquisitions involve risks that could materially and adversely affect Crombie's business plan, including the failure of the Transaction to realize the results Crombie expects. While the Board of Trustees, based on an analysis of accretion provided by management (as well as other information deemed appropriate and

sufficient for such purposes), believes the Transaction will be accretive to Crombie's AFFO per Unit and FFO per Unit, such determination is based on certain assumptions and should not be regarded as a guarantee of future performance or results. If the Transaction fails to realize the results that Crombie expects, including continued high occupancy rates and renewal rates, the Transaction could have a material adverse effect on Crombie and its financial results.

TRADING HISTORY

The Units are listed and posted for trading on the TSX under the symbol "CRR.UN". The following table sets forth information relating to the trading of the Units on the TSX for the months indicated.

Month	High	Low	Volume
May 2015.....	\$13.44	\$12.53	3,638,181
June 2015.....	\$12.87	\$12.26	4,194,960
July 2015.....	\$13.02	\$12.33	2,053,726
August 2015.....	\$13.28	\$12.29	7,407,257
September 2015.....	\$13.24	\$12.51	3,651,250
October 2015.....	\$13.38	\$12.65	2,741,520
November 2015.....	\$13.18	\$12.47	2,496,164
December 2015.....	\$13.00	\$12.21	3,211,038
January 2016.....	\$13.38	\$12.29	3,604,163
February 2016.....	\$13.40	\$12.60	2,546,426
March 2016.....	\$14.09	\$13.25	4,439,592
April 2016.....	\$14.37	\$13.69	3,539,943
May 2016 (1 to 26).....	\$15.15	\$13.83	3,390,093

On May 12, 2016, the last full trading day prior to the public announcement of the Offering, the closing price of the Units on the TSX was \$15.13. On May 26, 2016, the last trading day prior to the date of this Circular, the closing price of the Units on the TSX was \$14.71.

Series D Debentures

The Outstanding Series D Debentures are listed and posted for trading on the TSX under the symbol "CRR.DB.D". The following table sets forth information relating to the trading of the Outstanding Series D Debentures on the TSX for the months indicated.

Month	High	Low	Volume
May 2015.....	\$104.50	\$102.03	714,000
June 2015.....	\$104.01	\$102.00	527,000
July 2015.....	\$105.01	\$104.50	309,000
August 2015.....	\$105.25	\$104.75	133,500
September 2015.....	\$105.50	\$103.25	309,000
October 2015.....	\$103.25	\$102.74	223,000
November 2015.....	\$104.95	\$101.99	308,000
December 2015.....	\$104.00	\$102.25	526,000
January 2016.....	\$103.53	\$99.99	360,000
February 2016.....	\$103.01	\$100.94	445,000
March 2016.....	\$103.25	\$102.06	233,000
April 2016.....	\$103.25	\$102.00	197,000
May 2016 (1 to 26).....	\$104.00	\$102.75	249,000

On May 12, 2016, the last full trading day prior to the public announcement of the Offering, the closing price of the Outstanding Series D Debentures on the TSX was \$102.75. On May 26, 2016, the last trading day prior to the date of this Circular, the closing price of the Outstanding Series D Debentures on the TSX was \$103.50.

Series E Debentures

The Outstanding Series E Debentures are listed and posted for trading on the TSX under the symbol "CRR.DB.E". The following table sets forth information relating to the trading of the Outstanding Series E Debentures on the TSX for the months indicated.

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
May 2015.....	\$105.00	\$104.25	654,000
June 2015.....	\$104.50	\$103.50	1,147,000
July 2015.....	\$105.00	\$103.50	730,000
August 2015.....	\$106.75	\$105.50	695,000
September 2015.....	\$107.80	\$104.00	473,000
October 2015.....	\$103.92	\$101.75	517,000
November 2015.....	\$104.75	\$102.50	349,000
December 2015.....	\$104.99	\$101.72	731,000
January 2016.....	\$103.01	\$100.90	1,077,000
February 2016.....	\$103.00	\$101.50	594,000
March 2016.....	\$103.00	\$102.00	649,000
April 2016.....	\$104.26	\$102.87	296,000
May 2016 (1 to 26).....	\$107.00	\$103.75	358,000

On May 12, 2016, the last full trading day prior to the public announcement of the Offering, the closing price of the Outstanding Series E Debentures on the TSX was \$105.01. On May 26, 2016, the last trading day prior to the date of this Circular, the closing price of the Outstanding Series E Debentures on the TSX was \$107.00.

PRIOR SALES

No Units, or any securities convertible into or exchangeable for Units, have been issued by the REIT within the last 12 months, other than the following Units issued pursuant to the REIT's DRIP and Employee Unit Purchase Plan ("EUPP").

<u>Date</u>	<u>Number of Units</u>	<u>Type of Transaction</u>	<u>Date</u>	<u>Number of Units</u>	<u>Type of Transaction</u>
6/15/2015	34,956	DRIP	2/15/2016	73,219	DRIP
7/15/2015	32,257	DRIP	3/15/2016	66,955	DRIP
8/14/2015	34,256	DRIP	4/15/2016	71,514	DRIP
9/15/2015	55,392	DRIP	5/13/2016	73,753	DRIP
10/15/2015	95,759	DRIP	6/30/2015	14,594	EUPP
11/13/2015	82,776	DRIP	3/16/2016	2,352	EUPP
12/15/2015	65,373	DRIP	3/18/2016	8,309	EUPP
1/15/2016	82,027	DRIP			

ADDITIONAL INFORMATION

Financial information is provided in Crombie's consolidated financial statements and Management's Discussion and Analysis for its most recently completed financial year.

Additional information relating to Crombie, including a copy of Crombie's consolidated financial statements and Management's Discussion and Analysis, as well as Crombie's most recent Annual Information Form together with a copy of the other documents incorporated by reference therein are incorporated by reference into this Circular, may be obtained, without charge, from the SEDAR website (www.sedar.com) or by contacting the Chief Financial Officer of Crombie at 610 East River Road, Suite 200, New Glasgow, Nova Scotia, B2H 3S2.

TRUSTEES' APPROVAL

The contents and the sending of this Circular have been approved by the Board of Trustees of Crombie.

(signed) "*Glenn Hynes*"

Glenn Hynes
Executive Vice President, Chief Financial Officer and Secretary

May 27, 2016

APPENDIX "A"

RESOLUTIONS

TRANSACTION RESOLUTION:

BE IT RESOLVED AS A RESOLUTION OF THE UNITHOLDERS THAT:

The Transaction, as described in the Management Information Circular dated May 27, 2016, of Crombie Real Estate Investment Trust ("**Crombie**"), including the issuance of 6,353,741 Class B LP Units and the associated Special Voting Units to subsidiaries of Empire Company Limited, an insider of Crombie, for which Unitholder approval of the Transaction is required under the rules of the Toronto Stock Exchange, all as described in Crombie's Management Information Circular dated May 27, 2016, be approved.