



**SLATE U.S. OPPORTUNITY (NO. 3) REALTY TRUST**

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS**

to be held on May 13, 2015

-and-

**MANAGEMENT INFORMATION CIRCULAR**

with respect to certain special business including the sale of the assets of  
Slate U.S. Opportunity (No. 3) Realty Trust to Slate Retail REIT

April 2, 2015

*This Notice, Information Circular and the accompanying materials require your immediate attention. If you are in doubt as to the actions required to be taken by these documents or the matters discussed therein, please consult your professional advisors.*



## SLATE U.S. OPPORTUNITY (NO. 3) REALTY TRUST

April 2, 2015

Dear fellow unitholders of Slate U.S. Opportunity (No. 3) Realty Trust:

You are invited to attend a special meeting (the “**Meeting**”) of the holders (“**Unitholders**”) of class A units (“**Class A Units**”), class F units (“**Class F Units**”), class I units (“**Class I Units**”), and class U units (“**Class U Units**”, and together with the Class A Units, Class F Units and Class I Units, the “**Units**”) of Slate U.S. Opportunity (No. 3) Realty Trust (“**SUSO 3**”), which will be held at the offices of McCarthy Tétrault LLP, Suite 5300, TD Bank Tower, Box 48, 66 Wellington Street West, Toronto, Ontario, M5K 1E6 on May 13, 2015 at 10:30 a.m. EST.

At the Meeting, Unitholders will be asked to vote on a special resolution approving a proposed transaction (the “**Transaction**”) pursuant to which Slate Retail REIT (the “**REIT**”) will acquire all of the assets of SUSO 3 in consideration for class U units of the REIT (the “**REIT Class U Units**”). In connection with the Transaction, the indirect general partner interest held by principals of Slate Asset Management L.P. (the “**Manager**”) and certain other parties in Slate U.S. Opportunity (No. 3) Holding L.P. (the principal holding subsidiary of SUSO 3) will be crystallized and exchanged for securities of a subsidiary of the REIT that will be economically equivalent to the REIT Class U Units (subject to certain adjustments) and redeemable for cash or REIT Class U Units.

As part of the closing of its initial public offering and related private placement in September 2013, SUSO 3 raised approximately U.S.\$73.7 million of equity, which was invested in a portfolio of 13 grocery anchored retail properties (the “**SUSO 3 Portfolio**”) located in the United States. If the Transaction is approved and completed, the SUSO 3 Portfolio will be combined with all of the properties owned by the REIT to create a single portfolio of 56 properties (the “**Properties**”) held indirectly by the REIT. Based on the purchase price for the SUSO 3 Portfolio, and adjusting for transaction costs and the general partner interest and subject to any working capital adjustment, the SUSO 3 equity investment would be worth approximately U.S.\$84.0 million upon closing of the Transaction. As a result of this increase, and in accordance with SUSO 3’s objectives, we have decided to pursue the Transaction.

We expect that the Transaction will result in a number of benefits for Unitholders, including:

1. **Liquidity for Unitholders.** The Transaction will provide Unitholders liquidity through REIT Class U Units which are listed and freely tradable on the Toronto Stock Exchange. Unitholders will also receive a special distribution providing immediate cash proceeds.
2. **Attractive Return on Unitholders’ Initial Investment.** The Transaction will provide Unitholders a total return in excess of 20%, varying depending on the currency of their initial investment.
3. **Investment Into a Larger More Diversified Entity.** Upon completion of the Transaction, the REIT will have total assets in excess of U.S.\$900 million. The REIT’s portfolio will comprise 56 grocery anchored assets with over 6.6 million square feet of gross leasable area (“**GLA**”) diversified across 20 states with 66% of GLA occupied by either grocery or national tenants. The REIT’s portfolio will be well diversified by tenant and geography with no tenant comprising more than 7% of revenues and no state comprising more than 12% of GLA.
4. **Participation in Future Growth.** Following the Transaction, Unitholders will participate in future growth of the REIT through their ownership of REIT Class U Units. The REIT will continue its investment strategy to (i) provide unitholders of the REIT with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT’s assets and maximize long-term value through active management, and (iii) expand the asset base of the REIT and increase the REIT’s distributions, including through accretive acquisitions. The Manager’s intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.
5. **Tax Efficient Equity Rollover.** In general, the exchange of Units for REIT Class U Units is intended to result in a tax-deferred “rollover” to Unitholders for Canadian federal income tax purposes.

6. **Payment of Monthly Distributions.** The REIT pays monthly distributions as opposed to quarterly distributions currently paid by SUSO 3.

To be approved, the resolution in respect of the Transaction must receive (i) the affirmative vote of not less than two thirds of the votes cast thereon by holders of the Class A Units, Class F Units, Class I Units and Class U Units, with such Unitholders voting together as a single class, and (ii) as required pursuant to MI 61-101 (as defined in the accompanying management information circular dated April 2, 2015 (the “**Information Circular**”)), the affirmative vote of not less than a majority of the votes cast thereon by the holders of the Class A Units, Class F Units, Class I Units and Class U Units, other than Excluded Unitholders (as defined in the accompanying Information Circular), with such unitholders voting together as a single class. In addition, the Transaction is conditional upon receiving the approval of the unitholders of the REIT, the approval of the Toronto Stock Exchange and other customary closing conditions.

**This is an important change for SUSO 3. Please take the time to vote your proxy or voting instruction form. To support the Transaction and related matters, you should submit the enclosed proxy or voting instruction form prior to 10:30 a.m. EST on May 11, 2015 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before any adjourned or postponed meeting. You should also contact your broker or other intermediary through which your Units are held as they may have earlier deadlines.**

The accompanying Information Circular provides a detailed description of the Transaction and other matters to be considered at the Meeting. Please give this material careful consideration. The information provided in these materials is included to provide Unitholders with a full understanding of the implications of the Transaction. For your benefit, we have included a Frequently Asked Questions section in the accompanying Information Circular to highlight some of the key elements of the Transaction, but please note that this section is qualified entirely by the more detailed information appearing elsewhere in the Information Circular.

**BASED ON THE UNANIMOUS RECOMMENDATION OF THE SPECIAL COMMITTEE OF SUSO 3, A FAIRNESS OPINION FROM TRIMAVEN CAPITAL ADVISORS AND OTHER CONSIDERATIONS, THE TRUSTEES OF SUSO 3 HAVE UNANIMOUSLY APPROVED THE TRANSACTION AND RELATED MATTERS AND UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE TRANSACTION AT THE MEETING FOR THE REASONS SET FORTH IN THE INFORMATION CIRCULAR.**

On behalf of SUSO 3, I would like to thank you for your consideration of this important transaction and for your continued support of SUSO 3.

We look forward to seeing you at the Meeting.

Yours very truly,

*“Blair Welch”*

Blair Welch  
Trustee & Chief Executive Officer  
Slate U.S. Opportunity (No. 3) Realty Trust

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS OF  
SLATE U.S. OPPORTUNITY (NO. 3) REALTY TRUST**

All capitalized terms used herein but not otherwise defined have the meaning ascribed thereto in the accompanying management information circular dated April 2, 2015 (the “**Information Circular**”).

**NOTICE IS HEREBY GIVEN** that a special meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of class A units (“**Class A Units**”), class F units (“**Class F Units**”), class I units (“**Class I Units**”) and class U units (“**Class U Units**”), and together with the Class A Units, Class F Units and Class I Units, the “**Units**”) of Slate U.S. Opportunity (No. 3) Realty Trust (“**SUSO 3**”) will be held at McCarthy Tétrault LLP, Suite 5300, TD Bank Tower, Box 48, 66 Wellington Street West, Toronto, Ontario, M5K 1E6 on May 13, 2015 at 10:30 a.m. EST, for the following purposes:

- (i) to consider and, if thought fit, pass a special resolution, the full text of which is set forth in Appendix A to the accompanying Information Circular, approving (A) the Transaction (as defined in the Information Circular) with Slate Retail REIT (the “**REIT**”), and (B) certain proposed amendments to the amended and restated declaration of trust of SUSO 3 dated as of September 20, 2013 (the “**Resolution**”); and
- (ii) to transact such other business as may be properly brought before the Meeting and any adjournment or postponement thereof.

The Information Circular contains details of the matters to be considered at the Meeting under “*Business of the Meeting*”.

To be approved, the Resolution must receive (i) the affirmative vote of not less than two thirds of the votes cast thereon by holders of the Class A Units, Class F Units, Class I Units and Class U Units, with such Unitholders voting together as a single class, and (ii) as required pursuant to MI 61-101 (as defined in the accompanying Information Circular), the affirmative vote of not less than a majority of the votes cast thereon by the holders of the Class A Units, Class F Units, Class I Units and Class U Units, other than Excluded Unitholders, voting together as a single class (as defined in the Information Circular).

For the Meeting, a quorum is present if there are two or more individuals present in person or represented by proxy, holding or representing by proxy in aggregate at least 10% of the total number of outstanding Units.

Only Unitholders of record at the close of business on April 2, 2015 are entitled to notice of and to attend and vote at the Meeting, or any adjournment or postponement thereof.

Unitholders who hold their Units with a bank, broker or other financial intermediary are not registered Unitholders. If you are not a registered Unitholder, you will have received a request for voting instructions from your broker or other nominee. Please complete and return your voting instruction form in accordance with the directions on the voting instruction form. To be effective, a voting instruction form must be received no later than 10:30 a.m. EST on May 11, 2015. If you plan to attend the Meeting and wish to vote in person, please follow the instructions on the enclosed voting instruction form to appoint yourself, instead of the management nominees, to vote at the Meeting. Non-registered Unitholders must take the necessary steps to appoint themselves if they wish to vote at the Meeting in person. Please take the time to ensure your vote is included at the Meeting.

DATED at Toronto, Ontario this 2<sup>nd</sup> day of April, 2015.

**By order of the Board of Trustees,**

“*Blair Welch*”

Blair Welch  
Trustee & Chief Executive Officer  
Slate U.S. Opportunity (No. 3) Realty Trust

## MANAGEMENT INFORMATION CIRCULAR

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## GENERAL INFORMATION

**This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of management of SUSO 3 for use at the Meeting and any adjournment or postponement thereof. No person has been authorized to give any information or make any representation in connection with the Transaction or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by SUSO 3 or management of SUSO 3. All dollar amounts are expressed in U.S. dollars (“U.S.\$” or “\$”) unless otherwise noted. In this Information Circular, references to SUSO 3 include its Subsidiaries where the context requires.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under “*Glossary*”. Information contained in this Information Circular is given as of April 2, 2015, the date of this Information Circular, unless otherwise specifically stated.

## FORWARD-LOOKING STATEMENTS

This Information Circular contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of SUSO 3 or the REIT to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include (i) the intention to complete the Transaction, (ii) the expected benefits of the Transaction to SUSO 3 and Unitholders, (iii) the description of the REIT that assumes completion of the Transaction, and (iv) the intention to grow the business and operations of the REIT. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Information Circular. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, the ability of SUSO 3 to satisfy conditions under the Transaction and obtain Unitholder approval with respect to the Transaction. Additionally, important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, local real estate conditions, including the development of properties in close proximity to the Properties, competition, availability and cost of additional real estate properties, changes in government regulation, dependence on tenants’ financial condition, interest rates, the availability of equity and debt financing, environmental matters, tax related matters and reliance on key personnel. There can be no assurances that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These cautionary statements qualify all forward-looking statements attributable to SUSO 3 and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this Information Circular and SUSO 3 undertakes no obligation to update such statements except as required by law. The factors identified above are not intended to represent a complete list of the factors that could affect SUSO 3. Additional factors are noted under “*Risk Factors*” in this Information Circular.

## NON-IFRS MEASURES

Funds from operations (“**FFO**”), adjusted funds from operations (“**AFFO**”) and net operating income (“**NOI**”) are key measures of performance used by real estate businesses. However, such measures are not defined by IFRS and do not have standardized meanings prescribed by IFRS. SUSO 3 believes that FFO and AFFO are important measures of economic performance and NOI is an important measure of operating performance and the performance of real estate properties owned by an entity.

“FFO” of the REIT is defined as net income in accordance with IFRS, excluding (i) fair value adjustments to investment properties, (ii) gains (or losses) from sales of investment properties, (iii) amortization of tenant incentives, (iv) fair value adjustments, interest expense and other effects of the REIT Units, GAR B Exchangeable Units, Class B LP2 Units and any other exchangeable securities being classified as liabilities, (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination, (vi) the effect of

recording property tax expense on other than an even basis over the period, and (vii) deferred income tax expense, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.

“AFFO” of the REIT is defined as FFO subject to certain adjustments, including (i) amortization of fair value mark-to-market adjustments on mortgages acquired, (ii) amortization of deferred financing and leasing costs, (iii) adjusting for any differences resulting from recognizing property revenues on a straight-line basis, and (iv) deducting a reserve for normalized maintenance capital expenditures, tenant inducements and leasing costs, as determined by management. Other adjustments may be made to AFFO as determined by the board of trustees of the REIT in its discretion.

“NOI” for a property and for a given period, is defined as the sum of the following (i) cash rents and other cash revenues received in the ordinary course from such property (excluding pre-paid rents and revenues and security deposits except to the extent applied in satisfaction of tenants' obligations for rent) minus (ii) all expenses paid or accrued related to the ownership, operation or maintenance of such properties plus the effect of recording property tax expense on other than an even basis over the period.

FFO, AFFO and NOI should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS as indicators of the REIT's performance. This method of calculating AFFO and NOI may differ from other issuers' methods and accordingly may not be comparable to measures used by other issuers.



## FREQUENTLY ASKED QUESTIONS

*The following section sets out summary answers to some basic questions you may have in relation to the Meeting. All capitalized terms, unless otherwise defined herein, have the meanings ascribed to such terms as set out in the Glossary. These summary answers are qualified in their entirety by the more detailed information appearing elsewhere in the Information Circular.*

### ***What matters will be considered at the Meeting?***

The purpose of the Meeting is to consider and if thought appropriate, pass (i) a special resolution approving (A) the Transaction, pursuant to which the REIT will acquire a 100% indirect interest in all of the properties owned by SUSO 3 in consideration for REIT Class U Units and Class B LP Units, and (B) certain proposed amendments to the Declaration of Trust, and (ii) to transact such other business as may be properly brought before the Meeting and any adjournment or postponement thereof.

### ***Why is SUSO 3 proposing to sell all of its assets to the REIT?***

SUSO 3 expects that the Transaction will result in a number of benefits to Unitholders, including:

1. **Liquidity for Unitholders.** The Transaction will provide Unitholders liquidity through REIT Class U Units which are listed and freely tradable on the TSX. Unitholders will also receive a special distribution providing immediate cash proceeds.
2. **Attractive Return on Unitholders' Initial Investment.** The Transaction will provide Unitholders a total return in excess of 20%, varying depending on the currency of their initial investment.
3. **Investment Into a Larger More Diversified Entity.** Upon completion of the Transaction, the REIT will have total assets in excess of U.S.\$900 million. The REIT's portfolio will comprise 56 grocery anchored assets with over 6.6 million square feet of GLA diversified across 20 states with 66% of GLA occupied by either grocery or national tenants. The REIT's portfolio will be well diversified by tenant and geography with no tenant comprising more than 7% of revenues and no state comprising more than 12% of GLA.
4. **Participation in Future Growth.** Following the Transaction, Unitholders will participate in future growth of the REIT through their ownership of REIT Class U Units. The REIT will continue its investment strategy to (i) provide REIT Unitholders with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the U.S. with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT's assets and maximize long-term value through active management and (iii) expand the asset base of the REIT and increase the REIT's distributions, including through accretive acquisitions. The Manager's intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.
5. **Tax Efficient Equity Rollover.** In general, the exchange of Units for REIT Class U Units is intended to result in a tax-deferred "rollover" to Unitholders for Canadian federal income tax purposes.
6. **Payment of Monthly Distributions.** The REIT pays monthly distributions as opposed to quarterly distributions currently paid by SUSO 3.

### ***What is the consideration payable by the REIT for the SUSO 3 Assets?***

Upon Closing and in consideration for the acquisition of the SUSO 3 Assets by the REIT, the REIT will issue 7,513,877 REIT Class U Units to SUSO 3, subject to the Working Capital Adjustment. The units will be issued at a deemed price per unit of U.S.\$10.47.

In addition, and as contemplated by the SUSO 3 Purchase Agreement, the indirect general partner interest held by principals of the Manager and certain other parties in Slate U.S. Opportunity (No. 3) Holding L.P. (the principal holding Subsidiary of SUSO 3) will be crystallized and exchanged for 207,150 Class B LP Units, subject to the

Working Capital Adjustment. Such Class B LP Units are economically equivalent to the REIT Class U Units (subject to certain adjustments) and redeemable for cash or REIT Class U Units.

Accordingly, an aggregate of 7,721,027 REIT Class U Units and Class B LP Units will be issued in connection with the Transaction, subject to the Working Capital Adjustment. The units to be issued collectively represent approximately 30.72% of the REIT Units outstanding as at March 25, 2015 before giving effect to the Transaction, on a non-diluted basis but including the outstanding Class B LP2 Units.

***What form of consideration will Unitholders receive?***

In connection with the closing of the Transaction, it is expected that SUSO 3 will (i) make a special distribution to Unitholders of SUSO 3's remaining cash balance (estimated to be approximately C\$6 million) (the "**Special Cash Distribution**"), and (ii) distribute the REIT Class U Units to Unitholders pursuant to a tax-deferred "qualifying exchange" transaction for the purposes of the Tax Act.

The number of REIT Class U Units and the amount of the Special Cash Distribution to be received for each SUSO 3 unit will be as follows, subject to the Working Capital Adjustment and any variation to the estimated cash balance at Closing:

- Each Class A Unit will be redeemed for 0.9700 REIT Class U Units and each holder thereof will receive a special cash distribution of the Canadian dollar equivalent of U.S.\$0.77;
- Each Class F Unit will be redeemed for 1.0007 REIT Class U Units and each holder thereof will receive a special cash distribution of the Canadian dollar equivalent of U.S.\$0.80;
- Each Class I Unit will be redeemed for 1.0611 REIT Class U Units and each holder thereof will receive a special cash distribution of U.S.\$0.85; and
- Each Class U Unit will be redeemed for 1.0054 REIT Class U Units and each holder thereof will receive a special cash distribution of U.S.\$0.80.

Note that although the above exchange ratios and special distributions vary depending upon the class of Unit, all Unitholders, regardless of the class of Units held, will receive the same number of REIT Class U Units and distributions per dollar invested (adjusting to reflect different offering commissions paid) by the Unitholder into SUSO 3 at the time of the closing of the SUSO 3 initial public offering in September 2013.

***Will the exchange of my Units be considered a taxable event?***

In general, the exchange is intended to result in a tax-deferred "rollover" to Unitholders for Canadian federal income tax purposes. Provided that the REIT and SUSO 3 file an election under section 132.2 of the Tax Act in the manner and time prescribed, the Transaction will constitute a "qualifying exchange" as defined in section 132.2 of the Tax Act. Accordingly, for Canadian federal income tax purposes, where a Unitholder's Units are redeemed in consideration for REIT Class U Units, the proceeds of disposition, and the adjusted cost base to the SUSO 3 holder of the REIT Class U Units received therefor, will be deemed to be equal to the adjusted cost base to such Unitholder of the Units immediately prior to the exchange.

***What will happen to my distribution if the Transaction is completed?***

Following completion of the Transaction, the REIT intends to continue to pay monthly cash distributions of U.S.\$0.063 per REIT Class U Unit (U.S.\$0.756 per REIT Class U Unit annually).

***In what currency will I receive my distributions on REIT Class U Units if the Transaction is completed?***

Holders of REIT Class U Units will receive distributions in U.S. dollars. However, holders of REIT Class U Units may from time to time elect to change the currency of the distributions they receive on all or part of their REIT Class U Units from U.S. dollars to Canadian dollars or vice versa upon notice to the participant in CDS through which such holder holds its REIT Class U Units. If a REIT Class U Unitholder elects to receive distributions in

Canadian dollars, the holder will receive the Canadian dollar Equivalent Amount of the REIT distribution being paid.

***What votes are required by SUSO 3 for approval of the Transaction?***

To be approved, the Resolution must receive (i) the affirmative vote of not less than two thirds of the votes cast thereon by the holders of the Class A Units, Class I Units, Class F Units and Class U Units, with such Unitholders voting together as a single class, and (ii) as required pursuant to MI 61-101, the affirmative vote of not less than a majority of the votes cast thereon by holders of the Class A Units, Class F Units, Class I Units and Class U Units, other than Excluded Unitholders, voting together as a single class. Each Unitholder is entitled to one vote at the Meeting for each unit held as provided herein.

The Transaction constitutes a “business combination” pursuant to MI 61-101 and, accordingly, the Special Committee has reviewed and evaluated the Transaction. SUSO 3 is managed by the Manager, and Messrs. Blair and Brady Welch, principals of the Manager and trustees of SUSO 3, Mr. Samuel Altman, a trustee of SUSO 3, and Augusta Realty Corp. (“**Augusta**”), a unitholder of SUSO 3 which holds more than 10% of the outstanding Units; each directly or indirectly hold interests in the general partner interests in SUSO 3 Holding LP, which will be exchanged for Class B LP Units. Any Units that are beneficially owned by Messrs. Welch or Altman or by Augusta or by any trustees or officers of the REIT or the Manager, or in respect of which they exercise control or direction, including Units held by the Manager, will be excluded from the minority vote of Unitholders required under MI 61-101 in respect of the Transaction.

***What will happen if investors do not approve the Transaction?***

If the Unitholders and the REIT Unitholders do not approve the Transaction, each of SUSO 3 and the REIT will continue to operate according to its current investment strategies, with the Manager continuing in its role as the manager for each such entity.

***What do the trustees and executive officers intend to do?***

Each of the trustees and executive officers of SUSO 3 has indicated his support for the Transaction and, if entitled to do so, to vote all of his respective Units for the Resolution.

***What does the Board recommend I do?***

The Board unanimously recommends that you vote **FOR** the Resolution. In addition, the Special Committee also unanimously recommends that you vote **FOR** the Resolution.

Prior to recommending to the Board that it approve the Transaction, the Special Committee received the Fairness Opinion from Trimaven that, subject to the assumptions, limitations and qualifications and other matters contained in the full text of the Fairness Opinion set forth in Appendix B, the total consideration payable under the Transaction is, as of April 2, 2015, fair, from a financial point of view, to Unitholders, excluding the REIT and SUSO 3 GP Inc. See Appendix B for a copy of the Fairness Opinion.

***If the Transaction is approved, when will it take effect?***

Subject to satisfaction of the conditions to Closing, it is expected that the Transaction will be completed in the second quarter of 2015.

***What are the expenses of the Transaction?***

The estimated out-of-pocket costs to be incurred by SUSO 3, the REIT and their affiliates relating to the Transaction, including financial advisory, appraisal, accounting and legal fees and the preparation and printing of this Information Circular, are expected to aggregate approximately U.S.\$1.5 million.

## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Information Circular from documents filed with Securities Commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from SUSO 3 at 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2, (416) 644-4264, Attention: Investor Relations. In addition, copies of the documents incorporated by reference herein may be obtained from the Securities Commissions or similar authorities in the provinces and territories of Canada electronically on SEDAR, at [www.sedar.com](http://www.sedar.com).

The following documents or portions of documents, filed with the Securities Commissions or similar authorities in the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this Information Circular:

- (a) the audited consolidated financial statements of the REIT and accompanying notes for the year ended December 31, 2014, together with the auditor's report thereon;
- (b) management's discussion and analysis of the results of operations and financial condition of the REIT for the year ended December 31, 2014;
- (c) the business acquisition report of the REIT regarding the Combination Transaction dated May 14, 2014;
- (d) the material change report of the REIT regarding the Public Offering and the Transaction dated March 3, 2015;
- (e) the management information circular of the REIT dated April 2, 2015; and
- (f) the annual information form of the REIT dated March 25, 2015 (the "**Annual Information Form**").

**Any document of the type referred to in the preceding paragraph and any material change report (excluding confidential material change reports) or press release filed by SUSO 3 or the REIT with a Securities Commission or similar authority in Canada after the date of this Information Circular and prior to the Meeting that specifically states that it is intended to be incorporated by reference into this Information Circular will be deemed to be incorporated by reference into this Information Circular.**

**Any statement contained in a document incorporated or deemed to be incorporated by reference in this Information Circular or contained in this Information Circular is deemed to be modified or superseded, for purposes of this Information Circular, to the extent that a statement contained in this Information Circular or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Information Circular 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 that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.**

## PROXY AND VOTING INFORMATION

**Beneficial Unitholders should read the information under “*Proxy and Voting Information – Advice to Beneficial Unitholders*” for an explanation of their rights.**

### **Solicitation of Proxies**

This Information Circular is furnished in connection with the solicitation of proxies by management of SUSO 3 for use at the special meeting of Unitholders to be held at McCarthy Tétrault LLP, Suite 5300, TD Bank Tower, Box 48, 66 Wellington Street West, Toronto, Ontario, M5K 1E6 on May 13, 2015 at 10:30 a.m. EST (the “**Meeting**”) and any adjournment or postponement thereof. **The information contained herein is given as of April 2, 2015, the date of this Information Circular, unless otherwise stated.**

The solicitation of proxies will be primarily by mail but proxies may also be solicited personally or by telephone by employees of SUSO 3 without special compensation or by such agents as SUSO 3 may appoint. While no arrangements have been made to date, SUSO 3 may contract with a professional proxy solicitation firm for the solicitation of proxies for the Meeting, which arrangements would include customary fees. The cost of solicitation will be borne by SUSO 3. SUSO 3 may also pay brokers or nominees holding Units in their names or in the names of their principals for their reasonable expenses incurred in sending solicitation materials to their principals.

Unitholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof to the attention of Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, Attention: Proxy Department (i) in the envelope provided, (ii) by email at [proxysupport@equityfinancialtrust.com](mailto:proxysupport@equityfinancialtrust.com), or (iii) by facsimile to 416-595-9593. To be effective, proxies must be received by Equity Financial Trust Company not later than 10:30 a.m. EST on May 11, 2015 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before any adjourned or postponed Meeting.

### **Record Date**

SUSO 3 will prepare a list of Unitholders of record as of the close of business on the Record Date. Unitholders named on that list will be entitled to receive notice of and vote at the Meeting or any adjournment or postponement thereof, even though he/she/it has since the Record Date disposed of his/her/its Units, and no Unitholder becoming such after the Record Date will be entitled to receive notice of and vote at the Meeting or any adjournment or postponement thereof or to be treated as a Unitholder of record for purposes of such other action. Each Unitholder is entitled to one vote at the Meeting for each Unit held as provided herein.

### **Appointment of Proxies**

**A Unitholder has the right to appoint a person (who need not be a Unitholder), other than persons designated in the form of proxy accompanying this Information Circular, as nominee to attend at and act for and on behalf of such Unitholder at the Meeting, and may exercise such right by inserting the name of such person in the blank space provided on the form of proxy applicable to the Meeting.**

A form of proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is completed and delivered to Equity Financial Trust Company no later than 10:30 a.m. EST on the second last Business Day immediately preceding the date of the Meeting or any adjournment or postponement thereof, in accordance with the delivery instructions contained above under “*Proxy and Voting Information – Solicitation of Proxies*”.

### **Revocation of Proxies**

Proxies given by Unitholders for use at the Meeting may be revoked at any time prior to their use. Subject to compliance with the requirements described in the following paragraph, the giving of a proxy will not affect the right of a Unitholder to attend and vote in person at the Meeting.

In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Unitholder or his/her attorney duly authorized in writing, or, if the Unitholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized and deposited with Equity Financial Trust Company, in a manner provided above under “*Proxy and Voting Information – Solicitation of Proxies*”, at any time up to and including 10:30 a.m. EST on the second last Business Day immediately preceding the date of the Meeting or any adjournment or postponement thereof, as applicable, or, with the Chairman at the Meeting on the day of such meeting or any adjournment or postponement thereof, and upon any such deposit, the proxy is revoked.

### **Advice to Beneficial Unitholders**

The information set forth in this section is of significant importance to a majority of Unitholders as they do not hold their Units in their own names, rather they are held through a broker, dealer, bank, trust company or other nominee (such Unitholders are referred to as “**Beneficial Unitholder(s)**”). Such Units are not registered in the Unitholder’s own name on the records of SUSO 3 maintained by Equity Financial Trust Company and are instead registered in the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc. (“**CDS**”), which acts as nominee for many Canadian brokerage firms). Units held by brokers or their agents or nominees can only be voted (for or against the Resolution) upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Units for the brokers’ clients. **Therefore, each Beneficial Unitholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Applicable Canadian regulatory policy requires brokers or other nominees to seek voting instructions from Beneficial Unitholders in advance of unitholders’ meetings by forwarding a voting instruction form (Form 54-101F7 – *Request for Voting Instructions made by Intermediary* (“**Form 54-101F7**”) under NI 54-101. Brokers and other nominees have their own mailing and delivery procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. In Canada, many brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”). In most cases, Broadridge mails a scannable voting instruction form and asks Beneficial Unitholders to return the form to Broadridge. Alternatively, Beneficial Unitholders can either call Broadridge’s toll free telephone number to provide voting instructions, or access Broadridge’s dedicated voting web site at [www.proxyvote.com](http://www.proxyvote.com) to deliver their voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions to SUSO 3 respecting the voting of Units to be represented at the Meeting.

A Beneficial Unitholder will not be recognized directly at the Meeting for the purposes of voting Units registered in the name of his/her/its broker; however, a Beneficial Unitholder may attend the Meeting as proxy holder for the registered Unitholder and vote the Units in that capacity. **Beneficial Unitholders who want to attend the Meeting in person and vote as proxy holder can enter their own names or the names of their appointees in the place provided for that purpose in the voting instruction form provided to them and return the same to their intermediary (or the intermediary’s agent) in accordance with the instructions provided by such broker.** Subject to the basic requirements described below, intermediaries do have flexibility as to the specific method used to appoint Beneficial Unitholders as proxy holders and Beneficial Unitholders should carefully follow all instructions they receive.

An intermediary who is the registered holder of, or holds a proxy in respect of, securities owned by a Beneficial Unitholder must arrange, without expense to the Beneficial Unitholder, to appoint the Beneficial Unitholder or a nominee of the Beneficial Unitholder as a proxy holder in respect of those securities if the Beneficial Unitholder has instructed the intermediary to do so using either of the following methods (i) the Beneficial Unitholder filled in and submitted the Form 54-101F7 previously sent to the Beneficial Unitholder by the intermediary, or (ii) the Beneficial Unitholder submitted any other document in writing that requests that the Beneficial Unitholder or a nominee of the Beneficial Unitholder be appointed as a proxy holder. If an intermediary appoints a Beneficial Unitholder or a nominee of the Beneficial Unitholder as a proxy holder as aforesaid, the Beneficial Unitholder or nominee of the Beneficial Unitholder, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of the intermediary in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless applicable law does not permit the giving of that authority. An intermediary who appoints a Beneficial Unitholder as proxy holder as aforesaid must deposit the proxy within the timeframe specified above, if the intermediary obtains the instructions at least one Business Day before the termination of that time.

Beneficial Unitholders fall into two categories – those who object to their identity being made known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries. Pursuant to NI 54-101, issuers may obtain and use the NOBO list in connection with any matters relating to the affairs of the issuer, including the distribution of proxy-related materials directly to NOBOs. SUSO 3 is not sending meeting materials directly to NOBOs; SUSO 3 uses and pays intermediaries and agents to send the meeting materials. SUSO 3 also intends to pay for intermediaries to deliver the meeting materials to OBOs.

**Beneficial Unitholders should contact their broker or other intermediary if they have any questions regarding the voting of Units held through that broker or other intermediary.**

### **Voting of Proxies**

The persons named in the form of proxy accompanying this Information Circular have indicated their willingness to represent as proxy the Unitholder who appointed them. Each Unitholder may instruct his/her/its proxy how to vote his/her/its Units by completing the blanks on the proxy form.

Units represented by properly executed proxy forms in favour of the person designated on the form will be voted for, against or withheld from voting (as the case may be), in accordance with the instructions given on the proxy forms. In the absence of such instructions, the Units will be voted “FOR” the Resolution.

The proxy form accompanying this Information Circular confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the accompanying Notice of Meeting and with respect to any other matters which may properly come before the Meeting. As at the date of this Information Circular, management of SUSO 3 know of no such amendments, variations or other matters to come before the Meeting.

### **Voting Securities and Principal Holders thereof**

SUSO 3 is authorized to issue an unlimited number of Class A Units, Class F Units, Class I Units and Class U Units, of which 3,315,685 Class A Units, 309,265 Class F Units, 1,750,000 Class I Units and 2,120,050 Class U Units were issued and outstanding as of March 25, 2015.

As at the date of this Information Circular, there are no persons or companies of record who own or are known to SUSO 3 to own beneficially, directly or indirectly, more than 10% of any class of Units, other than Augusta Realty Corp. which owns 1,020,000 Class I Units, representing 58.29% of the outstanding Class I Units and 13.61% of the outstanding Units on a non-diluted basis.

## **BUSINESS OF THE MEETING**

The Meeting will be constituted as a special meeting of SUSO 3. At the Meeting, Unitholders will be asked to consider and, if thought fit, pass a special resolution (the “**Resolution**”), the full text of which is set forth in Appendix A hereto approving the Transaction and the Proposed Amendments.

**If you do not specify how you want your Units voted, the persons named as proxy holders will cast the votes represented by proxy at the Meeting FOR the Resolution.**

To be approved, the Resolution must receive (i) the affirmative vote of not less than two thirds of the votes cast thereon by holders of the Class A Units, Class F Units, Class I Units and Class U Units, with such Unitholders voting together as a single class, and (ii) as required pursuant to MI 61-101, the affirmative vote of not less than a majority of the votes cast thereon by the holders of the Class A Units, Class F Units, Class I Units and Class U Units, other than Excluded Unitholders, voting together as a single class (“**Minority Approval**”).

As of the date of this Information Circular, the following Unitholders will be excluded from voting their Units at the Meeting for the purposes of determining whether Minority Approval for the Resolution has been obtained:

- (a) the Manager, which holds 108,000 Class I Units, representing 1.44% of the outstanding Units;
- (b) 8032238 Canada Inc. (an entity of which Mr. Samuel Altman is an officer), which holds 250,000 Class I Units, representing 3.33% of the outstanding Units;
- (c) 433487 Ontario Limited (an entity of which Mr. Samuel Altman is an officer), which holds 10,000 Class I Units, representing 0.13% of the outstanding Units;
- (d) Augusta Realty Corp., which holds 1,020,000 Class I Units, representing 13.61% of the outstanding Units; and
- (e) Mr. Ramsey Ali, an officer of the Manager, who holds 2,500 Class I Units, representing 0.03% of the outstanding Units.

Such Unitholders, together with (i) any other party that is an “interested party” in respect of the Transaction, (ii) any other party that is a “related party” of any of the foregoing (subject to limited exceptions), and (iii) any other party that is a “joint actor” with any of the foregoing in respect of the Transaction, as determined pursuant to MI 61-101 and subject to the exceptions noted therein, are referred to in this Information Circular as the “**Excluded Unitholders**”.

Collectively, to the knowledge of SUSO 3 after reasonable inquiry, the Excluded Unitholders exercise control or direction over 1,390,500 Units representing 18.55% of the outstanding Units.

For more information regarding the interests of the Excluded Unitholders in the Transaction, see “*The Transaction – Related Party Interests*”.

For the Meeting, a quorum is present if there are two or more individuals present in person or represented by proxy, holding or representing by proxy in aggregate at least 10% of the total number of outstanding Units.

## **SUSO 3**

### **General**

SUSO 3 is an unincorporated, open-ended investment trust governed by the laws of the Province of Ontario. SUSO 3 was established on August 19, 2013 for the purpose of indirectly owning and leasing interests in a diversified portfolio of high quality, revenue producing properties in the United States with a focus on grocery anchored retail properties (or proportionate interests in such properties).

The investment objectives of SUSO 3 are to (i) indirectly acquire, own and lease a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) make quarterly distributions to Unitholders, and (iii) enhance the potential for long-term growth of capital through value-added enhancements to the properties owned indirectly by SUSO 3 and organic growth in rental rates, combined with an overall reduction in capitalization rates.

### **Units**

The Declaration of Trust authorizes the issuance of an unlimited number of four classes of units of SUSO 3: Class A Units, Class F Units, Class I Units and Class U Units. As at the date of this Information Circular, there are 3,315,685 Class A Units, 309,265 Class F Units, 1,750,000 Class I Units and 2,120,050 Class U Units outstanding. Each Unitholder is entitled to one vote at the Meeting for each Unit held as provided herein.

### **The Manager**

Slate Asset Management L.P. (the “**Manager**”), a Toronto-based real estate management company, provides all management services to SUSO 3 pursuant to the Management Agreement.



## THE REIT

### General

The REIT is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario. The REIT focuses on acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties in the United States with an emphasis on grocery anchored retail properties. The REIT's portfolio of properties currently consists of 43 grocery anchored retail commercial properties located in the United States (the "**Current Portfolio**"). The REIT's head and registered office is located at 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2.

The REIT Class U Units are listed on the Toronto Stock Exchange (the "**TSX**") under the symbols "SRT.UN" and "SRT.U".

The objectives of the REIT are to (i) provide REIT Unitholders with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT's assets and maximize long-term REIT Unitholder value through active management, and (iii) expand the asset base of the REIT and increase the REIT's earnings on a per REIT Unit basis, including accretive acquisitions.

For more information on the REIT's structure, business, investment guidelines and operating policies, see "*Overview – Structure*", "*Description of the Business*" and "*Investment Guidelines and Operating Policies*" in the Annual Information Form.

### Growth Strategies

#### *Internal Growth*

The REIT's internal growth strategy includes the following:

- **Maintaining Strong Tenant Relationships and Ensuring Tenant Retention.** The Manager expects to continue to nurture its many longstanding relationships with existing tenants by anticipating and adapting to their changing needs and being proactive with lease renewals. The Manager understands the value of maintaining existing tenancies and will engage in ongoing discussions with tenants throughout their lease term to be proactive in negotiating early renewals as leases approach their expiries. The growing size of the REIT's portfolio will help strengthen its longstanding relationships with existing tenants and allow the REIT to offer leasing opportunities across multiple properties. This strategy will promote organic growth by minimizing marketing, leasing and tenant improvement costs and avoiding interruptions in rental income generation.
- **Maximizing Rental Income Through Leasing Initiatives.** The Manager expects to maintain the current high level of occupancy in the REIT's properties by leveraging the Manager's established leasing platform. The Manager intends to continue to implement active strategies that take into consideration prevailing economic conditions, the nature of the property, its local positioning, as well as existing and prospective tenants. Many of the REIT's properties are located in areas with low vacancy rates and minimal new competitive supply, which should minimize leasing costs and allow the REIT to replace in-place rents with increased market rents as leases expire. The Manager also seeks to continue to include contractual rent escalators in leases to further facilitate growth in rental income.

#### *External Growth*

The REIT will continue to focus on acquiring diversified revenue producing commercial real estate properties with a focus on grocery anchored retail properties. The REIT's external growth strategy includes the following:

- **Opportunity to Benefit from Relationship with the Manager.** The REIT anticipates that its continuing relationship with the Manager provides opportunities to acquire additional investment properties. The

Manager has a strong track record of closing acquisitions and believes that it can grow the asset base of the REIT on an accretive basis in the near to medium term.

- **Identify Undervalued Properties.** The Manager's extensive relationships with a network of U.S.-based commercial real estate brokers allow it to identify undervalued properties, many of which may be "off-market" or not widely marketed for sale. With over 37,000 grocery stores in the United States, there exists significant opportunity for the REIT to continue its strategy of acquiring attractive revenue-producing commercial real estate properties anchored by grocery tenants. The Manager's familiarity with the Properties allows it to identify complimentary acquisition opportunities that are aligned with the REIT's investment criteria and accretive to cash flow. The REIT will continue to seek to acquire properties: (i) located in secondary markets in the United States demonstrating sustainable population and employment statistics; (ii) located in well-developed sub-markets with limited risk of new development, and (iii) with anchor tenants, which typically are the dominant retailer within the sub-market, with a proven track record of strong sales and profitability. The Manager will continue to target secondary cities in the United States (as opposed to primary markets) where there is typically less competition for quality assets.
- **Apply the Manager's Hands-On Asset Management Philosophy.** Even though the target assets are stable, income producing properties, the Manager will continue to assess each property to determine how to optimally refurbish, reposition and re-tenant the property. In a number of situations there exists an opportunity to reposition a property through modest and targeted capital projects and/or operational improvements. The Manager will continue to work closely with contractors to reduce operating costs and will oversee capital expenditure projects to ensure they are on budget and completed on time. In addition, the Manager will: (i) focus on rebuilding and strengthening tenant relationships with a view to gaining incremental business and extending stable tenant leases and (ii) outsource property management and other real estate property functions to lower the operating costs borne by the tenants. This cost reduction further improves tenant relationships and will increase the NOI of properties owned by the REIT.

## Units

The REIT Declaration of Trust authorizes the issuance of an unlimited number of four classes of REIT Units: class A units, class I units, REIT Class U Units, and special voting units. Special voting units of the REIT are only issued in tandem with the issuance of securities redeemable or exchange into REIT Class U Units. As at March 25, 2015, there were 511,337 class A units, 358,000 class I Units, 21,838,818 REIT Class U Units, 590,117 GAR B Exchangeable Units (each with one special voting unit attached thereto), and 1,837,288 Class B LP2 Units issued and outstanding. Each class A trust unit of the REIT is convertible into 1.0078 REIT Class U Units, each class I trust unit of the REIT is convertible into 1.0554 REIT Class U Units and each GAR B Exchangeable Unit and Class B LP2 Unit is redeemable for cash or REIT Class U Units on a one-for-one basis, as determined by the GAR B GP or the General Partner, respectively, in their sole discretion.

The issued and outstanding REIT Class U Units are listed and posted for trading on the TSX under the symbols "SRT.UN" and "SRT.U". The closing price of the REIT Class U Units on the TSX on February 24, 2015, the last trading day prior to the announcement of the Transaction, was C\$13.45 and U.S.\$10.50. The closing price of the REIT Class U Units on the TSX on April 1, 2015, the last trading day prior to the date of this Information Circular, was C\$12.70 and U.S.\$10.10.

Particulars of the terms and provisions of the REIT Units can be found under the heading "*Declaration of Trust and Description of Units*" in the Annual Information Form, and additional information can also be found under the heading "*Additional Information Regarding the REIT*" in this Information Circular.

## The Manager

The Manager provides all management services to the REIT pursuant to the REIT Management Agreement. For a description of the terms of the REIT Management Agreement, see "*Management of the REIT*" in the Annual Information Form. The Manager will not earn an acquisition fee on the Transaction.

## THE TRANSACTION

### Overview

SUSO 3 has entered into the SUSO 3 Purchase Agreement with the REIT pursuant to which, subject to the conditions therein, the REIT will acquire a 100% indirect interest in all of the properties owned by SUSO 3 in a U.S.\$195 million transaction (representing a 7.3% cap rate and C\$130 per square foot) (the “**Transaction**”). The Transaction is expected to be accretive to the REIT’s AFFO per unit.

### Consideration

The purchase price payable by the REIT for the SUSO 3 Assets and the interests held by the GP Holders in SUSO 3 GP LP is U.S.\$80,839,152.69 (the “**SUSO 3 Purchase Price**”), subject to the Working Capital Adjustment described below. In satisfaction of such purchase price, the REIT will:

- (a) issue approximately 7,513,877 REIT Class U Units (the “**Class U Consideration Units**”) to SUSO 3 in consideration for the SUSO 3 Assets, at a deemed price per unit of U.S.\$10.47; and
- (b) cause the Slate Retail LP(s) to issue approximately 207,150 Class B LP Units (which are economically equivalent in all material respects to the REIT Class U Units) (the “**Class B LP Consideration Units**”), and collectively with the Class U Consideration Units, the “**Consideration Units**”) to the GP Holders in consideration for their interests in SUSO 3 GP LP, at a deemed price per unit of U.S.\$10.47,

such that an aggregate of approximately 7,721,027 Consideration Units will be issued by the REIT and the Slate Retail LP(s) to SUSO 3 and the GP Holders pursuant to the Transaction, subject to the Working Capital Adjustment. The REIT will also assume any guarantees of SUSO 3 related to indebtedness of the properties in the SUSO 3 Portfolio.

In connection with the closing of the Transaction, it is expected that SUSO 3 will (i) make the Special Cash Distribution to Unitholders of SUSO 3’s remaining cash balance (estimated to be approximately C\$6 million), and (ii) distribute the Class U Consideration Units to Unitholders pursuant to a tax-deferred “qualifying exchange” transaction for the purposes of the Tax Act.

The number of REIT Class U Units and the amount of the Special Cash Distribution to be received for each SUSO 3 unit will be as follows, subject to the Working Capital Adjustment and any variation to the final remaining cash balance available to be distributed:

- Each Class A Unit will be redeemed for 0.9700 REIT Class U Units and each holder thereof will receive a special cash distribution of the Canadian dollar equivalent of U.S.\$0.77;
- Each Class F Unit will be redeemed for 1.0007 REIT Class U Units and each holder thereof will receive a special cash distribution of the Canadian dollar equivalent of U.S.\$0.80;
- Each Class I Unit will be redeemed for 1.0611 REIT Class U Units and each holder thereof will receive a special cash distribution of U.S.\$0.85; and
- Each Class U Unit will be redeemed for 1.0054 REIT Class U Units and each holder thereof will receive a special cash distribution of U.S.\$0.80.

Each holder of REIT Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions.

The Consideration Units to be issued collectively represent approximately 30.72% of the REIT Units outstanding as at March 25, 2015 before giving effect to the Transaction, on a non-diluted basis but including the outstanding Class B LP2 Units.

As noted above, the Consideration Units will be issued at a deemed offer price of U.S.\$10.47, which is equivalent to the offering price of REIT Class U Units issued by the REIT pursuant to the Public Offering announced

concurrently with the announcement of the Transaction on February 25, 2015, and which reflects a 3.27% discount to the five-day volume weighted average trading price of the REIT Class U Units at the close of trading on such date.

### ***Working Capital Adjustment***

The SUSO 3 Purchase Price has been determined on the basis that SUSO 3 will have a working capital deficit at Closing equal to U.S.\$844,469.00, and is subject to the following working capital adjustment (the “**Working Capital Adjustment**”). The parties will in good faith agree upon the final working capital on the date that is five business days prior to the closing date. If the final working capital on such date exceeds the estimated working capital, the SUSO 3 Purchase Price will be increased to reflect such excess amount and the number of Consideration Units to be issued to the Vendor Parties will be increased by an amount equal to the excess amount divided by U.S.\$10.47. If the final working capital on such date is less than the estimated working capital, the SUSO 3 Purchase Price will be decreased to reflect such shortfall amount and the number of Consideration Units to be issued to the Vendor Parties will be decreased by an amount equal to the shortfall amount divided by U.S.\$10.47.

Set out below are examples of the Working Capital Adjustment, which are meant for illustrative purposes only. The actual Working Capital Adjustment, and corresponding adjustment to the number of Consideration Units to be issued, will be determined in accordance with the description of the Working Capital Adjustment described above.

<u>Working Capital Adjustment</u>	<u>Adjustment to Number of Consideration Units to be Issued</u>	<u>Aggregate Number of Consideration Units to be Issued (and Percentage of the outstanding REIT Units)<sup>1</sup></u>
+\$3,000,000	+286,532	8,007,559 (31.86%)
+\$2,000,000	+191,021	7,912,048 (31.48%)
+\$1,000,000	+95,510	7,816,537 (31.10%)
+\$500,000	+47,755	7,768,782 (30.91%)
+\$300,000	+28,653	7,749,680 (30.83%)
+\$100,000	+9,551	7,730,578 (30.76%)
-\$100,000	-9,551	7,711,476 (30.68%)
-\$300,000	-28,653	7,692,374 (30.60%)
-\$500,000	-47,755	7,673,272 (30.53%)

Note 1: Percentage is provided on a non-diluted basis but including the outstanding Class B LP2 Units.

### ***Conditions to Closing***

Completion of the Transaction remains subject to Unitholder approval as described herein, unitholder approval of the REIT, approval of the TSX, and other customary closing conditions. See “– *Approvals Required for the Transaction*”.

Subject to satisfaction of the conditions to Closing, it is anticipated that the Transaction will be completed in the second quarter of 2015.

### ***Other Terms of the Transaction***

The SUSO 3 Purchase Agreement provides that the Closing will take place on a date to be mutually agreed between the REIT and SUSO 3 and that certain steps will take place prior to or in connection with the Closing, all in a manner that will result in the completion of the Transaction as a “qualifying exchange” within the meaning of the Tax Act.

The SUSO 3 Purchase Agreement contains representations and warranties made by each of the REIT and SUSO 3, including certain representations and warranties made by SUSO 3 in respect of the real estate assets owned indirectly by SUSO 3. The SUSO 3 Purchase Agreement can be terminated prior to Closing by (i) either party upon a material breach which is not waived or cured within a specified time, (ii) either party if the conditions to Closing in its favour are not satisfied, (iii) written agreement of both parties, or (iv) either party if Closing has not occurred on or before July 31, 2015 (or such later date as the parties may agree).

*The foregoing is a summary of the material attributes and characteristics of the SUSO 3 Purchase Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the SUSO 3 Purchase Agreement, which has been filed with the Canadian securities regulatory authorities and will be available on SEDAR at [www.sedar.com](http://www.sedar.com). Unitholders should refer to the terms of the SUSO 3 Purchase Agreement for a complete description of the SUSO 3 Purchase Agreement.*

### **Impact of the Transaction on the Current Portfolio of the REIT**

The Transaction will increase the scale of the REIT’s portfolio, while further diversifying the REIT’s tenant base and extending its weighted average lease term:

	<b>Current REIT</b>	<b>SUSO 3</b>	<b>Pro Forma</b>
Number of Properties	43	13	56
% of Properties Grocery Anchored	100%	100%	100%
Gross Leasable Area	5,112,023	1,512,482	6,624,505
Occupancy	95.9%	93.9%	95.5%
Weighted Average Lease Term	5.5	6.5	5.7

Since the REIT’s listing on the TSX in April 2014, the REIT has acquired 14 grocery anchored shopping centres, for C\$196 million representing 1.6 million square feet of GLA at an average price per square foot of C\$125. If the Transaction is completed, the REIT’s portfolio will grow to 56 properties with 6.6 million square feet of GLA. Following closing of the Transaction, the REIT will have a debt-to-gross book value of approximately 53.5% and total assets exceeding C\$900 million.

### **Amendments to the Declaration of Trust**

In connection with, and in order to give effect to, the Transaction, certain amendments will be made to the Declaration of Trust including creating a redemption right in favour of SUSO 3 to facilitate the exchange of Units for REIT Class U Units.

### **Transaction Steps**

Provided that the Transaction is approved by Unitholders and the REIT Unitholders and the other conditions to closing are satisfied, the following general steps will occur in connection with the implementation of the Transaction:

- The Declaration of Trust will be amended to, among other things, add a right for SUSO 3 to redeem the Units by delivering REIT Class U Units to Unitholders.

- The REIT will acquire all of the assets of SUSO 3 in consideration for REIT Class U Units. SUSO 3 will redeem all Units (except for any Units acquired by the REIT) by delivering REIT Class U Units to Unitholders. These transactions will be structured as a “qualifying exchange”, as defined in section 132.2 of the Tax Act. See “*Certain Canadian Federal Income Tax Considerations*”.
- The indirect holders of the general partner interests of SUSO 3 Holding LP (the principal holding Subsidiary of SUSO 3) will transfer their interests to the Slate Retail LPs in consideration for Class B LP Units, thereby resulting in a crystallization of the general partner interests.
- The REIT will effect a reorganization to rationalize the resulting structure.

### **The Manager**

The Manager will not earn an acquisition fee on the Transaction. The Manager supports the Transaction as an investor in both entities but as an Excluded Unitholder is not eligible to vote its Units pursuant to the minority approval required under MI 61-101.

### **Related Party Interests**

The Transaction constitutes a “business combination” pursuant to MI 61-101. As a result of the Manager acting as manager for both the REIT and SUSO 3, the SUSO 3 Purchase Price was not negotiated between arm’s length parties. Accordingly, the Special Committee has reviewed and evaluated the Transaction.

Messrs. Blair and Brady Welch, principals of the Manager and trustees of the REIT, Mr. Samuel Altman, a trustee of the REIT, and Augusta Realty Corp., which holds more than 10% of the outstanding Units, each directly or indirectly hold interests in SUSO 3 GP LP. In consideration for the acquisition by the REIT of such interests, Mr. Blair Welch will receive 88,045 Class B LP Units (representing 0.35% of the outstanding REIT Units, on a non-diluted basis but including the outstanding Class B LP2 Units); Mr. Brady Welch will receive 88,045 Class B LP Units (representing 0.35% of the outstanding REIT Units, on a non-diluted basis but including the outstanding Class B LP2 Units); entities of which Mr. Altman is a director or officer will receive 20,176 Class B LP Units (representing 0.08% of the outstanding Units, on a non-diluted basis but including the outstanding Class B LP2 Units); and Augusta Management Inc., an affiliate of Augusta Realty Corp. (together “**Augusta**”), will receive 10,088 Class B LP Units (representing 0.04% of the outstanding Units, on a non-diluted basis but including the outstanding Class B LP2 Units). Accordingly, any Units that are beneficially owned by Messrs. Welch or Altman or by Augusta, or in respect of which they exercise control or direction, including Units held by the Manager, will be excluded from the Minority Approval vote which will occur at the Meeting, as required under MI 61-101 in respect of the Transaction (together with the votes of any trustees or officers of the REIT or the Manager or any other Excluded Unitholders).

As of March 25, 2015, the Manager and the principals of the Manager collectively held an aggregate of 683,147 Class B LP2 Units (which are exchangeable into 683,147 Class U Units), 255,720 GAR B Exchangeable Units (which are exchangeable into 255,720 REIT Class U Units), and 728,031 REIT Class U Units, representing an aggregate approximately 6.6% interest in the REIT, on a non-diluted basis but including the outstanding Class B LP2 Units. In addition, certain entities of which Mr. Altman is a director or officer held an aggregate of 636,710 Class B LP2 Units (which are exchangeable into 636,710 REIT Class U Units), 265,000 REIT Class I Units (which are exchangeable into 279,681 REIT Class U Units) and 1,092,644 REIT Class U Units, representing an aggregate approximately 8.0% interest in the REIT, on a non-diluted basis but including the outstanding Class B LP2 Units.

Following completion of the Transaction, the Manager and the principals of the Manager collectively will hold an aggregate of 859,237 Class B LP Units (which are exchangeable into 859,237 REIT Class U Units), 255,720 GAR B Exchangeable Units (which are exchangeable into 255,720 REIT Class U Units) and 842,627 REIT Class U Units, representing an aggregate approximately 6.0% interest in the REIT, on a non-diluted basis but including the outstanding Class B LP2 Units. In addition, certain entities of which Mr. Altman is a director or officer will hold an aggregate of 657,426 Class B LP2 Units (which are exchangeable into 657,426 REIT Class U Units), 265,000 REIT Class I Units (which are exchangeable into 279,681 REIT Class U Units), and 1,368,525 REIT Class U Units, representing an aggregate approximately 7.0% interest in the REIT, on a non-diluted basis but including the outstanding Class B LP2 Units.

Because no securities of SUSO 3 are listed or quoted on the TSX or any other exchange specified in Section 4.4 of MI 61-101, the formal valuation requirement in Section 4.3 of MI 61-101 does not apply to SUSO 3 in carrying out the Transaction.

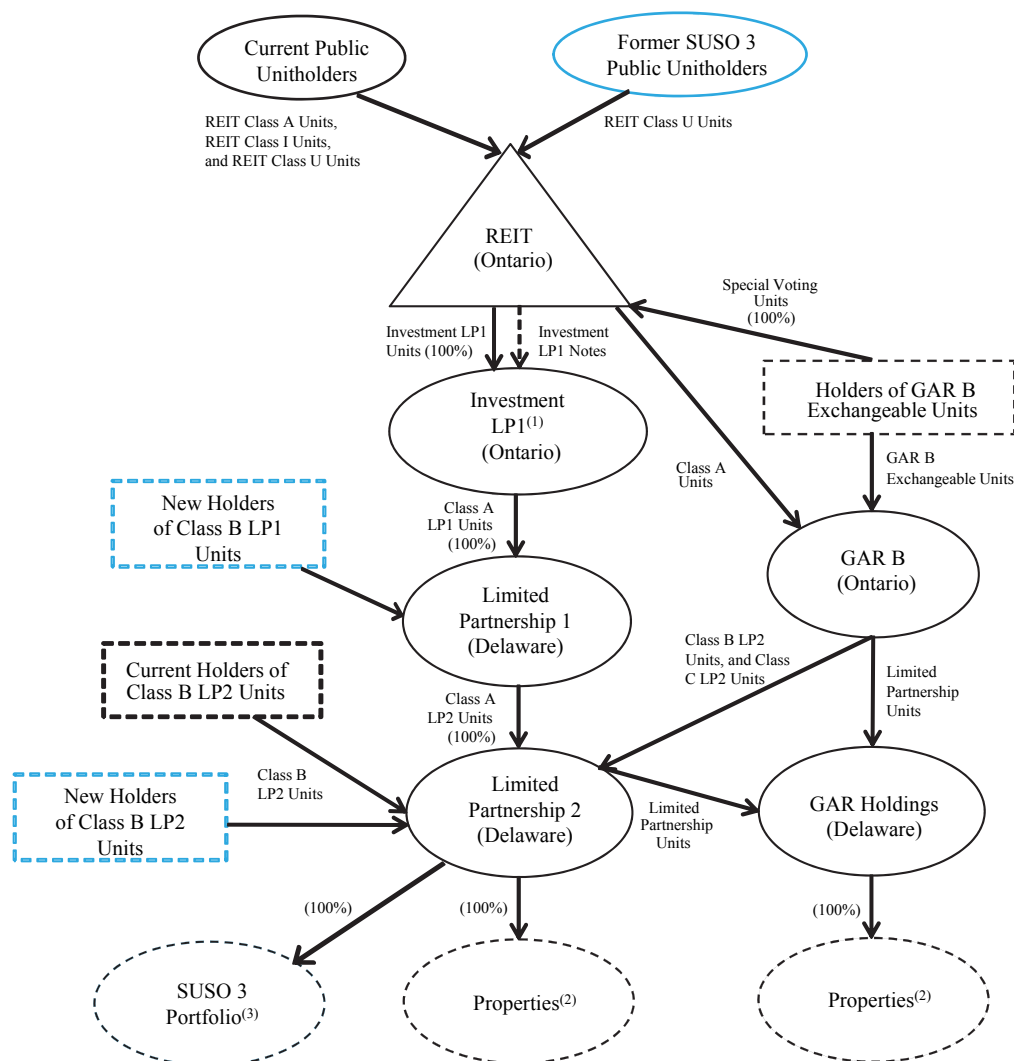
#### **Fractional Units**

No fractional REIT Units or Class B LP Units will be issued and no cash will be paid in lieu thereof. If as a result of the Transaction, a Unitholder becomes entitled to a fractional REIT Unit, such fraction will be rounded down to the nearest whole number.

#### **Structure Following Completion of the Transaction**

In connection with the implementation of the Transaction and related transactions described in this Information Circular, each of the properties in the SUSO 3 Portfolio will be indirectly acquired and held by the REIT. Pursuant to the REIT Declaration of Trust, the REIT Trustees, without any action or consent by the REIT Unitholders, have the right to implement an internal reorganization of the assets of the REIT and/or any of the REIT's Subsidiaries (including, without limitation, forming additional trusts or limited partnerships to be Subsidiaries of the REIT).

The following diagram illustrates the simplified structure of the REIT upon completion of the Transaction (with changes to the REIT's current structure reflected in blue):



**Notes:**

- (1) In addition, Investment LP1 owns a direct interest in Slate U.S. Opportunity (No. 1) Holdings L.P., a Subsidiary of Limited Partnership 2.
- (2) The properties in the Current Portfolio are owned indirectly by the REIT through various holding entities.
- (3) The properties in the SUSO 3 Portfolio will be owned indirectly by the REIT through various holding entities.

### Recommendation of the Special Committee

Following the receipt of the Fairness Opinion, the Special Committee unanimously resolved that the Transaction is in the best interests of SUSO 3 and the Unitholders, and unanimously resolved to recommend to the Board that it approve the Transaction and recommend to Unitholders that they approve the Transaction.

In arriving at its conclusions and recommendations, the Special Committee reviewed and considered all aspects of the Transaction, including the financial, legal and tax implications of the Transaction and the benefits to Unitholders.



The conclusions and recommendations of the Special Committee are based upon the fact that the Transaction will result in a number of benefits for Unitholders, including:

1. **Liquidity for Unitholders.** The Transaction will provide Unitholders liquidity through REIT Class U Units which are listed and freely tradable on the TSX. Unitholders will also receive a special distribution providing immediate cash proceeds.
2. **Attractive Return on Unitholders' Initial Investment.** The Transaction will provide Unitholders a total return in excess of 20%, varying depending on the currency of their initial investment.
3. **Investment Into a Larger More Diversified Entity.** Upon completion of the Transaction, the REIT will have total assets in excess of U.S.\$900 million. The REIT's portfolio will comprise 56 grocery anchored assets with over 6.6 million square feet of GLA diversified across 20 states with 66% of GLA occupied by either grocery or national tenants. The REIT's portfolio will be well diversified by tenant and geography with no tenant comprising more than 7% of revenues and no state comprising more than 12% of GLA.
4. **Participation in Future Growth.** Following the Transaction, Unitholders will participate in future growth of the REIT through their ownership of REIT Class U Units. The REIT will continue its investment strategy to (i) provide REIT Unitholders with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the U.S. with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT's assets and maximize long-term value through active management, and (iii) expand the asset base of the REIT and increase the REIT's distributions, including through accretive acquisitions. The Manager's intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.
5. **Tax Efficient Equity Rollover.** In general, the exchange of Units for REIT Class U Units is intended to result in a tax-deferred "rollover" to Unitholders for Canadian federal income tax purposes.
6. **Payment of Monthly Distributions.** The REIT pays monthly distributions as opposed to quarterly distributions currently paid by SUSO 3.

#### **Approval and Recommendation of the Board**

**The Board has unanimously determined (with each of Blair Welch, Brady Welch and Samuel Altman declaring their interest and abstaining from voting) that the Transaction is fair to SUSO 3 and is in the best interests of Unitholders and recommends that Unitholders vote in favour of the Resolution.**

In approving the Transaction and in making this recommendation, the Board considered a number of factors. In view of the variety of factors considered in connection with its evaluation of the Transaction, the Board did not find it practicable to and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination as to the fairness of the Transaction.

The factors considered included:

- (a) the benefits of the Transaction described herein;
- (b) the risk factors described herein under "*Risk Factors*";
- (c) the fact that the Resolution must receive (i) the affirmative vote of not less than two thirds of the votes cast thereon by the holders of Class A Units, Class F Units, Class I Units and Class U Units, with such Unitholders voting together as a single class, and (ii) as required pursuant to MI 61-101, the affirmative vote of not less than a majority of the votes cast thereon by holders of the Class A Units, Class F Units, Class I Units and Class U Units, with such Unitholders voting together as a single class, excluding any units held by the Excluded Unitholders; and
- (d) the Fairness Opinion, a copy of which is attached as Appendix B of this Information Circular.

The foregoing discussion of the information and factors considered and given weight by the Board is not intended to be exhaustive. There are risks associated with the Transaction, including that some of the potential benefits set forth in this Information Circular may not be realized or that there may be significant costs associated with realizing such benefits.

## **Background to the Transaction**

### **Formation of the Special Committee**

#### ***Special Committee***

On April 15, 2014, the REIT completed the unitholder approved combination transaction (the “**Combination Transaction**”). Pursuant to the Combination Transaction (i) the REIT acquired all of the assets of Slate U.S. Opportunity (No. 2) Realty Trust in consideration for REIT Class U Units, (ii) the REIT effectively acquired, directly and indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships in consideration for REIT Class U Units or securities that are economically equivalent to Class U Units (subject to certain adjustments) and redeemable for cash or REIT Class U Units, and (iii) the REIT Class U Units were listed on the TSX.

In connection with the Combination Transaction in 2014, and following the completion thereof, the Manager considered the opportunity for SUSO 3 to sell its assets to the REIT. The possibility of such acquisition by the REIT was disclosed by the REIT in the information circular relating to the Combination Transaction and in the REIT’s management’s discussion and analysis for the quarters ended June 30, 2014 and September 30, 2014.

On November 12, 2014, the Board met and discussed the potential pursuit of the Transaction and the benefits of the potential sale with management.

On February 17, 2015, the Board met and once again discussed the Transaction and the potential timing and process relating thereto.

On February 20, 2015, the Board established a special committee of Independent Trustees (the “**Special Committee**”) for the purposes of considering the Transaction. The Special Committee consists of Peter Tesché (Chair) and Patrick Flatley, each of whom was determined by the Board to be an Independent Trustee.

In advance of the REIT’s announcement of a public offering on February 25, 2015 (the “**Public Offering**”), management and legal counsel of SUSO 3 reviewed and discussed the anticipated process, timetable and costs for the Transaction with the Special Committee. Following such discussions, and in conjunction with the announcement of the Public Offering by the REIT, SUSO 3 announced that it had entered into an agreement in respect of the Transaction, subject to approval by the Board and Special Committee, as well as the board of trustees and independent committee of the REIT, in each case in its sole and absolute discretion, following the completion of due diligence on behalf of, and satisfactory to, the boards and such committees (including receipt by the REIT of a formal valuation in respect of SUSO 3) and the other conditions to Closing outlined therein.

On March 5, 2015, the Special Committee held a meeting which representatives of Trimaven Capital Advisors (“**Trimaven**”) attended. At that meeting, the Trimaven representatives provided an overview of Trimaven’s capabilities and prior experience acting as financial advisor to boards and committees in connection with complex transactions in the real estate sector, as well as a proposal to provide an opinion as to the fairness, from a financial point of view, of the Transaction to SUSO 3 and its Unitholders. Following discussion, the Special Committee resolved to retain Trimaven as its independent financial advisor and for Trimaven to prepare and deliver the Fairness Opinion, subject to the execution of an engagement letter satisfactory in form and substance satisfactory to the Special Committee.

On March 12, 2015, the Special Committee met with representatives of Wildeboer Dellelce LLP. Following a presentation as to Wildeboer Dellelce LLP’s capabilities and relevant experience, the Special Committee resolved to retain Wildeboer Dellelce LLP as independent counsel to advise the Special Committee in respect of its review of the Transaction. Wildeboer Dellelce LLP then discussed the principal provisions of the purchase agreement in respect of the Transaction and their implications with the Special Committee, and provided the Special Committee

with an overview of the mandate, duties and responsibilities of the Special Committee in the context of considering and making a recommendation in respect of the Transaction.

From March 12, 2015 to March 30, 2015, the Special Committee was in ongoing communication with its advisors and management regarding the status of the Transaction and outstanding issues.

On March 30, 2015, the Special Committee met with Trimaven. At the meeting, Trimaven presented in detail its evaluation and conclusions in respect of the Transaction. The Special Committee reviewed and discussed such evaluation and conclusions with Trimaven. The Special Committee also discussed its comments on a draft of the Information Circular.

On April 2, 2015, Trimaven delivered the Fairness Opinion to the Special Committee. The Special Committee reviewed the Fairness Opinion and after careful deliberation, the Special Committee determined that the Transaction is in the best interests of SUSO 3 and the Unitholders. Following such determination, the Special Committee unanimously recommended to the Board that (i) the Board approve the Transaction, the Proposed Amendments and the Information Circular, and (ii) the Board recommend to the Unitholders that they vote in favour of the Resolution at the Meeting.

On the late afternoon of April 2, 2015, the Board met to consider the Transaction. After full discussion and careful deliberation, and after receiving the recommendations of the Special Committee, the Board (with each of Blair Welch, Brady Welch and Samuel Altman declaring their interest and abstaining from voting) approved the Transaction, the Proposed Amendments and the Information Circular and unanimously resolved to recommend to Unitholders that they vote in favour of the Resolution at the Meeting.

## **Fairness Opinion**

### ***Overview and Selection of Trimaven***

The Special Committee has retained Trimaven to act as an independent financial advisor to the Special Committee in evaluating the Transaction. The Special Committee determined, based in part on certain representations made to them by Trimaven, that Trimaven was independent and qualified to prepare the Fairness Opinion. Pursuant to the terms of the engagement letter with Trimaven (the “**Trimaven Engagement**”), SUSO 3 agreed to pay a fixed fee to Trimaven as compensation for its services, which is fully due upon delivery of Trimaven’s preliminary findings to the Special Committee, irrespective of the conclusions of such findings and which is not contingent on either the completion of the Transaction or the content of the Fairness Opinion. Pursuant to the Trimaven Engagement, SUSO 3 agreed to reimburse Trimaven for all reasonable out-of-pocket expenses incurred by it and to indemnify Trimaven in respect of certain liabilities that might arise out of the engagement.

### ***Credentials of Trimaven***

Trimaven is an independently owned real estate investment bank that provides clients with specialized advice in mergers and acquisitions, special situations, shareholder activism, corporate finance, valuations, private equity and asset/portfolio advisory. Trimaven’s principals have over forty years of combined experience as corporate owners, managers and advisors in the real estate sector.

### ***Relationship with Interested Parties***

Neither Trimaven nor any of its associated entities or affiliated entities is an issuer insider, associated entity or affiliated entity (as those terms are defined in MI 61-101) of SUSO 3, the Manager or any of their respective associated entities or affiliated entities (collectively, the “**Interested Parties**”). Trimaven is not acting as an advisor to SUSO 3 or the Manager or any other Interested Party in connection with any matter, other than acting as financial advisor to the Special Committee and with respect to preparing the Fairness Opinion.

Trimaven has not participated in any financing involving SUSO 3 or the Manager or any other Interested Party during the 24 month period preceding the date Trimaven was first contacted in respect of the Fairness Opinion.

Trimaven has not been engaged by an Interested Party to provide any financial advisory services involving SUSO 3, the Manager or any other Interested Party during the 24 month period preceding the date Trimaven was first contacted in respect of the Fairness Opinion, other than providing the Fairness Opinion.

Trimaven does not have a material financial interest in the completion of the Transaction and the fees paid to Trimaven in connection with its engagement do not give Trimaven any financial incentive in respect of the conclusions reached in the Fairness Opinion or the outcome of the Transaction.

Trimaven does not, nor do any of its affiliates, act as traders or dealers of public market securities, either as principal or agent. Notwithstanding the foregoing, Trimaven, and any of its affiliates, may in the future have positions in the securities of the REIT or any other Interested Parties, and, from time to time, may execute transactions on behalf of such entities or other clients for which it may receive compensation. Trimaven and its affiliates may, in the future, conduct research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the REIT, or any other Interested Parties. As of the date hereof, Trimaven does not conduct research on securities and does not provide research reports on investment matters, including in respect of any of the Interested Parties.

There are no understandings, agreements or commitments between Trimaven and SUSO 3, the Manager or any other Interested Party with respect to any future financial advisory or investment banking business. Trimaven may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for SUSO 3, the Manager, the REIT or any other Interested Party.

### ***Summary of the Fairness Opinion***

Trimaven provided the Special Committee with the Fairness Opinion which indicates that, subject to the assumptions, limitations and qualifications and other matters contained in the full text of the Fairness Opinion, the total consideration payable under the Transaction is, as of April 2, 2015, fair, from a financial point of view, to Unitholders, excluding the REIT and SUSO 3 GP Inc. The Fairness Opinion is subject to the assumptions and limitations contained therein and should be read in its entirety. See “*Appendix B – Fairness Opinion*”.

The full text of the Fairness Opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Trimaven. The Fairness Opinion is attached as Appendix B and is incorporated into this Information Circular by reference. The Fairness Opinion is directed only to the fairness, as of April 2, 2015, from a financial point of view, of the total consideration payable under the Transaction to Unitholders, excluding the REIT and SUSO 3 GP Inc. The Fairness Opinion does not address the relative merits of the Transaction as compared to other business strategies or transactions that might be available to SUSO 3 or the underlying business decision of SUSO 3 to effect the Transaction. The Fairness Opinion does not constitute a recommendation by Trimaven to any Unitholder as to how such Unitholder should vote or act with respect to any matters relating to the Transaction.

### ***Conclusion of the Fairness Opinion***

As more fully described in Appendix B, in rendering the Fairness Opinion, Trimaven relied, without independent verification, on financial and other information that was obtained by Trimaven from both public sources and senior management of SUSO 3, and their respective representatives and advisors. Trimaven relied on a representation letter from senior management of SUSO 3 that this information was complete, accurate and fairly presented. Based upon and subject to the assumptions, limitations and other considerations set forth in the Fairness Opinion and such other matters considered relevant by Trimaven, Trimaven is of the opinion that the total consideration payable under the Transaction is, as of April 2, 2015, fair, from a financial point of view, to Unitholders, excluding the REIT and SUSO 3 GP Inc.

**The summary of the Fairness Opinion described in this Information Circular is qualified in its entirety by reference to the full text of the Fairness Opinion. Unitholders are urged to read the Fairness Opinion carefully in its entirety. The full text of the Fairness Opinion describes the scope of review, assumptions made, procedures followed, matters considered and limitations on the review undertaken by Trimaven. The Fairness Opinion is attached as Appendix B and forms part of this Information Circular. The Fairness Opinion is directed only to the fairness, as of April 2, 2015, from a financial point of view, of the total**

consideration payable under the Transaction to Unitholders, excluding the REIT and SUSO 3 GP Inc. The Fairness Opinion does not address the relative merits of the Transaction as compared to other business strategies or transactions that might be available to SUSO 3 or the underlying business decision of SUSO 3 to effect the Transaction. The Fairness Opinion does not constitute a recommendation by Trimaven to any Unitholder as to how such Unitholder should vote or act with respect to any matters relating to the Transaction.

## **Approvals Required for the Transaction**

### ***Unitholder Approval***

At the Meeting, Unitholders will be asked to consider, and if thought advisable, pass the Resolution in the form attached hereto as Appendix A, with or without variation. To be approved, the Resolution must receive (i) the affirmative vote of not less than two thirds of the votes cast thereon by holders of the Class A Units, Class F Units, Class I Units and Class U Units, with such Unitholders voting together as a single class, and (ii) as required pursuant to MI 61-101, the affirmative vote of not less than a majority of the votes cast thereon by the holders of the Class A Units, Class F Units, Class I Units and Class U Units, voting together as a single class (other than Excluded Unitholders).

### ***Exemption***

In the absence of an exemption, SUSO 3 would be required pursuant to MI 61-101 to obtain minority unitholder approval at a meeting of Unitholders from each class of “affected securities” of SUSO 3, in each case voting separately as a class. However, SUSO 3 will receive exemptive relief from the Ontario Securities Commission and the Autorité des marchés financiers from the requirements of Section 8.1 of MI 61-101, such that the minority unitholder approval is required from all Unitholders voting together as a single class, on the basis that: (i) the Declaration of Trust provides that Unitholders will vote as a single class unless the board of trustees of SUSO 3 determines that the nature of business to be transacted at a meeting affects holders of one class of Units in a manner materially different from its effect on holders of another class of Units (in which case the Units of the affected class would vote separately); and (ii) in the view of SUSO 3, the Transaction will not have such a differential effect on the holders of any class of Units as compared to the other classes of holders of Units.

### ***REIT Unitholder Approval***

A meeting of REIT Unitholders will be held at McCarthy Tétrault LLP, Suite 5300, TD Bank Tower, Box 48, 66 Wellington Street West, Toronto, Ontario, M5K 1E6 on May 13, 2015 at 10:00 a.m. EST (the “**REIT Meeting**”). At the REIT Meeting, REIT Unitholders will be asked to consider, and if thought advisable, pass an ordinary resolution (the “**REIT Resolution**”), approving the Transaction. To be approved, the REIT Resolution must receive the affirmative vote of not less than a majority of the votes cast thereon by holders of the REIT’s class A, class I, class U and special voting units, with such REIT Unitholders voting together as a single class (other than REIT Unitholders that are excluded from voting their REIT Units at the REIT Meeting, pursuant to MI 61-101, for the purposes of determining whether minority approval for the REIT Resolution has been obtained).

### ***TSX Approval***

The Transaction is conditional upon the approval of the TSX. The REIT has commenced the application process and expects to receive the TSX’s conditional approval upon the satisfaction of the conditions of the TSX, which include the approval of a majority of the REIT Minority Unitholders present in person or represented by proxy at the REIT Meeting and certain other customary conditions.

### **Procedure for Exchange of Class I Units**

Due to the fact that Class I Units are held in registered form, as opposed to the Class A Units, Class F Units and Class U Units, which are held in beneficial form, holders of Class I Units must complete and return the Letter of Transmittal, together with the certificate(s) representing their Class I Units, to the Depositary at the office specified in the Letter of Transmittal, to redeem their Class I Units in exchange for REIT Class U Units under the Transaction.

Any use of the mail to transmit a certificate for Class I Units and the related Letter of Transmittal is at the risk of the Unitholder. If these documents are mailed, it is recommended that registered mail, with return receipt requested, properly insured, be used.

Whether or not the holder of Class I Units forwards the certificate representing their Class I Units, upon completion of the Transaction, the holders of Class I Units will cease to be Unitholders as of Closing.

Where a certificate for Class I Units has been destroyed, lost or mislaid, the registered holder of that certificate should immediately contact the Depositary regarding the issuance of a replacement certificate upon the holder satisfying such requirements as may be imposed by SUSO 3 in connection with issuance of the replacement certificate.

It is recommended that the holder of Class I Units complete, sign and return the Letter of Transmittal with their accompanying Class I Unit certificate to the Depositary as soon as possible and preferably prior to 10:30 a.m. EST on the second last Business Day immediately preceding the date of the Meeting.

Any certificate formerly representing Class I Units that is not deposited with all other documents as required by the Transaction on or before the sixth anniversary of the Closing will cease to represent a right or claim of any kind or nature, including the right of the holder of such Class I Units to receive REIT Class U Units.

#### **Expenses of the Transaction**

The estimated out-of-pocket costs to be incurred by SUSO 3, the REIT and their affiliates relating to the Transaction, including financial advisory, appraisal, accounting and legal fees and the preparation and printing of this Information Circular, are expected to aggregate approximately U.S.\$1.5 million.

#### **Canadian Securities Law Matters**

The Class U Consideration Units will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws and, following completion of the Transaction, such units will be “freely tradeable” (other than as a result of any “control block” restrictions which may arise by virtue of the ownership thereof) under applicable Canadian securities laws of the provinces and territories of Canada.

## PRO FORMA DESCRIPTION OF THE PROPERTIES OF THE REIT

***Notice to Reader: Unless otherwise noted, the disclosure in this section has been prepared assuming that the Transaction has been completed and the portfolios of the REIT and SUSO 3 have been combined.***

### Overview

The Properties consist of 56 grocery anchored retail properties that comprise a total GLA of 6,624,505 square feet with 96% occupancy.

The properties within the Current Portfolio consist of 43 grocery anchored retail properties that comprise a total GLA of 5,112,023 square feet. The following table provides property information on the properties within the Current Portfolio:

Property	City	State	GLA (SF)	Occupancy	Year Built (Renovated)	Grocery Anchor
98 Palms	Destin	FL	84,682	95%	2000	Winn-Dixie
Alta Mesa Plaza	Fort Worth	TX	167,961	99%	1980	Kroger
Bowling Green Plaza	Bowling Green	VA	49,850	87%	1994	Food Lion
Buckeye Plaza	Cleveland	OH	141,975	98%	1989	Giant Eagle
Cambridge Crossings	Troy	MI	238,963	97%	2001	Wal-Mart
County Line Plaza	Philadelphia	PA	75,649	92%	1997 (2006)	Food Basics
Cudahy Centre	Milwaukee	WI	103,254	89%	1987 (2009)	Pick 'N Save
Derry Meadows Shoppes	Derry	NH	186,997	94%	1999 (2004)	Hannaford
Douglas Commons	Douglasville	GA	97,027	98%	1988 (2010)	Kroger
East Brainerd Mall	Brainerd	MN	191,459	98%	1967 (2009)	Cub Foods
East Little Creek	Norfolk	VA	69,620	100%	1996	Farm Fresh
Errol Plaza	Orlando	FL	72,150	97%	1986 (2011)	Winn-Dixie
Field Club Commons	New Castle	PA	131,270	97%	1972 (1997)	Save-A-Lot
Forest Plaza	Fond du Lac	WI	123,028	100%	1978 (2006)	Pick 'n Save
Fuquay Crossing	Fuquay-Varnia	NC	124,773	92%	2002	Kroger
Gaston Marketplace	Gaston	SC	44,133	94%	2004	Food Lion
Glidden	DeKalb	IL	98,683	96%	2007	Schnucks
Highland Square	Crossville	TN	179,243	93%	1988 (2005)	Kroger
Independence Square	Charlotte	NC	190,361	97%	2000	Wal-Mart
Kennywood Shops	Pittsburgh	PA	194,823	99%	1974 (1996)	Giant Eagle
Madison Centre	Madison	AL	64,837	96%	1997	Publix
Madison Plaza	Madison	VA	49,607	100%	2003	Food Lion
Mitchellville Plaza	Mitchellville	MD	145,402	94%	1991	Food Lion
North Pointe	Columbia	SC	64,255	97%	1982 (1997)	Publix
North Summit Square	Winston-Salem	NC	224,530	96%	1991	Lowe's Foods
Ocean Plaza	North Myrtle Beach	SC	66,498	91%	1988	Kroger
Oak Hill Village	Jacksonville	FL	78,492	92%	1985	Publix
Oakland Commons	Bloomington	IL	73,705	96%	1990	Jewel Osco
Phalen Retail Center	St Paul	MN	73,678	98%	2008	Cub Foods
Pinewood Plaza	Dayton	OH	88,700	92%	1978 (2012)	Kroger
Seminole Oaks	Seminole	FL	63,572	97%	2004	Winn Dixie
Smithfield Shopping Plaza	Smithfield	VA	134,664	92%	1986	Farm Fresh
Springboro Plaza	Dayton	OH	154,034	100%	1992	Kroger
St. Elmo Central	Chattanooga	TN	74,978	99%	1995	BI-LO
Stadium Center	Port Huron	MI	92,365	93%	1977 (2005)	Kroger
Stonefield Square	Louisville	KY	90,991	92%	1979 (2000)	The Fresh

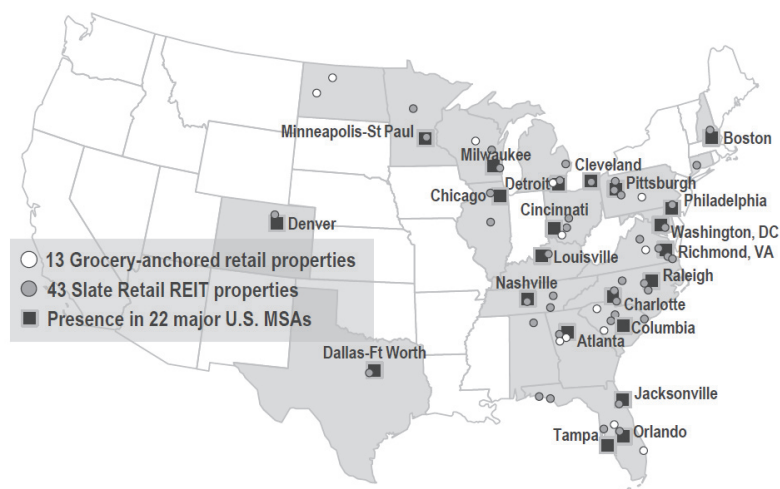
Summit Ridge	Mount Pleasant	PA	227,729	96%	1999	Market
Triangle Food Lion	Charlotte	NC	41,439	100%	1983 (2013)	Wal-Mart
Uptown Station	Fort Walton Beach	FL	297,679	95%	1963 (2008)	Food Lion
Waterbury Plaza	Waterbury	CT	141,443	100%	1966 (1993)	Winn-Dixie
Wellington Park	Cary	NC	102,487	94%	1997	Stop & Shop
Westhaven Town Center	Franklin	TN	98,024	98%	2008 (2010)	Lowe's
Westminster Plaza	Westminster	CO	97,013	97%	1999	Harris Teeter
						Safeway
			<hr/>			
43			5,112,023	96%		

## Composition of the Properties

### *Geographic Composition*

The Properties are located throughout the following 20 states (in order of GLA): Pennsylvania, Florida, North Carolina, Ohio, South Carolina, Michigan, Georgia, Tennessee, Virginia, Wisconsin, Minnesota, North Dakota, New Hampshire, Illinois, Texas, Maryland, Connecticut, Colorado, Kentucky, and Alabama.

The following map shows the locations of both the Current Portfolio (grey) and the SUSO 3 Portfolio (white) and the states in which they are located:



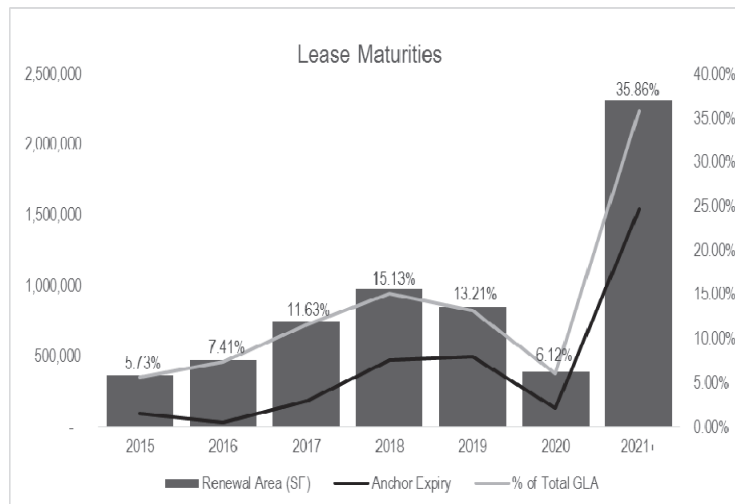


The following chart shows the number of the Properties located in each state, the total GLA occupied, and the percentage of portfolio GLA and NOI located in each state:

State	# of Assets	SF	% of Portfolio GLA	% of total NOI
PA	5	769,630	11.62%	10%
FL	7	757,489	11.43%	12%
NC	5	683,590	10.32%	9%
OH	4	531,439	8.02%	6%
SC	5	502,130	7.58%	6%
MI	3	403,689	6.09%	6%
GA	3	390,072	5.89%	5%
TN	3	352,245	5.32%	5%
VA	5	346,241	5.23%	5%
WI	3	294,233	4.44%	4%
MN	2	265,137	4.00%	4%
ND	2	261,578	3.95%	6%
NH	1	186,997	2.82%	4%
IL	2	172,388	2.60%	3%
TX	1	167,961	2.54%	3%
MD	1	145,402	2.19%	4%
CT	1	141,443	2.14%	3%
CO	1	97,013	1.46%	2%
KY	1	90,991	1.37%	2%
AL	1	64,837	0.98%	1%
<hr/>				
	56	6,624,505	100%	100%

### Occupancy and Leasing

The following graph sets out the percentage of GLA of the Properties subject to lease expiries during the periods shown, including anchor renewals by GLA:



The Properties have an overall weighted occupancy of approximately 96% with an average remaining lease term of approximately 5.7 years. No more than 16% of the leased GLA expires in any given year from 2015 to 2020.

### Tenant Mix

The tenant base in the Properties is geographically well-diversified, with many tenants having large national or multi-national footprints. Each of the Properties is anchored by a Grocery Anchor Tenant and/or a Non-Grocery National Tenant that is a consumer staples and/or grocery retailer, which the Manager believes represent a defensive asset class with limited downside in volatile markets.

In addition to the Grocery Anchor Tenants, many tenants in the Properties are large national or international retailers with an established reputation (the “**Non-Grocery National Tenants**”). The 10 largest revenue producing Non-Grocery National Tenants, when taken together, comprise 12.6% of the Properties’ GLA, have a weighted average lease term of 5.0 years and account for 10.9 % of the Properties’ portfolio annualized in-place base rent as at December 31, 2014. Together, the Grocery Anchor Tenants and Non-Grocery National Tenants account for 66.2% of the Properties’ GLA and have a weighted average remaining lease term of 6.3 years.

The following table shows the 10 largest parent companies of Grocery Anchor Tenants which, when taken together, comprise 53.6% of the Properties’ GLA totalling 49 stores in total, and have a weighted average lease term of 6.6 years and account for 47.8% of the Properties’ portfolio annualized in-place base rent as at the date of this Information Circular:

<b>Tenant</b>	<b>Anchor Brands</b>	<b>GLA (SF)</b>	<b>% of Portfolio GLA</b>	<b>% of Portfolio Annualized In-Place Base Rent</b>	<b>Number of Locations</b>	<b>Weighted Average Lease Term (Years)<sup>(1)</sup></b>
Bi-Lo Holdings Inc.	<i>Winn-Dixie, BI-LO</i>	374,249	7.3%	6.9%	8	6.8
The Kroger Company	<i>Kroger, Harris Teeter</i>	584,464	11.4%	6.8%	11	5.9
Wal-Mart Stores Inc.	<i>Wal-Mart, Sam's Club</i>	520,504	10.2%	6.2%	4	6.8
Delhaize America	<i>Food Lion, Hannaford</i>	277,946	5.4%	5.8%	7	6.2
SuperValu, Inc.	<i>Cub Foods, Farm Fresh, Save A Lot</i>	251,119	4.9%	5.4%	5	6.1
Koninklijke Ahold N.V.	<i>Stop &amp; Shop, GIANT</i>	128,098	2.5%	4.8%	2	7.4
Coburn's, Inc.	<i>Cash Wise</i>	118,297	2.3%	3.8%	3	13.9
Roundy's Supermarkets	<i>Pick 'n Save</i>	193,210	3.8%	3.7%	3	8.2
Publix Super Markets	<i>Publix</i>	173,476	3.4%	2.7%	4	3.6
Giant Eagle, Inc.	<i>Giant Eagle</i>	115,953	2.3%	1.7%	2	5.1
<b>Total/Weighted Average</b>		<b>2,737,316</b>	<b>53.6%</b>	<b>47.8%</b>	<b>49</b>	<b>6.6</b>

**Note: (1)** This figure is calculated as a weighted average remaining term (by GLA).

In addition to the Grocery Anchor Tenants listed above, many of the tenants in the Properties are Non-Grocery National Tenants who have a large national or international presence and an established reputation. The following table shows the 10 largest revenue producing Non-Grocery National Tenants which, when taken together, comprise 12.6% of the Properties' GLA, totalling 21 stores and have a weighted average lease term of 5.0 years and account for 10.9% of the Properties' portfolio annualized in-place base rent as at December 31, 2014.

<b>Tenant</b>	<b>Total GLA Occupied (SF)</b>	<b>% of Portfolio GLA</b>	<b>% of Portfolio Annualized In-Place Base Rent</b>	<b>Number of Locations</b>	<b>Weighted Average Lease Term (Years)<sup>(1)</sup></b>
Sears Holdings Corporation	186,107	3.6%	2.0%	2	3.3
LA Fitness International Texas LP	60,273	1.2%	1.4%	1	7.2
Raymour & Flanigan Furniture	69,490	1.4%	1.3%	1	2.9
Gordmans Stores, Inc.	50,681	1.0%	1.2%	1	8.7
Super Global Mart, LLC	51,216	1.0%	1.0%	1	14.3
Family Dollar Stores Inc.	59,780	1.2%	0.9%	7	2.3
Derry Five Star Cinema, LLC	35,055	0.7%	0.9%	1	4.8
Dollar Tree Stores Inc.	39,921	0.8%	0.8%	4	4.0
Medstar Health	17,399	0.3%	0.7%	1	7.9
Ollie's Bargain Outlet, Inc.	74,503	1.5%	0.7%	2	3.2
<b>Top 10 Non-Grocery National Tenants</b>	<b>644,425</b>	<b>12.6%</b>	<b>10.9%</b>	<b>21</b>	<b>5.0</b>
Grocery Anchor Tenants	2,737,316	53.6%	\$23.2	47.8%	6.6
<b>Grocery Anchor Tenants and Top 10 Revenue Non-Grocery Tenants</b>	<b>3,381,741</b>	<b>66.2%</b>	<b>58.7%</b>	<b>70</b>	<b>6.3</b>

Note: (1) The figure is calculated as a weighted average remaining term (by GLA)

### **Largest Tenants**

The following is a description of the Properties' 10 largest tenants in terms of the Properties' base rent:

#### ***Bi-Lo Holdings (Winn-Dixie, BI-LO)***

Based in Jacksonville, Florida and founded in 1925, Winn-Dixie Stores, Inc. ("**Winn-Dixie**") is an American supermarket chain operating in the Southeastern United States. Winn-Dixie is a Subsidiary of BI-LO Holdings LLC ("**BI-LO**"). Together, Winn-Dixie and BI-LO boast 840 stores across eight states and generate U.S.\$10 billion in annual revenues operating primarily in Florida, Georgia, Alabama, Louisiana, Mississippi, South Carolina, North Carolina, and Tennessee. Winn-Dixie and BI-LO were merged in 2012 when Dallas-based investment firm Lone Star Funds acquired Winn-Dixie for approximately U.S.\$560 million. Winn-Dixie and BI-LO operate retail locations in the following Properties: Errol Plaza, St. Elmo Central, 98 Palms, Upton Station, Seminole Oaks, Dill Creek Commons, Bloomingdale Plaza, and Salerno Village Square.

#### ***The Kroger Company (Kroger, Harris Teeter)***

Based in Cincinnati, Ohio and founded in 1883, The Kroger Company ("**Kroger**") is an American retailer with 2,424 supermarkets and multi-department stores and 786 convenience stores located throughout 31 states. With 343,000 sales associates and U.S.\$96.8 billion in annual revenues, Kroger is one of the largest grocery store chains in the world. Kroger is listed on the New York Stock Exchange (NYSE:KR). Kroger operates retail locations under the Kroger and Harris Teeter brands in the following Properties: Pinewood Plaza, Springboro Plaza, Highland Square, Fuquay Crossing, Westhaven Town Center, Douglas Commons, Alta Mesa Plaza, Stadium Center, Ocean Plaza, Merchants Square, Mulberry Square, and Merchants Crossing.

### ***Wal-Mart (Wal-Mart, Sam's Club)***

Headquartered in Bentonville, Arkansas and founded in 1945, Wal-Mart Stores Inc. ("**Wal-Mart**") is a multinational retail corporation that operates a chain of large discount retail stores. Wal-Mart operates 11,400 retail units under more than 69 banners throughout 27 countries. The company employs 2.2 million sales associates worldwide and has annual revenues of approximately U.S.\$486 billion. Wal-Mart is listed on the New York Stock Exchange (NYSE:WMT). Wal-Mart operates retail locations in the following Properties: Summit Ridge, Cambridge Crossing, Independence Square, and North Summit Square (Sam's Club Banner).

### ***The Delhaize Group (Food Lion, Hannaford)***

Headquartered in Anderlecht, Brussels, Belgium and founded in 1867, Etablissements Delhaize Freres et Cie le Lion SA ("**Delhaize**") is engaged in the operation of supermarkets in Belgium, the United States, Eastern and Southeastern Europe and Indonesia. With annual revenues of €21.1 billion and employing 161,000 people, Delhaize operates 3,534 stores on three continents in seven countries. In the United States, Delhaize operates under the Food Lion, Bottom Dollar Food and Hannaford brands. Delhaize is listed on the New York Stock Exchange (NYSE:DEG) and the NYSE Euronext (NYSE: DELB). Delhaize operates retail locations in the following Properties: Triangle Food Lion, Gaston Marketplace, Bowling Green Plaza, Madison Plaza, Mitchellville Plaza, Lovington Plaza, and Derry Meadows (under the Hannaford banner).

### ***SuperValu (Cub Foods, Farm Fresh, Save A Lot)***

Headquartered in Eden Prairie, Minnesota and founded in 1926, SuperValu, Inc. ("**SuperValu**") is an American grocery retailer. The company serves customers across the United States through a network of approximately 1,500 stores composed of 900 independent stores serviced primarily by the SuperValu's food distribution business, 1,250 Save-A-Lot stores, of which 850 are operated by licensee owners, and 400 traditional retail grocery stores. With annual revenues of approximately U.S.\$17 billion and 35,800 employees nationwide, SuperValu is one of America's largest grocery wholesalers and retailers. SuperValu is listed on the New York Stock Exchange (NYSE:SVU). SuperValu operates retail locations in the following Properties: Field Club Commons (operating as Save-A-Lot, SuperValu's wholly-owned discount supermarket chain), East Brainerd Mall, Phalen Retail Center, East Little Creek, and Smithfield Shopping Center (operating as Farm Fresh, SuperValu's wholly-owned superior supermarket chain).

### ***Koninklijke Ahold N.V. (Stop & Shop, GIANT)***

Headquartered in Zaandam, Netherlands Koninklijke Ahold N.V. ("**Ahold**") was founded in 1887 and is an international supermarket chain that operates 3,008 locations employing 121,000 employees. Ahold operates under three major banners in the United States, Giant-Carlisle, Stop & Shop/Giant-Landover, and Peapod. Ahold's annual revenues are 30.27 billion and it is listed on the European exchange Euronext (Euronext: AH). Ahold operates supermarket locations in the following Properties: Waterbury Plaza and Lake Raystown Plaza.

### ***Coborn's, Inc. (Cash Wise)***

Headquartered in St. Cloud, Minnesota, Coborn's, Inc. ("**Coborn**") is an American grocery retailer throughout the Midwest. Coborn serves 120 retail locations with 48 being grocery stores and employing 7,400 employees with annual revenues are approximately U.S.\$1.2 billion. Coborn is an employee-owned retailer that was founded in 1921. Coborn operates retail locations in the following Properties: Watford Plaza and Southgate Shopping Centre.

### ***Roundy's Supermarkets (Pick 'n Save)***

Headquartered in Milwaukee, Wisconsin and founded in 1872, Roundy's Supermarkets ("**Roundy's**") is a national supermarket chain that operates 166 stores employing 20,000 employees. Roundy's operates four major banners that are mostly geographically specific – Pick 'n Save, Copps Food Center, Metro Market, and Mariano's Fresh Market. Roundy's annual revenues are 3.8 billion and it is listed on the New York Stock Exchange (NYSE:RNDY). Roundy's operates supermarket locations in the following Properties: Cudahy Centre, Forest Plaza, and Wausau Pick 'n Save.

### ***Publix Super Markets (Publix)***

Headquartered in Lakeland, Florida and founded in 1930, Public Super Markets, Inc. (“**Publix**”) is the largest employee-owned supermarket chain in the United States and is engaged in the business of operating retail food supermarkets. With 1,098 store locations located throughout in Florida, Georgia, Alabama, South Carolina, and Tennessee and North Carolina. Publix has annual sales of U.S.\$30.6 billion and employs 168,500 people. As one of the largest private companies in the United States and one of the 10 largest-volume supermarket chains in the United States, Publix operates retail locations in the following Properties: North Pointe, Madison Center, Oak Hill Village, and North Augusta.

### ***Sears Holdings Corporation (K-Mart)***

Headquartered in Hoffman Estates, Illinois and founded in 1962, K-Mart Corporation (“**K-Mart**”) is the third largest discount store chain in the world with over 1,077 K-Mart located in 49 U.S. states, Guam, Puerto Rico, and the U.S. Virgin Islands. As a wholly owned Subsidiary of Sears Holdings Corporation, a leading integrated retailer with almost 2,500 full-line and specialty retail stores in the United States and Canada, K-Mart generates over U.S.\$13.1 billion in annual sales. K-Mart operates retail locations in the following Properties: Springboro Plaza and North Augusta Plaza.

### **Property Descriptions**

For descriptions of the properties in the Current Portfolio, see “*Description of the Properties*” in the Annual Information Form, except for Ocean Plaza and Glidden, which were acquired by the REIT between December 31, 2014 (the date the information contained in the Annual Information Form is given as of) and the date hereof. Accordingly, descriptions of such Properties are included below.

### **Recently Completed Acquisitions**

The REIT has recently completed the following acquisitions (collectively, the “**Completed Acquisitions**”).

#### **South Carolina**

##### *Ocean Plaza*

On January 22, 2015, the REIT completed the acquisition of Ocean Plaza for a purchase price of \$5.5 million (\$83 per square foot). Ocean Plaza is a 66,498 square foot Kroger anchored retail plaza located at 781 Main Street in North Myrtle Beach South Carolina. The property was built in 1988 and is situated on 8.44 acres of land in North Myrtle Beach. The center has a large national and regional tenant mix and is 91% occupied.

#### **Illinois**

##### *Glidden*

On January 12, 2015, the REIT completed the acquisition of Glidden Crossing for a purchase price of \$16.6 million (\$168 per square foot). Glidden Crossing is a two-building, 98,683 square foot grocery anchored shopping center is located at 975 South Annie Glidden Road, in DeKalb, DeKalb County, Illinois. The asset is situated on a 16.35 acre site and anchored by a Schnuck's Market with other junior anchors and in-line retail space and is. The center was built in 2007 and is currently 96% occupied.

### **Announced Acquisitions**

The REIT has also entered into agreements to acquire two additional properties (collectively, the “**Announced Acquisitions**”) representing an aggregate of 205,488 square feet of GLA for an aggregate purchase price of approximately \$28.4 million. The Announced Acquisitions consist of: (i) an 88% occupied, 107,818 square foot grocery anchored shopping centre located in Littleton, Colorado (“**Roxborough Marketplace**”) anchored by Safeway; and (ii) a 97% occupied 97,670 square foot grocery anchored shopping centre located in Westland, Michigan (“**City Center Plaza**”) anchored by Kroger. The Announced Acquisitions are expected to be completed in

the second quarter of 2015 and are subject to customary closing conditions. The purchase price for Roxborough Marketplace is approximately \$15.6 million (\$145 per square foot) and the purchase price for City Center Plaza is approximately \$12.8 million (\$131 per square foot). If the Announced Acquisitions are completed, the REIT's portfolio will increase to 45 properties (58 properties including the SUSO 3 Portfolio) totaling approximately 5.3 million square feet of GLA (approximately 6.8 million square feet including the SUSO 3 Portfolio) and the REIT will have completed approximately \$224 million of acquisitions, excluding the Transaction, since the April 15, 2014 Combination Transaction which created the REIT. The Announced Acquisitions are expected to be accretive to the REIT's AFFO per REIT Unit.

## ADDITIONAL INFORMATION REGARDING THE REIT

### REIT Distribution Policy

Information regarding the frequency and amount of distributions with respect to the REIT Units during the two preceding years, any restrictions on the REIT's ability to pay distributions and the plan or intention to declare distributions or to alter the distribution policy of the REIT can be found under the heading "*Distribution Policy and History*" in the Annual Information Form. On November 12, 2014, the REIT announced an annual distribution increase to \$0.756 per Unit, representing a 5% increase over the REIT's previous distribution amount.

### Prior Sales of REIT Units

On April 15, 2014, the REIT completed the Combination Transaction pursuant to which 8,497,813 REIT Class U Units were issued at a value of U.S.\$13.46 per unit. On October 14, 2014, the REIT closed a public offering pursuant to which it issued 4,260,000 REIT Class U Units at a price of U.S.\$10.72 per unit, representing net proceeds to the REIT of approximately U.S.\$43,840,512 (the "**2014 Offering**"). On March 19, 2015, the REIT closed the Public Offering, pursuant to which it issued 4,125,000 REIT Class U Units at a price of U.S.\$10.47 per unit, representing gross proceeds to the REIT of approximately C\$53,600,000 and the REIT closed the Private Placement pursuant to which it issued 769,230 REIT Class U Units at a price of U.S.\$10.47 per unit, representing gross proceeds to the REIT of C\$10,000,000. The following table sets forth the details regarding these and all other issuances of REIT Class U Units, including issuances of all securities convertible into, or, at the option of the GAR B GP and the General Partner, as applicable, redeemable for, REIT Class U Units for the 12-month period prior to the date of this Information Circular.

Date of Issuance	Security Issued	Reason for Issuance	Number of Securities Issued	Issuance Price Per Unit
April 15, 2014	REIT Class U Units	Completion of Combination Transaction	8,497,813	\$13.46
April 15, 2014	REIT Class U Units	Private placement	88,796	\$13.46
April 15, 2014	REIT Class U Units	Redemption of GAR B Exchangeable Units	223,220	\$13.46
April 16, 2014 – August 31, 2014	REIT Class U Units	Conversion of class I units of the REIT	337,727	\$13.46
April 16, 2014 – August 31, 2014	REIT Class U Units	Conversion of class A units of the REIT	3,181,613	\$13.46
April 16, 2014 – August 31, 2014	REIT Class U Units	Redemption of Class B LP2 Units	222,092	\$13.46
September 15, 2014	REIT Class U Units	Pursuant to the Distribution Reinvestment Plan	1,175	\$10.88
October 14, 2014	REIT Class U Units	Completion of the 2014 Offering	4,260,000	\$10.72
October 15, 2014	REIT Class U Units	Pursuant to the Distribution Reinvestment Plan	5,437	\$9.97
November 17, 2014	REIT Class	Pursuant to the Distribution	6,701	\$9.73

<b>Date of Issuance</b>	<b>Security Issued</b>	<b>Reason for Issuance</b>	<b>Number of Securities Issued</b>	<b>Issuance Price Per Unit</b>
	U Units	Reinvestment Plan		
December 15, 2014	REIT Class U Units	Pursuant to the Distribution Reinvestment Plan	7,311	\$9.80
January 15, 2015	REIT Class U Units	Pursuant to the Distribution Reinvestment Plan	7,190	\$10.09
February 18, 2015	REIT Class U Units	Pursuant to the Distribution Reinvestment Plan	6,937	\$10.46
March 19, 2015	REIT Class U Units	Completion of the Public Offering	4,125,000	\$10.47

### **Price Range and Trading Volume of REIT Class U Units**

The REIT Class U Units are listed and posted for trading on the TSX in both Canadian dollars (under the trading symbol “SRT.UN”) and U.S. dollars (under the trading symbol “SRT.U”). The following tables show the monthly range of high and low prices per REIT Class U Unit and total monthly volumes traded on the TSX for the period from April 22, 2014 (the date of the listing of the Units on the TSX) to the date immediately prior to the date of this Information Circular.

#### **SRT.UN**

<b>Month</b>	<b>Price per Unit (C\$) Monthly High</b>	<b>Price per Unit (C\$) Monthly Low</b>	<b>Total Monthly Volume</b>
April 22, 2014 – April 30, 2014	14.50	12.00	898,630
May 2014	12.60	11.11	788,303
June 2014	12.81	11.34	634,308
July 2014	12.85	12.25	364,784
August 2014	12.65	12.30	162,523
September 2014	12.49	11.62	249,367
October 2014	11.75	10.61	629,808
November 2014	11.85	11.01	675,083
December 2014	12.10	11.25	459,480
January 2015	13.55	11.90	706,485
February 2015	13.70	13.01	987,239
March 2015	13.08	12.51	1,105,226



**SRT.U**

<b>Month</b>	<b>Price per Unit (U.S.\$) Monthly High</b>	<b>Price per Unit (U.S.\$) Monthly Low</b>	<b>Total Monthly Volume</b>
April 22, 2014 - April 30, 2014	13.46	10.10	128,425
May 2014	11.65	10.20	185,580
June 2014	12.29	10.49	33,258
July 2014	12.29	11.51	26,946
August 2014	12.30	11.21	22,737
September 2014	11.48	10.75	4,249
October 2014	11.70	9.29	59,537
November 2014	10.69	9.75	44,661
December 2014	10.49	9.65	19,670
January 2015	11.49	10.00	57,808
February 2015	11.00	10.42	51,474
March 2015	10.47	9.76	90,979

**REIT Auditor**

The auditor of the REIT is Deloitte LLP, Chartered Professional Accountants, Chartered Accountants, in Toronto, Ontario. Deloitte LLP has advised the REIT that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

**REIT Registrar and Transfer Agent**

The registrar and transfer agent for the REIT Units is Equity Financial Trust Company at its principal office in Toronto.

**REIT Legal Proceedings**

There are no outstanding legal proceedings to which the REIT is a party, nor are any such proceedings known to be contemplated.

## PRO FORMA CAPITALIZATION OF THE REIT

The following table sets forth the pro forma consolidated capitalization of the REIT as at December 31, 2014 after giving effect to the Transaction (net of costs relating to the Transaction), the Completed Acquisitions, the Announced Acquisitions and the Public Offering and use of proceeds therefrom. The table should be read in conjunction with the combined Pro Forma Financial Statements and notes thereto contained in this Information Circular.

	<u>December 31, 2014</u>	<u>Pro Forma Public Offering, Completed Acquisitions, and Announced Acquisitions</u>	<u>Pro Forma Public Offering, Completed Acquisitions, Announced Acquisitions, and Transaction</u>
	(U.S.\$000s)	(U.S.\$000s)	(U.S.\$000s)
Debt	\$365,538	\$369,539	\$484,037
REIT Units <sup>(1)</sup>	\$185,499	\$232,239	\$310,910
Exchangeable Units <sup>(2)</sup>	\$25,764	\$25,764	\$27,933
Equity	\$21,332	\$21,091	\$20,091
<b>Total Capitalization</b>	<b>\$598,133</b>	<b>\$648,633</b>	<b>\$842,971</b>

**Notes:**

(1) Includes issued and outstanding REIT Class U Units, REIT Class A Units and REIT Class I Units.

(2) Includes issued and outstanding GAR B Exchangeable Units and Class B LP2 Units.

## RISK FACTORS

The occurrence of any of the risk factors set forth below and in the documents incorporated by reference in this Information Circular (including those discussed under the heading “*Risk Factors*” in the Annual Information Form) could materially and adversely affect SUSO 3 (prior to completion of the Transaction) or the REIT. In that event, the value of the Units and the REIT Class U Units could decline and investors may lose all or part of their investment. Although SUSO 3 believes that the risk factors described herein are the most material risks that SUSO 3 and the REIT will face, they are not the only risks. Additional risk factors not presently known or that are currently believed to be immaterial could also materially adversely affect SUSO 3 and the REIT and adversely affect the value of the Units and the REIT Class U Units.

### **Risk Factors Related to the Transaction**

#### ***Conditions to Closing***

Completion of the Transaction is subject to the satisfaction of a number of closing conditions, including, but not limited to (i) approval of the Unitholders and the REIT Unitholders, (ii) obtaining any required regulatory and other consents, including the consent of lenders of SUSO 3, and (iii) conditional approval of the TSX of the listing of the REIT Class U Units to be issued in consideration of the SUSO 3 Purchase Price.

There is no certainty, nor can SUSO 3 provide any assurance, that the conditions precedent to the Transaction will be satisfied, or if satisfied, when they will be satisfied. Accordingly, there is no assurance that the Transaction will be completed or, if completed, will be on terms that are exactly the same as disclosed in this Information Circular. If the Transaction is not completed, the benefits of the Transaction described herein will not be realized by SUSO 3 and may result in a decline in the trading price of the Units and a requirement to pay certain costs related to the Transaction, including legal, accounting and consulting fees and loss of investor confidence.

### ***Use of Fairness Opinions***

The Fairness Opinion is directed only to the fairness, as of April 2, 2015, from a financial point of view, of the aggregate consideration payable under the Transaction to Unitholders, excluding the REIT and SUSO 3 GP Inc. The Fairness Opinion does not address the relative merits of the Transaction as compared to other business strategies or transactions that might be available to SUSO 3 or the underlying business decision of SUSO 3 to effect the Transaction. The Fairness Opinion does not constitute a recommendation by Trimaven to any Unitholder as to how such Unitholder should vote or act with respect to any matters relating to the Transaction. The full text of the Fairness Opinion is set forth in Appendix B and is subject to important assumptions, limitations and qualifications and other matters and should be read in its entirety.

### **Risk Factors Relating to Canadian Tax Matters**

#### ***Non-Resident Ownership***

Non-Residents may not be the beneficial owners of more than 49% of the REIT Class U Units and the trustees of the REIT will have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of REIT Class U Units, as set out in the REIT Declaration of Trust.

The restrictions on the issuance of REIT Class U Units by the REIT to Non-Residents may negatively affect the REIT's ability to raise financing for future acquisitions or operations. In addition, the Non-Resident ownership restrictions could negatively impact the liquidity of the REIT Class U Units and the market price at which REIT Class U Units can be sold.

#### ***Taxation of REITs and Partnerships***

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts, "SIFT trusts" and "SIFT partnerships" (each as defined in the Tax Act) will not be changed in a manner that adversely affects REIT Unitholders.

In addition, the Tax Act requires the REIT to satisfy certain conditions in order for it to qualify as a mutual fund trust. The REIT intends to ensure that the REIT will meet the requirements necessary for it to qualify as a mutual fund trust at all times and the REIT Declaration of Trust contains provisions to this effect. If the REIT were not to so qualify, the consequences could be material and adverse.

The Tax Act contains rules (the "**SIFT Rules**"), which tax certain publicly-traded or listed trusts and partnerships in a manner similar to corporations and which tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation. The SIFT Rules apply to a trust that is a "SIFT trust" and a partnership that is a "SIFT partnership", each as defined in the Tax Act. Provided that a trust or partnership does not own "non-portfolio property" (as defined in the Tax Act), it will not be subject to the SIFT Rules. The REIT and the Partnerships do not currently own non-portfolio property and management does not currently have an intention to acquire non-portfolio property. However, no assurances can be given that the REIT or any of its Subsidiaries will not acquire non-portfolio property in the future. If the SIFT Rules were to apply to the REIT or a Partnership the amounts available for distribution to REIT Unitholders could be reduced. In addition, there can be no assurance that the SIFT Rules or the administrative policies or assessing practices of the CRA will not be changed in a manner that adversely affects the REIT, the Partnerships and REIT Unitholders.

#### ***Distribution of Additional REIT Class U Units***

Interest on the Investment LP1 Notes and any other indebtedness owing to the REIT will accrue at the REIT level for Canadian federal income tax purposes, whether or not actually paid. The REIT Declaration of Trust provides that a sufficient amount of the REIT's net income including net realized capital gains will be distributed each year to REIT Unitholders in order to eliminate the REIT's liability for tax under Part I of the Tax Act. Where such amount of net income (including interest on the Investment LP1 Notes or any other indebtedness owing to the REIT) and net realized capital gains of the REIT in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to REIT Unitholders in the form of additional

REIT Class U Units. REIT Unitholders generally will be required to include an amount equal to the fair market value of those Units in their taxable income, even in circumstances where they do not receive a cash distribution.

### ***Foreign Taxes***

Foreign taxes paid by Investment LP1 and GAR B will be allocated pursuant to the limited partnership agreements. Each partner's share of the "business-income tax" and "non-business-income tax" paid in a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

Under the Foreign Tax Credit Generator Rules, the foreign "business income tax" or "non-business-income tax", each as defined in the Tax Act, for any taxation year may be limited in certain circumstances, including where a partner's share of the partnership's income under the income tax laws of any country (other than Canada) under whose laws the income of the partnership is subject to income taxation, is less than the partner's share of such income for purposes of the Tax Act. No assurances can be given that the Foreign Tax Credit Generator Rules will not apply to any REIT Unitholder. If the Foreign Tax Credit Generator Rules apply, a REIT Unitholder's foreign tax credits will be limited.

### ***Differences in Canadian and U.S. Tax Laws***

The REIT is required to compute its income as though it were an individual resident in Canada. The REIT is, therefore, subject to the provisions of the Tax Act which may differ materially from the applicable provisions of the IRC. In addition, the effective tax rate under the Tax Act and the IRC may differ, in which case income earned by the REIT (including through its Subsidiaries) generally will bear tax at the higher effective tax rate.

### ***Dispositions of Real Property***

In the ordinary course or pursuant to an extraordinary transaction (such as a sale of the portfolio or a takeover of the REIT), the REIT may effect a sale of U.S. real property by disposing of securities of an underlying entity or by disposing of the property directly. Moreover, a buyer of real property likely will prefer structuring the sale in this manner to improve their tax position. In these circumstances, Investment LP1's (and GAR B's) effective tax rate under the IRC on such dispositions generally will be greater than the effective tax rate on capital gains under the Tax Act. As a result, the net cash available for distribution to REIT Unitholders will be reduced and may result in net cash proceeds that are less than the REIT Class U Unit price on the TSX prior to such disposition.

### ***Tax Filing Positions***

Tax authorities may disagree with the positions taken by the REIT in its tax filings. Tax provisions, including current and deferred tax assets and liabilities in the REIT's financial statements, and tax filing positions require estimates and interpretations of applicable tax rules and regulations, and judgments as to their interpretation and application to the REIT's specific situation. While the REIT believes that its tax filing positions are appropriate and supportable under applicable law, they are subject to review and assessment by the relevant taxation authorities. Therefore, it is possible that additional taxes could be payable by the REIT (and its Subsidiaries) or that the ultimate value of certain tax assets and liabilities of the REIT (and its Subsidiaries) could change in the future.

### ***Change of Law***

There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, the terms of the Canada-U.S. Income Tax Convention, or the administrative and assessing practices and policies of the CRA will not be changed in a manner that adversely affects the REIT, its Subsidiaries or REIT Unitholders. Any such change could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect REIT Unitholders by reducing the amount available to pay distributions or changing the tax treatment of such distributions to REIT Unitholders.

### ***Non-Residents of Canada***

The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to REIT Unitholders who are Non-Residents. These taxes and any reduction thereof under an applicable tax treaty between Canada and another country may change from time to time.

### ***Foreign Currency***

For purposes of the Tax Act, the REIT generally is required to compute its Canadian tax results using Canadian currency. Where an amount that is relevant in computing a taxpayer's Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using the rate of exchange quoted by the Bank of Canada at noon on the day such amount first arose, or using such other rate of exchange as is acceptable to the CRA. As a result, the REIT may realize gains and losses for tax purposes by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

### ***Qualifying Exchange***

The SUSO 3 Assets will be acquired by the REIT as part of a qualifying exchange under the rules in section 132.2 of the Tax Act. As such, certain of the SUSO 3 Assets may be acquired by the REIT with a cost amount for tax purposes that is less than the fair market value of such asset at the date of its acquisition. As a consequence, the taxable gains or income realized by the REIT may be increased as compared to the taxable gains or income that would have been realized if such assets had not been acquired as part of a qualifying exchange. As a further consequence of the qualifying exchange, any non-capital losses and net capital losses of the REIT and SUSO 3 for taxation periods ending at or before the time of the qualifying exchange will not be deductible in periods subsequent to the qualifying exchange.

### ***Risk Factors Relating to U.S. Tax Matters***

#### ***The Transaction May Result in U.S. Tax Exposure for Subsidiary Entities of the REIT***

As part of the Transaction, certain transactions will occur among the REIT, SUSO 3 and various Subsidiary entities of the REIT. While such transactions have been structured primarily on a tax-deferred basis for U.S. tax purposes, it is possible that the IRS could challenge the tax-deferral in respect of one or more of these transactions. Moreover, the Transaction and associated transactions involve the indirect transfer of real properties situated in various states of the United States. While these transactions have been structured to mitigate state taxes, no assurances can be given that an applicable taxing authority will agree with the positions adopted by the REIT or its Subsidiaries. If the IRS or other applicable taxing authority were to successfully challenge a position adopted by the REIT or its Subsidiaries, taxes could be owed by the REIT or a Subsidiary entity, which could negatively impact the cash available for distribution to the REIT Unitholders and the value of the REIT Units.

#### ***Investment LP1 and GAR B are Subject to U.S. Federal Income Tax***

Each of Investment LP1 and GAR B is subject to U.S. federal income tax as a "foreign" corporation engaged in a U.S. trade or business, and each will have ECI (and may have FDAP) which are U.S. source items subject to U.S. federal income tax law. The REIT (and possibly SUSO 3 after the Transaction) also will have U.S. source FDAP income from interest paid on the Investment LP1 Notes. Each of Investment LP1 and GAR B hopes to benefit from certain deductions under U.S. federal income tax rules in order to reduce its overall tax burden in respect of Investment LP1, including deduction of interest expense on the Investment LP1 Notes, but such deductions may be restricted depending upon a variety of factors, as discussed in "*Certain U.S. Federal Income Tax Considerations*". If Investment LP1's or GAR B's deductions were limited, the IRS were to successfully challenge a U.S. tax position Investment LP1 or GAR B were to take, the REIT or a Subsidiary were to fail to qualify for benefits under the U.S.-Canada Tax Treaty, or U.S. tax laws or the U.S.-Canada Tax Treaty were to change (perhaps retroactively), U.S. federal income tax costs could increase, thus decreasing cash available for distribution to the REIT Unitholders and the value of the REIT Units.

### ***Change of Law***

There can be no assurance that U.S. federal income tax laws, the terms of the U.S.-Canada Tax Treaty, or the U.S. administrative, legislative and judicial policies and positions respecting the U.S. federal income tax consequences described herein will not be changed, possibly on a retroactive basis, in a manner that adversely affects REIT Unitholders. In particular, any such change could increase the amount of U.S. federal income tax or withholding tax payable by the REIT or its Subsidiaries, reducing the amount of distributions which the REIT would otherwise receive and thereby reducing the amount available to pay distributions to REIT Unitholders and, potentially, the value of the REIT Units.

### **Risk Factors Related to the REIT's Involvement in the Real Estate Industry**

#### ***Real Property Ownership and Tenant Risks***

Following the Closing of the Transaction, the REIT will own the Properties and is expected in the future to acquire interests in other real property. All real property investments are subject to elements of risk. By specializing in particular types of real estate, the REIT is exposed to adverse effects on those segments of the real estate market. In addition, all of the Properties are located in the United States. As a result, the REIT is impacted by factors specifically affecting the real estate markets in the United States and the United States economy generally. These factors may differ from those affecting Canada. If conditions in the United States were to decline relative to conditions in other countries, or in Canada in particular, this could more adversely impact the REIT's revenues and results of operations.

The value of real property and any improvements thereto depends on the credit and financial stability of tenants, and upon the vacancy rates of the properties. AFFO will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if significant amounts of available space in the properties in which the REIT will have an interest become vacant and are not able to be leased on economically favourable lease terms.

The Properties generate income through rent payments made by the REIT's tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which the REIT has an interest may seek the protection of bankruptcy, insolvency or similar laws that could result in the disclaimer and termination of such tenant's lease, any of which events could have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to REIT Unitholders. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises and various other factors, many of which are beyond the REIT's control.

#### ***Fixed Costs***

The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to REIT Unitholders. Certain significant expenditures, including property taxes, ground rent, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale or the landlord's exercise of remedies. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space.

The timing and amount of capital expenditures by the REIT will indirectly affect the amount of cash available for distribution to REIT Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

### ***Liquidity***

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to be required to liquidate its real property investments quickly, there is a risk the proceeds realized by the REIT from such sale might be significantly less than the aggregate carrying value of its properties which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to REIT Unitholders.

### ***Competition***

The real estate business is competitive. Numerous other developers, managers and owners of retail properties will compete with the REIT in seeking tenants. Some of the properties located in the same markets as the Properties are newer and better located than the Properties. Some property owners with properties located in the same markets as the Properties may be better capitalized and may be stronger financially and hence better able to withstand an economic downturn. The existence of developers, managers and owners in such markets and competition for the REIT's tenants could have a negative effect on the REIT's ability to lease space in its properties in such markets and on the rents charged or concessions granted, which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to REIT Unitholders.

Competition for acquisitions of real properties can be intense and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that the REIT may be prepared to accept. An increase in the availability of investment funds, an increase in interest in real property investments or a decrease in interest rates may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

### ***Current Economic Environment***

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy costs, geopolitical issues, the availability and cost of credit, the United States mortgage market and a distressed commercial real estate market have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT's tenants and operators to maintain occupancy rates in the Properties, which could harm the REIT's financial condition. If these economic conditions continue, the REIT's tenants and operators may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

### ***Risk Factors Related to the Business of the REIT***

#### ***Acquisitions***

The REIT's business plan includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If the REIT is unable to manage its growth effectively, it could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to REIT Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to REIT Unitholders will be maintained in the future.

Acquisitions may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. Representations and warranties given by third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties.

Moreover, acquired properties may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

### ***Access to Capital***

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurances that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Failure by the REIT to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

### ***Variable Rate Indebtedness***

Until such time as the REIT fixes the interest rate on all or a portion of its indebtedness, borrowings under the REIT's credit facilities bear interest at variable rates and expose the REIT to interest rate risk. If interest rates were to increase, the REIT's debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same and the REIT's net income and cash flows will correspondingly decrease. Assuming all loans under the REIT's current credit facilities remain outstanding, each quarter point change in interest rates would result in a U.S.\$672,510 change in annual interest expense on the REIT's indebtedness.

### ***Financing Risks***

The REIT has outstanding in place mortgages. There can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments on its outstanding debt. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to REIT Unitholders.

The REIT will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO. In order to minimize this risk, the REIT will attempt to diversify the term structure of its debt so that in no one year a disproportionate amount of its debt matures.

The REIT's credit facilities contain covenants that require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions may be limited.

### ***Environmental Matters***

Environmental legislation and regulations have become increasingly important in recent years. As an owner of interests in real property in the United States, the REIT will be subject to various United States federal, state and municipal laws relating to environmental matters. Such laws provide that the REIT could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties. Further, liability may be incurred by the REIT with respect to the release of such substances from the REIT's properties to properties owned by third parties, including properties adjacent to the REIT's properties. The discovery of any such pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against us. The remediation of any pollution and the related additional measures the REIT would have to undertake could have a materially adverse effect on the REIT and could involve considerable additional costs that the REIT may have to bear. The REIT will also be exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible, for example, because they cannot be identified, no longer exist or have become insolvent. Moreover, the existence or even the mere suspicion of the existence of ground contamination,



hazardous materials or other residual pollution can materially adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against the REIT by public or private parties by way of civil action. Further soil and groundwater testing will be undertaken on one Property. Any subsurface investigations could reveal environmental conditions which require notification of regulatory authorities, further investigations and remediation.

The REIT's operating policy is to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I environmental site assessment. Although such environmental site assessments would provide the REIT with some level of assurance about the condition of property, the REIT may become subject to liability for undetected contamination or other environmental conditions at its properties against which the REIT cannot insure, or against which the REIT may elect not to insure, which could negatively impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

The REIT's environmental insurance is subject to certain policy limits and deductibles. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the REIT's insurance could have a material adverse effect on the REIT's business, operating results and financial condition.

Although the REIT is not aware of any material non-compliance with environmental laws at any of the Properties, and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Properties, there is no assurance that this will continue to be the case.

The REIT will make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters may have a material adverse effect on the REIT's business, financial condition or results of operation and decrease the amount of cash available for distribution. However, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to REIT Unitholders.

### ***Potential Conflicts of Interest***

The REIT Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interest of these persons could conflict with those of the REIT. The REIT Declaration of Trust contains conflict of interest provisions requiring the REIT Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters.

Conflicts may exist due to the fact that certain REIT Trustees will be affiliated with the Manager. The REIT and the Manager will enter into certain arrangements, including those relating to the REIT Management Agreement. The Manager and its affiliates are engaged in a wide variety of real estate activities. The REIT may become involved in transactions that conflict with the interests of the foregoing.

### ***General Insured and Uninsured Risks***

The business to be carried on by the REIT will entail an inherent risk of liability. The REIT expects that from time to time it may be subject to lawsuits as a result of the nature of its business. The REIT will carry comprehensive general liability, property, boiler and machinery, fire, flood, extended coverage, rental loss insurance and other similar coverages with customary policy specifications, limits and deductibles. The REIT will have insurance for earthquake risks, subject to certain policy limits and deductibles, and will continue to carry such insurance if it is economical to do so. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on

acceptable terms. A successful claim against the REIT not covered by, or in excess of, the REIT's insurance could have a material adverse effect on the REIT's business, operating results and financial condition. Claims against the REIT, regardless of their merit or eventual outcome, also may have a material adverse effect on their ability to attract tenants or expand their businesses, and will require management to devote time to matters unrelated to the operation of the business.

#### ***Reliance on Key Personnel***

The management and governance of the REIT will depend on the services of certain key personnel, including officers of the Manager and the REIT Trustees. The loss of the services of any key personnel could have an adverse effect on the REIT and adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

#### ***Reliance on Property Management***

The REIT may rely upon independent management companies to perform property management functions in respect of each of the properties it owns. To the extent, the REIT relies upon such management companies, the employees of such management companies will devote as much of their time to the management of the REIT's properties as in their judgement is reasonably required and may have conflicts of interest in allocating management time, services and functions among the Properties and their other development, investment and/or management activities.

#### ***Limit on Activities***

In order to maintain its status as a "mutual fund trust" under the Tax Act, the REIT cannot carry on most active business activities and is limited in the types of investments it may make. The REIT Declaration of Trust contains restrictions to this effect.

#### ***Occupancy by Tenants***

Although certain, but not all, leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, there can be no assurance that such tenants will continue to occupy such premises. Certain tenants have a right to terminate their leases upon payment of a penalty but others are not required to pay any penalty associated with an early termination. There can be no assurance that tenants will continue their activities and continue occupancy of the premises. Any cessation of occupancy by tenants may have an adverse effect on the REIT and could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

#### ***Forecasted Occupancy Rates and Revenues in Excess of Historical Occupancy Rates and Revenues***

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the Properties or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of the leases currently in effect, the average occupancy rates and revenues will be the same as, or higher than, historical occupancy rates and revenues.

#### ***Lease Renewals and Rental Increases***

Expiries of leases for the REIT's properties, including those of significant tenants, will occur from time to time over the short and long-term. No assurance can be provided that the REIT will be able to renew any or all of the leases upon their expiration or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

#### ***External Management Arrangements***

The REIT relies on the Manager to act as manager of its Properties. Consequently, the REIT's ability to achieve its investment objectives depends in large part on the Manager. This means that the REIT's investments are dependent upon the Manager's business contacts, its ability to successfully hire, train, supervise and manage its personnel and

its ability to maintain its operating systems. If the REIT were to lose the services provided by the Manager or its key personnel, the REIT's investments and growth prospects may significantly decline. The REIT may be unable to duplicate the quality and depth of management available to it by becoming a self-managed company or by hiring another asset manager. Investors should not purchase any REIT Units unless they are prepared to rely on the REIT Trustees, executive officers and the Manager.

Although the REIT Management Agreement provides that the Manager will automatically be re-engaged at the expiration of each term (subject to certain termination provisions), the Manager will have the right, at any time, but upon 90 days' prior written notice, to terminate the REIT Management Agreement for any reason. The REIT Management Agreement may also be terminated in other circumstances, such as upon the occurrence of an event of default within the meaning of such agreement. Accordingly, there can be no assurance that the Manager will continue to be the REIT's manager. If the Manager should cease for whatever reason to be the REIT's manager, the cost of obtaining substitute services may be greater than the fees the REIT will pay the Manager under the REIT Management Agreement, and this may materially adversely affect the REIT's ability to meet its objectives and execute its strategy which could materially adversely affect the REIT's cash flows, operating results and financial condition.

### ***Asset Class Diversification***

The REIT's investments are not widely diversified by asset class. All or substantially all of the REIT's investments, including the Properties, are expected to be in retail properties. A lack of asset class diversification increases risk because retail properties are subject to its own set of risks, such as vacancies and rising operating costs.

### ***Geographic Concentration of Properties***

The Properties are located in the United States where economic conditions since the beginning of 2008 have been uncertain. Economic recovery appears to be underway with consumer and market confidence at five year highs and employment levels gradually improving. In May 2013, the U.S. Federal Reserve announced it would scale back Quantitative Easing, its bond buying program that was implemented to help stimulate U.S. economic growth and help grow consumer and market confidence. Although a recovery in the real estate market is in its early stages, the REIT cannot predict when the real estate markets will return to their pre-downturn levels. The value of the Properties and future REIT properties may decline if current market conditions remain stagnant or worsen.

The REIT's performance, the market value of the REIT's properties, the income generated by the REIT and the REIT's performance are particularly sensitive to changes in the economic condition and regulatory environment of Pennsylvania and Florida which collectively account for 24.7% of the GLA of the Current Portfolio. Adverse changes in the economic condition or regulatory environment of Pennsylvania and/or Florida may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and its ability to make distributions to REIT Unitholders.

### ***New Markets***

If the opportunity arises, the REIT may explore acquisitions of properties in new markets, such as Canada and Europe. Each of the risks applicable to the REIT's ability to acquire and successfully integrate and operate properties in its current markets is also applicable to its ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, the REIT may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could materially adversely affect its ability to expand into or operate in those markets. The REIT may be unable to achieve a desired return on its investments in new markets.

### ***Cash Distributions on REIT Units are Not Guaranteed***

The board of trustees of the REIT may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of Units.

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations

and assets of the REIT, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenant profile of the REIT's properties and capital expenditure requirements. Distributions may be increased, reduced or suspended entirely depending on the REIT's operations and the performance of the REIT's assets. The market value of the REIT Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

### ***Restrictions on Redemptions***

The entitlement of REIT Unitholders to receive cash upon the redemption of their REIT Units will be subject to the following limitations: (i) the total amount payable by the REIT in respect of such REIT Units and all other REIT Units tendered for redemption in the same calendar quarter must not exceed U.S.\$100,000.00 (provided that such limitation may be waived at the discretion of the REIT Trustees), and (ii) in the event that the REIT Units are listed on a stock exchange or similar market, the trading of REIT Units is not suspended or halted (or, if not listed on a stock exchange, on any market on which the REIT Units are quoted for trading) on the redemption date or for more than five trading days during the 10-day trading period commencing immediately after the redemption date.

### ***Potential Volatility of REIT Unit Prices***

One of the factors that may influence the market price of the REIT Units is the annual yield on the REIT Units. An increase in market interest rates may lead purchasers of REIT Units to demand a higher annual yield, which accordingly could adversely affect the market price of the REIT Units. In addition, the market price of the REIT Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the REIT.

### ***Nature of Investment in REIT Units***

A holder of a REIT Unit will not hold a share of a body corporate. As holders of REIT Units, the REIT Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of REIT Unitholders are based primarily on the REIT Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada) and thus the treatment of REIT Unitholders upon an insolvency is uncertain.

### ***Availability of Cash Flow***

AFFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments, and tenant allowances, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or reduce distributions in order to accommodate such items.

### ***Currency Exchange Rate Risk***

Although investors in the REIT Class U Units are able to invest in Canadian dollars and receive distributions in Canadian dollars if they so elect, the distributions to such investors will be calculated based on the Canadian dollar equivalent of a given distribution in U.S. dollars (which calculation will use the U.S. dollar spot exchange rate available to the REIT in respect of such distribution). Additionally, the business of the REIT's subsidiaries and their affiliates will be conducted in the U.S. Consequently, any income and gains will be earned and any expenses and losses will be incurred in U.S. dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to the U.S. dollar. As a result, the value of an investment in Class U Units, when expressed in Canadian dollars, may fluctuate in accordance with fluctuations in the Canada/U.S. dollar exchange rate, and the value of such investment may be greater or less than that determined only with reference to U.S. dollars. Accordingly, investors who purchase Class U Units through an investment in Canadian dollars are subject to currency exchange rate risk.

### ***Dilution***

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time, and the interests of the holders of Units may be diluted thereby.

### ***Limited Trading History for Units***

The Units were listed and posted for trading on the TSX commencing on April 22, 2014 and accordingly, have been publicly traded for a limited period of time. The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market will be sustained in the Units. A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to the underlying value of its real estate. The market price of the Units may be subject to wide fluctuations.

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

In the opinion of McCarthy Tétrault LLP (“**Counsel**”), counsel to the REIT and SUSO 3, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Unitholder as a result of the Transaction. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm’s length and is not affiliated with the REIT, SUSO 3 and their respective affiliates and holds the Units and will hold the REIT Class U Units as capital property. Generally, Units and REIT Class U Units will be considered to be capital property to a holder provided that he or she does not hold such units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain unitholders whose Units or REIT Class U Units might not otherwise qualify as capital property may be entitled to have them treated as capital property by making an irrevocable election under subsection 39(4) of the Tax Act. Unitholders who do not hold their Units and REIT Class U Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a holder who enters into a “derivative forward agreement” as such term is defined in the Tax Act with respect to his or her Units or REIT Class U Units. Any such holder should consult his or her personal tax advisor. This summary also does not address the deductibility of interest by a holder in connection with the acquisition of Units.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and Counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing by it. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the CRA’s administrative policies and assessing practices, nor does it take into account other federal, or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurances can be given that this will be the case. Furthermore, no assurances can be given that CRA will not change its administrative policies and assessing practices.

For the purposes of this summary, Counsel has relied on a certificate as to certain factual matters from officers of the REIT and SUSO 3 and in particular has assumed that at all material times each of the REIT and SUSO 3 qualified and will continue to qualify as “mutual fund trusts” for the purposes of the Tax Act. If the REIT and SUSO 3 were not to so qualify, the income tax considerations described below would, in some respects, be materially and adversely different. This summary also assumes that the implementation of the Transaction will occur as described in this Information Circular.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, holders are urged to consult their own tax advisors to determine the particular tax effects to them of the Transaction and any other consequences to them of such transactions under**

Canadian federal, provincial, territorial or local tax laws and under foreign tax laws, having regard to their own particular circumstances.

Persons not resident in Canada should be aware that the Transaction may result in tax consequences for them in the United States, other foreign jurisdictions and/or in Canada. Such consequences are not described herein. Unitholders who are not residents of Canada should consult his or her own tax advisor concerning the tax effects of the Transaction.

Generally, for purposes of the Tax Act, all amounts must be expressed in Canadian dollars. Amounts denominated in another currency must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act.

### **Tax Consequences to SUSO 3 Unitholders**

#### ***Special Cash Distribution***

The tax treatment to Unitholders of the Special Cash Distribution to be paid by SUSO 3 will be similar to other distributions that have been paid or payable by SUSO 3 to them. Refer to the portion of this summary “– *Taxation of REIT Unitholders – REIT Distributions*”.

#### ***Transfer of SUSO 3 Assets to REIT pursuant to the Transaction***

Provided that SUSO 3 and the REIT file an election under section 132.2 of the Tax Act in the manner and time prescribed, the Transaction will constitute a “qualifying exchange” as defined in section 132.2 of the Tax Act, thereby generally allowing the SUSO 3 Assets to be transferred to the REIT for proceeds of disposition equal to the tax cost of such assets. In such circumstance, there should be no taxable income to SUSO 3 arising from the transfer. Alternatively, the transfer may be organized to create income for SUSO 3 equal to the amount of any unused tax attributes or available deductions of SUSO 3. In such circumstances, there should be no taxable income to SUSO 3 arising from the transfer of its assets to the REIT. Counsel has been advised that the transfer of SUSO 3 Assets to the REIT will be structured so that it occurs on one of the foregoing bases. Since neither alternative should result in any net income to SUSO 3, there should be no income that is distributed by SUSO 3 to the Unitholders arising solely as a result of the transfer of the SUSO 3 Assets to the REIT.

#### ***Deemed Year-End of SUSO 3***

The current taxation year of SUSO 3 will be deemed to end following the transfer of the SUSO 3 Assets to the REIT, giving rise to a short taxation year for SUSO 3. Counsel has been advised that if, based on bona fide estimates, SUSO 3 determines that its undistributed taxable income for this short taxation year exceeds prior distributions (including the Special Cash Distribution) made to Unitholders in that period, SUSO 3 will pay a further special distribution (in cash and/or units) to Unitholders, at least one Business Day prior to the Closing, to ensure that SUSO 3 will not be liable for tax under Part I of the Tax Act for this short taxation year. The tax treatment to Unitholders of this further special distribution will be similar to other distributions that have been paid or payable by SUSO 3 to them. Refer to the portion of this summary “– *Taxation of REIT Unitholders – REIT Distributions*”.

#### ***Disposition of Units by SUSO 3 Unitholders pursuant to the Transaction***

Provided that SUSO 3 and the REIT file an election under section 132.2 of the Tax Act in the manner and time prescribed, the Transaction will constitute a “qualifying exchange” as defined in section 132.2 of the Tax Act. Assuming that the Transaction constitutes a “qualifying exchange” as defined in section 132.2 of the Tax Act, where a Unitholder disposes of Units to SUSO 3 pursuant to the Transaction (and within the time contemplated under the Tax Act) in exchange for REIT Class U Units, the Unitholder’s proceeds of disposition for the Units disposed of, and the cost to the Unitholder of the REIT Class U Units received in exchange therefor, will be deemed to be equal to the adjusted cost base to the Unitholder of their Units immediately prior to their disposition (which adjusted cost base will take into account any reductions resulting from the Special Cash Distribution and any further special distribution to be made by SUSO 3 as described above). For the purpose of determining the adjusted cost base of the REIT Class U Units acquired by a Unitholder on such exchange, the cost of such REIT Class U Units will be

determined by averaging their cost with the adjusted cost base of all other REIT Class U Units held as capital property by such Unitholder immediately before the exchange.

Assuming that the Transaction constitutes a “qualifying exchange” as defined in section 132.2 of the Tax Act and SUSO 3 redeems or retracts the Units within the time contemplated under the Tax Act, SUSO 3 will not realize a gain or loss on the transfer of the REIT Class U Units to the Unitholders on the redemption or retraction of Units.

#### ***Holding and Disposing of REIT Class U Units received in exchange for SUSO 3 Units***

Subsequent to the exchange of Units for REIT Class U Units pursuant to the Transaction, a former Unitholder will be subject to taxation as a REIT Unitholder. The tax treatment to the former Unitholder will be substantially the same as the tax treatment to which the former Unitholder was subject to as a Unitholder. See “– *Taxation of REIT Unitholders*”.

#### **Tax Consequences to the REIT**

##### ***Status of the REIT***

This summary assumes that the REIT will at no time be a “SIFT trust” (as defined in the Tax Act). Provided that the REIT does not hold any “non-portfolio property” (as defined in the Tax Act), it will not be a SIFT trust. Counsel has been advised that the REIT does not currently own any non-portfolio property and has no current intention to acquire non-portfolio property.

##### ***Deemed Year-End of the REIT***

The current taxation year of the REIT will be deemed to end following the transfer of the SUSO 3 Assets to the REIT, giving rise to a short taxation year for the REIT. Counsel has been advised that if, based on bona fide estimates, the REIT determines that its undistributed taxable income for this short taxation year exceeds prior distributions made to the REIT Unitholders in that period, the REIT will pay a special distribution (in cash and/or units) to the REIT Unitholders, at least one Business Day prior to the Closing, to ensure that the REIT will not be liable for tax under Part I of the Tax Act for this short taxation year. The tax treatment to the REIT Unitholders of this special distribution will be similar to other distributions that have been paid or payable by the REIT to them, as further described below. See “– *Taxation of REIT Unitholders – REIT Distributions*”.

##### ***Taxation of the REIT***

The REIT will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of amounts paid or payable to REIT Unitholders. The REIT is required to include in its income for each taxation year, among other things, all interest on the Investment LP1 Notes that accrues to the REIT to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year and its pro rata share of the income of Investment LP1, as more fully described below.

Costs incurred on the issuance of REIT Class U Units generally may be deducted by the REIT on a five year, straight line basis. The REIT also will be entitled to deduct reasonable current administrative and other expenses that are incurred to earn income.

The REIT computes its income or loss for a taxation year as though it were an individual resident in Canada. The REIT may deduct all amounts which are paid or become payable by it to REIT Unitholders in a year in computing its income for such year. An amount will be considered to be payable in a taxation year if it is paid to the REIT Unitholder in the year by the REIT or if the REIT Unitholder is entitled in the year to enforce payment of the amount.

Where the REIT does not have sufficient cash to distribute such amounts in a particular taxation year, the REIT will make in-kind distributions in the form of additional REIT Class U Units. Counsel has been advised by an executive officer of the REIT that it is the current intention of the Trustees to make payable to REIT Unitholders each year sufficient amounts such that the REIT is not liable to pay tax under Part I of the Tax Act.

A distribution by the REIT of its property upon a redemption of REIT Class U Units will be treated as a disposition by the REIT of such property for proceeds of disposition equal to the fair market value thereof. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the relevant property and net of any reasonable costs of disposition and may realize income.

Losses incurred by the REIT cannot be allocated to Unitholders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the provisions of the Tax Act. The deductibility of certain non-capital and net capital losses of the REIT in taxation periods ending after the Transaction will be extinguished or limited in accordance with the “qualifying exchange” rules under the Tax Act.

In the event the REIT would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it would be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of REIT Class U Units during the year (the “**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the REIT’s tax liability for the taxation year arising in connection with the transfer of property in specie to redeeming REIT Unitholders on the redemption of REIT Class U Units. The REIT Declaration of Trust provides that all or a portion of any capital gain or income realized by the REIT in connection with such redemptions may, at the discretion of the trustees of the REIT, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming holder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming holder (as income or taxable capital gains) and will be deductible by the REIT in computing its income.

In computing its income, the REIT is required to include its share of the income of Investment LP1 ending in the taxation year. The adjusted cost base of the Investment LP1 interest held by the REIT will be increased at a particular time by the REIT’s allocated share of the amount of income of Investment LP1 for a fiscal year of Investment LP1 ended before that time, and will be reduced by all distributions of cash or other property made by Investment LP1 to the REIT before that time. If at the end of any fiscal year of Investment LP1, the adjusted cost base of the Investment LP1 Units held by the REIT would otherwise be less than zero, the REIT will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base of the Investment LP1 units will be increased by the amount of such deemed capital gain.

### ***Taxation of the Partnerships***

This summary assumes that each partnership directly or indirectly held by the REIT, including for greater certainty Investment LP1, Limited Partnership 1, Limited Partnership 2, GAR Holdings, and GAR B (individually a “**Partnership**” and collectively, the “**Partnerships**”) are not “SIFT partnerships” (as defined in the Tax Act).

Provided that the Partnerships do not hold any non-portfolio property, they will not be SIFT partnerships. Counsel has been advised that the Partnerships do not currently own any non-portfolio property and have no current intention of acquiring non-portfolio property.

If any Partnership were to become a SIFT partnership, the income tax considerations described below would, in some respects, be materially and adversely different.

The Partnerships are not subject to tax under the Tax Act. Each partner of the Partnerships is required to include in computing its income for a particular taxation year, the partner’s share of the income or loss of the Partnership (subject, in the case of a loss, to the application of the “at risk” rules described below) for its fiscal year ending in, or coincidentally with, the partner’s taxation year, whether or not any of that income is distributed to the partner in the year. For this purpose, the income or loss of the Partnerships will be computed for each fiscal year as if the Partnership were a separate person resident in Canada. In computing the income or loss of the Partnerships, the Partnerships are entitled to deduct their reasonable administrative and other expenses incurred by them to earn income. The income or loss of the Partnerships for a fiscal year will be computed according to Canadian tax principles and allocated to the partners of the Partnerships in the manner set out in the limited partnership agreement of each Partnership, subject to the detailed rules in the Tax Act.



If a Partnership incurs a loss for tax purposes, the partner will be entitled to deduct in computing its income its share of such loss to the extent that the partner's investment is considered to be "at risk" within the meaning of the Tax Act. In general, the amount considered to be "at risk" for an investor in a limited partnership for any taxation year will be the adjusted cost base of the investor's partnership interest at the end of the year, plus any undistributed income allocated to the limited partner for the year and minus the amount of any guarantee or indemnity provided to a limited partner against the loss of the limited partner's investment.

### **Taxation of REIT Unitholders**

References to "REIT Unitholders" in this summary are to Unitholders that acquire REIT Class U Units pursuant to the Transaction.

#### ***REIT Distributions***

A REIT Unitholder generally will be required to include in computing its income for a particular taxation year of the REIT Unitholder, as income from property, the portion of the net income of the REIT, including net realized taxable capital gains, that is paid or payable to the REIT Unitholder in that taxation year, whether or not those amounts are received in cash, additional REIT Class U Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a REIT Unitholder.

Provided that the appropriate designations are made by the REIT, such portion of its net taxable capital gains and foreign source income, as the case may be, shall be treated as such in the hands of the REIT Unitholder for purposes of the Tax Act. Foreign taxes paid by Investment LP1 and GAR B will be allocated pursuant to the limited partnership agreements. Each partner's share of the "business-income tax" and "non-business-income tax" paid in a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

The Tax Act contains rules that address certain foreign tax credit generator transactions (the "***Foreign Tax Credit Generator Rules***"). Under the Foreign Tax Credit Generator Rules, the foreign "business income tax" or "non-business-income tax", each as defined in the Tax Act, for any taxation year may be limited in certain circumstances, including where a partner's share of the partnership's income under the income tax laws of any country (other than Canada) under whose laws the income of the partnership is subject to income taxation, is less than the partner's share of such income for purposes of the Tax Act. No assurances can be given that the Foreign Tax Credit Generator Rules will not apply to any REIT Unitholder. If the Foreign Tax Credit Generator Rules apply, a REIT Unitholder's foreign tax credits will be limited.

The non-taxable portion of any net realized capital gains of the REIT (currently being one-half thereof) that is paid or payable to a REIT Unitholder in a year will not be included in computing the REIT Unitholder's income for the year.

Any other amount in excess of the net income of the REIT that is paid or payable to a REIT Unitholder in a year generally should not be included in the REIT Unitholder's income for the year. However, such an amount which becomes payable to a REIT Unitholder will reduce the adjusted cost base of the REIT Class U Units held by such REIT Unitholder, except to the extent that the amount either was included in the income of the REIT Unitholder or was the REIT Unitholder's share of the non-taxable portion of the net capital gains of the REIT, the taxable portion of which was designated by the REIT in respect of the REIT Unitholder. To the extent that the adjusted cost base of a REIT Class U Unit otherwise would be less than zero, the REIT Unitholder will be deemed to have realized a capital gain equal to the negative amount and the holder's adjusted cost base of the REIT Class U Units will be increased by the amount of such deemed capital gain.

#### ***Disposition of REIT Class U Units***

Upon the disposition or deemed disposition of REIT Class U Units by a REIT Unitholder, whether on a redemption or otherwise, the REIT Unitholder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the REIT which represents an amount that

must otherwise be included in the REIT Unitholder's income as described herein) are greater (or less) than the aggregate of the REIT Unitholder's adjusted cost base of the REIT Class U Units immediately before such disposition and net of any reasonable costs of disposition.

The adjusted cost base to a holder of a Unit for tax purposes generally will include all amounts paid by the holder for the Unit, subject to certain adjustments. The cost of additional REIT Class U Units received in lieu of a cash distribution will be the amount of income of the REIT distributed by the issuance of such additional Units. The adjusted cost base to a holder of REIT Class U Units will be determined on a class by class basis. For purposes of determining the adjusted cost base to a holder of REIT Class U Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the REIT Class U Units owned by the holder as capital property.

A redemption of REIT Class U Units in consideration for cash or other assets of the REIT, as the case may be, will be a disposition of such units for proceeds of disposition equal to such cash or the fair market value of such other assets, as the case may be, less any income or capital gain realized by the REIT in connection with the redemption of those REIT Class U Units to the extent that such income or capital gain is designated by the REIT to the redeeming holder. REIT Unitholders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether such proceeds of disposition (net of any reasonable costs of disposition) exceed, or are exceeded by, the adjusted cost base of the REIT Class U Units redeemed. Where income or capital gain realized by the REIT in connection with the distribution of property in specie on the redemption of REIT Class U Units has been designated by the REIT to a redeeming holder, the holder will be required to include in income the income and taxable portion of the capital gain so designated. The cost of any property distributed in specie by the REIT to a holder upon a redemption of REIT Class U Units will be equal to the fair market value of that property at the time of the distribution. The holder will thereafter be required to include in its income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

### ***Capital Gains and Losses***

One-half of any capital gain realized by a holder from a disposition of Units or REIT Class U Units and the amount of any net taxable capital gains designated by SUSO 3 or the REIT in respect of the holder will be included in the holder's income under the Tax Act as a taxable capital gain. One-half of any capital loss (an "**allowable capital loss**") realized on the disposition of a Unit or a REIT Class U Unit will be deducted against any taxable capital gains realized by the holder in the year of disposition, and any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

### ***Alternative Minimum Tax***

A REIT Unitholder and a Unitholder may have an increased liability for alternative minimum tax as a result of capital gains realized by such holder and net income of the REIT or SUSO 3, paid or payable, or deemed to be paid or payable, to the holder and that is designated as net taxable capital gains.

### ***Eligibility for Investment***

Based on the current provisions of the Tax Act, and subject to the provisions of any particular plan, the REIT Class U Units will be a qualified investment for trusts governed by a registered retirement savings plan ("**RRSP**"), registered education savings plan, registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered disability savings plan or a tax free savings account ("**TFSA**"), provided that the REIT qualifies at all times as a "mutual fund trust" (as defined in the Tax Act) or, the REIT Class U Units are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes the TSX).

Notwithstanding the foregoing, if the REIT Class U Units are a "prohibited investment" (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF, the holder or annuitant thereof will be subject to a penalty tax as set out in the Tax Act. The REIT Class U Units will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant of such plan, as the case may be, (i) deals at arm's length with the REIT for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the REIT. In addition, REIT Class U Units will not be a "prohibited investment" if such units are "excluded property" as defined

in the Tax Act for trusts governed by a TFSA, RRSP and RRIF. REIT Unitholders who intend to hold REIT Units in a TFSA, RRSP or RRIF are advised to consult their own tax advisors.

### **CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

UNITHOLDERS ARE ADVISED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS INFORMATION CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY UNITHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) UNITHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain material U.S. federal income tax considerations applicable to the REIT, Investment LP1 and GAR B, as well as Limited Partnership 1, Limited Partnership 2 and GAR Holdings (as it affects the REIT, Investment LP1 and GAR B) that was prepared by Hodgson Russ LLP, special U.S. tax counsel to the REIT and SUSO 3. This summary does not address any U.S. federal tax considerations applicable to a Unitholder or a REIT Unitholder. U.S. alternative minimum tax, and state, local, non-U.S. and U.S. federal non-income tax matters, are not discussed herein. No legal or U.S. tax opinion is being given, nor will any rulings be sought from the IRS, with respect to any U.S. federal income tax issue. As a result, there can be no assurance that the IRS will not assert positions contrary to the U.S. federal income tax treatment described herein. U.S. federal income tax consequences that are different from those described in this summary, as a result of a successful challenge by the IRS, could negatively impact the cash available for distribution to the REIT Unitholders and the value of the REIT Units.

This summary does not address all possible U.S. federal income tax considerations applicable to the REIT, Investment LP1, GAR B, Limited Partnership 1, Limited Partnership 2, or GAR Holdings. This summary does not discuss the U.S. tax consequences of the Transaction to the REIT or any of its Subsidiaries, including those noted in the preceding sentence. This summary is of a general nature only and is not intended to be legal or tax advice to any Unitholder or REIT Unitholder. Unitholders and REIT Unitholders should consult their own tax advisors regarding the application of the U.S. federal tax rules to their particular circumstances as well as the state, local, non-U.S. and other tax consequences to them of the purchase, ownership and disposition of the Units.

This summary is based on the IRC, Treasury Regulations, IRS rulings and official pronouncements, judicial decisions, the Convention between the United States of America and Canada with Respect to Taxes on Income and Capital, signed September 26, 1980, as amended (the “**U.S.-Canada Tax Treaty**”), and the Agreement Between the Government of the United States of America and the Government of Canada to Improve International Tax Compliance through Enhanced Exchange of Information under the Convention Between the United States of America and Canada with Respect to Taxes on Income and on Capital (the “**IGA**”), all as in effect on the date of this Information Circular and all of which are subject to change, possibly with retroactive effect, or different interpretations, which could affect the accuracy of the analysis set forth below.

#### **United States Federal Income Taxation of Foreign Corporations**

As described below, each of the REIT, Investment LP1, and GAR B has made an election under applicable Treasury Regulations to be classified as a corporation for U.S. federal tax purposes, effective on the date of each entity’s formation. Consequently, each is considered a “foreign corporation” for U.S. federal income tax purposes.

A foreign corporation engaged in a U.S. trade or business generally is subject to U.S. federal income tax on income that is “effectively connected” with such U.S. trade or business and, if an income tax treaty with the United States applies, is attributable to a permanent establishment maintained by the foreign corporation in the United States (“**ECI**”). A foreign corporation that is a partner in a partnership engaged in a U.S. trade or business will itself be deemed to be engaged in a U.S. trade or business (through a permanent establishment if the partnership itself has a place of business in the U.S.). Income earned from rental operations of U.S. real property by a partnership engaged in such business generally will be ECI with respect to a foreign corporate partner, as will the income and gain on disposition of such real property.

A foreign corporation will be subject to U.S. federal income tax on its taxable ECI at the regular U.S. federal graduated rates of tax (with the highest corporate tax rate presently at 35%). A foreign corporation's taxable ECI is computed by claiming allowable deductions that are attributable to its effectively connected gross income on a timely filed U.S. federal income tax return. A foreign corporation that derives ECI from a partnership engaged in a U.S. trade or business generally is subject to U.S. federal income tax withholding at the highest applicable rate of tax (presently 35%) under Section 1446 of the IRC on the income and gains allocable to such foreign corporation as a partner in the partnership, and the foreign corporation is required to file a U.S. federal income tax return to report its allocable share of the partnership's income, gains, deductions, losses and credits. Withheld tax is allowed as a credit in computing the foreign corporation's U.S. tax liability on such return. Furthermore, a foreign corporation with ECI may also be subject to U.S. federal branch profits taxes, as discussed below under *"United States Federal Income Taxation of Investment LP1 and GAR B – Branch Taxes"*.

A foreign corporation that owns "United States Real Property Interests" ("USRPI"), including an interest in a partnership that owns U.S. real property, is subject to U.S. federal income tax on gains arising on the sale of such real property or on the sale of such partnership interest, at the graduated rates applicable to corporations. Presently, there is no preferential U.S. federal capital gains tax rate for a foreign corporation on the gain derived on disposition of a USRPI (such as an interest in a partnership owning U.S. real property), or the gain allocated to such foreign corporation on the disposition of U.S. real property by the partnership. Withholding on gains from the disposition of a USRPI is required under Section 1445 of the IRC (the "FIRPTA" withholding rules), although if withholding is made under the IRC Section 1446 rules applicable to income allocable to non-U.S. partners of a partnership engaged in a U.S. trade or business, the FIRPTA withholding rules generally will also be satisfied.

A foreign corporation is also subject to a 30% U.S. withholding tax on certain types of U.S. source income which are not ECI, unless the foreign corporation otherwise establishes an exemption from, or a reduced rate of, withholding tax under an applicable income tax treaty. These types of income generally include passive income such as dividends, rents (that are not otherwise ECI), interest, royalties and other "fixed or determinable annual or periodic" income (collectively referred to as "FDAP"). Unless an exception applies, a foreign corporation will be subject to U.S. withholding tax on the gross amount of any FDAP income, and will not be entitled to deductions for any expenses to the extent allocable to FDAP income.

### **United States Federal Income Taxation of the REIT**

As noted, the REIT has elected under applicable Treasury Regulations to be treated as a corporation for U.S. federal income tax purposes. The REIT has not and does not intend to be engaged in a U.S. trade or business nor does it expect to be a direct member of a partnership or disregarded entity that is engaged in a U.S. trade or business. Therefore, the REIT does not expect to have any ECI that would be subject to U.S. federal income tax.

While the REIT will have FDAP in the form of U.S. source interest income arising on the Investment LP1 Notes, the rate of U.S. withholding tax on such interest income is reduced to zero under the U.S.-Canada Tax Treaty. Thus, no U.S. federal income tax liability arises for the REIT on such interest. See discussion below under *"United States Federal Income Taxation of Investment LP1 and GAR B – Branch Taxes"*.

### **United States Federal Income Taxation of Investment LP1 and GAR B**

As noted, each of Investment LP1 and GAR B have elected under applicable Treasury Regulations to be treated as a corporation for U.S. federal income tax purposes effective on the date of formation. None of Limited Partnership 1, Limited Partnership 2, and GAR Holdings, each of which is classified as a partnership for U.S. federal income tax purposes, will be subject to U.S. federal income tax but rather will "flow through" its (and its allocable share from subsidiary limited partnerships') income, gains, deductions, losses and credits to its partners, including, as the case may be, Investment LP1 and GAR B, based on such partners' allocable shares in Limited Partnership 1, Limited Partnership 2, and GAR Holdings, as the case may be, and any Subsidiary limited partnership thereof. Because of the partnership interests held, each of Investment LP1 and GAR B will have a permanent establishment in the U.S. and will be subject to U.S. federal income tax on any ECI of its own or that flows through to it as a partner of Subsidiary limited partnerships, including, as the case may be, Limited Partnership 1, Limited Partnership 2, and GAR Holdings. Thus, each of Investment LP1 and GAR B will be subject to U.S. federal income taxation on its allocable share of rental income derived directly or indirectly through such subsidiary limited partnerships, on a net basis (e.g., taking into account allowable deductions). Furthermore, the gain from a sale of any of the U.S. real

properties owned (directly or indirectly through a subsidiary limited partnership) that is allocable to Investment LP1 and/or GAR B, or a sale or other disposition by Investment LP1 or GAR B of its limited partnership interest in a Subsidiary limited partnership, including, as the case may be, Limited Partnership 1, Limited Partnership 2, or GAR Holdings, will also be considered ECI with respect to Investment LP1 and GAR B, as the case may be, and will be subject to U.S. federal income taxation at the regular tax rates applicable to corporations. Income or gains of a Subsidiary limited partnership, allocable to Investment LP1 and/or GAR B, as the case may be, generally will be subject to U.S. withholding tax under Section 1446 of the IRC at the highest corporate tax rate (presently 35%), which generally will also apply in lieu of any FIRPTA withholding requirements otherwise arising on disposition of a USRPI. Such U.S. withholding tax will be allowed as a credit against U.S. tax as shown on Investment LP1's or GAR B's, as the case may be, U.S. federal income tax return. See *"United States Federal Income Taxation of Foreign Corporations"*, above.

In computing Investment LP1's and GAR B's U.S. federal taxable income derived from ECI, certain deductions (subject to limitations) are allowable, such as the "ordinary and necessary" business expenses of Limited Partnership 1, Limited Partnership 2, GAR Holdings or any Subsidiary limited partnerships (including interest expense on mortgages and reasonable manager fees), depreciation of the rental properties (as computed under U.S. federal income tax rules) of Limited Partnership 1, Limited Partnership 2, GAR Holdings and the Subsidiary limited partnerships, and, in the case of Investment LP1, interest expense with respect to the Investment LP1 Notes (subject to certain limitations, as discussed below). See *"Deductions"*, below.

In addition to the U.S. federal income tax on taxable income which is ECI, each of Investment LP1 and GAR B generally will be liable for a 5% branch profits tax on its after-tax earnings attributable to ECI, to the extent of the reduction in the entity's "U.S. net equity" (generally, as a result of distributions). See *"Branch Taxes"*, below. Moreover, any FDAP of Investment LP1 or GAR B will be subject to U.S. withholding tax on a gross basis at 30%, or such lower reduced rate of withholding tax as may be applicable under the US-Canada Tax Treaty.

### ***Deductions***

The REIT holds Investment LP1 Notes issued by Investment LP1 and may acquire additional Investment LP1 Notes in future offerings if net proceeds from such future offerings are contributed to Investment LP1 for Investment LP1 Notes, and SUSO 3 may also hold Investment LP1 Notes after the proposed Transaction and, if so, would generally be treated in the same manner as described below for the REIT. A number of U.S. federal income tax rules affect the treatment of the Investment LP1 Notes and the interest arising thereon.

The REIT and Investment LP1 intend to treat the Investment LP1 Notes as debt allocable to Investment LP1's interest in Limited Partnership 1 and its Subsidiary limited partnerships for U.S. federal income tax purposes, and Investment LP1 intends to claim interest deductions to the maximum extent allowable in computing its U.S. federal taxable income (subject to the limitations discussed below); however neither the REIT nor Investment LP1 have obtained an opinion of counsel on this issue. The determination of whether the Investment LP1 Notes are debt or equity for U.S. federal income tax purposes is based on an analysis of the facts and circumstances. Generally, the IRS will not issue a ruling on whether an advance is to be treated as debt or equity. There is no clear definition of debt under the IRC, and its characterization is governed by principles developed in case law, which analyzes numerous factors that are intended to identify the economic substance of the investment. Although the REIT and Investment LP1 intend to treat the Investment LP1 Notes as debt for U.S. federal income tax purposes, the IRS could challenge this position. If such a challenge were successful, interest payments on the Investment LP1 Notes would be recharacterized as non-deductible and Investment LP1's taxable income which is ECI, and thus its U.S. federal income tax liability, would be increased. Branch profits tax may also be increased in such situation. As a result, Investment LP1's cash flow would be reduced, which would negatively impact the cash available for distribution to the REIT Unitholders and the value of the REIT Units.

The "earnings stripping" rules of Section 163(j) of the IRC may also limit the amount of interest that is deductible by Investment LP1 in calculating its taxable income from ECI in a particular tax year. In general, Section 163(j) limits a corporation's deductions for interest paid to related non-U.S. persons exempt from U.S. tax in years that: (i) the debt-to-equity ratio of the corporate taxpayer exceeds 1.5 to 1; and (ii) the corporation's net interest expense (i.e., the excess of interest expense over interest income) exceeds 50% of "adjusted taxable income". Adjusted taxable income is generally defined as the corporation's taxable income before net interest expense, depreciation and amortization. A corporation and a creditor of the corporation will be "related" if the creditor owns, directly or by

attribution, more than 50% of the corporation by vote or value. The REIT owns a 99.99% interest in Investment LP1, and is therefore related to Investment LP1 under the earnings stripping rules. If the earnings stripping rules apply in a given tax year, any interest not deductible under the rules of Section 163(j) of the IRC in such tax year may be carried forward indefinitely (within certain limitations) to be used in future tax years to reduce gross ECI. There has been legislation proposed (but not enacted) numerous times in recent years to reduce the “50% of adjusted taxable income” threshold so that interest deductions would be denied at a lower level, such as 25% of “adjusted taxable income”, and also to reduce or eliminate the use of carryforwards. If enacted, such legislation could result in lower interest deductions (and therefore higher U.S. tax liabilities for Investment LP1), which could negatively affect cash flow available for distribution to the REIT Unitholders and the value of the REIT Units.

In addition, other limitations on the deductibility of interest under U.S. federal income tax laws could apply, potentially including limitations (i) that require the interest to actually be paid in order for the interest to be deducted, regardless of Investment LP1’s method of accounting, because Investment LP1 and the REIT are “related parties”, (ii) if the IRS claims that the interest rate on the Investment LP1 Notes is in excess of an arm’s-length rate (in which case a portion of the interest could be recharacterized as a non-deductible distribution), (iii) if the Investment LP1 Notes are issued with “original issue discount”, and (iv) if the Investment LP1 Notes are subject to the applicable high yield debt obligations rules. Furthermore, recent congressional concern over the perceived ability of foreign entities to reduce their U.S. tax liabilities through interest deductions or other mechanisms may result in future legislation that limits such deductions or mechanisms. In any such case, Investment LP1’s taxable income (and thus its tax liability) could be increased. As a result, the amount of funds available for distribution to the REIT Unitholders could be reduced and the value of the REIT Units adversely affected.

### ***Branch Taxes***

Under the “branch profits tax” rules of Section 884 of the IRC (as modified by the U.S.-Canada Tax Treaty), each of Investment LP1 and GAR B generally will be subject to an additional 5% tax on its effectively connected earnings and profits for the taxable year which exceed U.S.\$500,000 (as applied cumulatively and not on a yearly basis), as adjusted for certain items. Reductions in the “U.S. net equity” of Investment LP1 or GAR B in the U.S. trade or business conducted through their subsidiary limited partnerships by, for example, Investment LP1’s distributions to the REIT, may result in the imposition of the branch profits tax. If deductions for interest paid on the Investment LP1 Notes are denied or limited (as discussed above), Investment LP1’s earnings and profits and its resulting liability for branch profits tax could increase substantially. The imposition of branch profits tax will reduce Investment LP1’s after-tax cash flow.

Provided that the Investment LP1 Notes are respected as debt for U.S. federal income tax purposes (see “*United States Federal Income Taxation of Investment LP1 and GAR B – Deductions*”), as long as more than 80% of the assets of Investment LP1 are United States assets (or such debt is properly reflected as a liability on books maintained with respect to Investment LP1’s U.S. trade or business arising from its ownership of interests in subsidiary limited partnerships), interest paid on the Investment LP1 Notes will be “branch interest” under IRC Section 884 and will be treated as U.S. source income paid by a U.S. corporation. Generally, such interest is FDAP of the REIT and subject to U.S. withholding tax, but under the U.S.-Canada Tax Treaty this U.S. withholding tax is reduced to zero.

Unitholders that receive Investment LP1 Notes on the redemption of REIT Units by the REIT should consult their own tax advisors regarding the U.S. federal income tax rules applicable to interest paid on such Investment LP1 Notes, as well as the U.S. federal, state, local, non-U.S. and other tax consequences to such Unitholders of the acquisition, ownership and disposition of the Investment LP1 Notes.

### **U.S. Foreign Account Tax Compliance Act (“FATCA”)**

FATCA is U.S. law that imposes certain reporting, information gathering and U.S. withholding tax obligations on non-U.S. “foreign financial entities” and “non-financial foreign entities” that may include the REIT, Investment LP1, and GAR B, or other of their non-U.S. Subsidiaries. The implementation of FATCA with respect to Canadian entities is governed by the IGA, which was signed by the governments of the United States and Canada in early 2014, the Tax Act and a set of complex Treasury Regulations. The REIT may, in order to avoid adverse U.S. tax consequences imposed by FATCA, require REIT Unitholders to provide certain tax and reporting information necessary for the REIT to comply with FATCA. There can also be adverse U.S. tax consequences under FATCA to

persons who do not provide such information, such as a 30% withholding tax on REIT distributions to such persons. If penalties do apply under FATCA to the REIT or any of its Subsidiary entities, cash available for distributions to the REIT Unitholders could be reduced and the value of the REIT Units adversely affected.

### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

There are no material interests, direct or indirect, of any trustee or executive officer of SUSO 3, any Unitholder that beneficially owns more than 10% of the Units, or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or any proposed transaction of SUSO 3 that has materially affected or would materially affect SUSO 3 or any of its Subsidiaries, except for the Transaction described under the heading “*The Transaction*” and the arrangements contained in the Management Agreement.

### **AUDITOR**

SUSO 3’s auditor is Deloitte LLP, Chartered Professional Accountants, Chartered Accountants, in Toronto, Ontario. Deloitte LLP has advised SUSO 3 that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. Deloitte LLP was appointed the auditor of SUSO 3 at inception on August 19, 2013.

### **PREVIOUS DISTRIBUTIONS**

On October 16, 2013, SUSO 3 completed its initial public offering of 3,315,685 Class A Units at a price of C\$10.00 per Unit, 309,265 Class F Units at a price of C\$10.00 per unit, and 2,125,050 Class U Units at a price of U.S.\$10.00 per Unit, representing gross proceeds to SUSO 3 of U.S.\$75,000,000.00.

### **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for SUSO 3 is Equity Financial Trust Company at its principal office in Toronto.

### **INTERESTS OF EXPERTS**

The matters referred to under “*Certain Canadian Federal Income Tax Considerations*”, as well as certain other legal matters relating to the Transaction will be passed upon on behalf of SUSO 3 by McCarthy Tétrault LLP.

The matters referred to under “*Certain U.S. Federal Income Tax Considerations*”, as well as certain other legal matters relating to the Transaction will be passed upon on behalf of SUSO 3 by Hodgson Russ LLP.

Trimaven has provided the Fairness Opinion referred to under “*The Transaction – Fairness Opinion*”.

As of the date hereof, the designated professionals of each of McCarthy Tétrault LLP, Hodgson Russ LLP and Trimaven beneficially owned, directly or indirectly, less than 1% of the outstanding securities of SUSO 3.

Deloitte LLP has provided an independent auditor’s report in connection with certain of the documents referred to under “*Documents Incorporated by Reference*”. Deloitte LLP has advised SUSO 3 that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

### **ADDITIONAL INFORMATION**

Additional information relating to SUSO 3 may be found by visiting the SUSO 3’s website at: [www.slateproperties.ca](http://www.slateproperties.ca). In addition, more information, including additional financial information which is provided in SUSO 3’s audited consolidated financial statements and management’s discussion and analysis for SUSO 3’s most recently completed financial year, and any documents, or sections of documents, as applicable, incorporated by reference into this Information Circular, can be found on SEDAR by visiting [www.sedar.com](http://www.sedar.com). Unitholders may contact SUSO 3 to request a copy of SUSO 3’s audited consolidated financial statements and management’s discussion and analysis for its most recently completed financial year and any documents incorporated by reference into the Information Circular. Any such request should be directed to: 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2, (416) 644-4264, Attention: Investor Relations.

### **APPROVAL OF TRUSTEES**

The contents and sending of this Information Circular, including the Notice of Meeting, have been approved and authorized by the board of trustees of SUSO 3. The information concerning the REIT contained in this Information Circular, including the information incorporated by reference herein, has been provided by the REIT. The Board and SUSO 3 assume no responsibility for the accuracy or completeness of such information, nor for any omission on the part of the REIT to disclose facts or events which may affect the accuracy of any such information.

### **BY ORDER OF THE BOARD OF TRUSTEES**

*“Blair Welch”*

Trustee & Chief Executive Officer  
Slate U.S. Opportunity (No. 3) Realty Trust  
April 2, 2015



**CONSENT OF HODGSON RUSS LLP**

To: The Board of Trustees and the Special Committee of SUSO 3

We hereby consent to the reference to the report of this firm under “*Certain U.S. Federal Income Tax Considerations*” in the Information Circular, and to being named in the Information Circular.

(signed) Hodgson Russ LLP

Buffalo, New York

April 2, 2015

**CONSENT OF MCCARTHY TÉTRAULT LLP**

To: The Board of Trustees and the Special Committee of SUSO 3

We hereby consent to the reference to the opinion of this firm under “*Certain Canadian Federal Income Tax Considerations*” in the Information Circular, and to being named in the Information Circular.

(signed) McCarthy Tétrault LLP

Toronto, Ontario

April 2, 2015

## **CONSENT OF TRIMAVEN CAPITAL ADVISORS**

To: The Trustees of SUSO 3

We refer to the Fairness Opinion dated April 2, 2015, which we prepared for the Special Committee of the Board of Trustees of Slate U.S. Opportunity (No. 3) Realty Trust in connection with the acquisition by Slate Retail REIT of a one hundred percent direct interest in all of the assets of Slate U.S. Opportunity (No. 3) Realty Trust.

We consent to the inclusion of the Fairness Opinion in the Information Circular of Slate U.S. Opportunity (No. 3) Realty Trust dated April 2, 2015.

(signed) Trimaven Capital Advisors Inc.

Toronto, Ontario

April 2, 2015

## GLOSSARY

The following terms used in this Information Circular have the meanings set forth below.

“\$” means U.S. dollars;

“**2014 Offering**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Additional Information Regarding the REIT – Prior Sales of REIT Units*”;

“**affiliate**”, unless otherwise specified, when used to indicate a relationship with a person, has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“**AFFO**” has the meaning ascribed thereto under “*Non-IFRS Measures*”;

“**Ahold**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Largest Tenants*”;

“**allowable capital loss**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Taxation of REIT Unitholders – Capital Gains and Losses*”;

“**Altus Group**” means Altus Group Limited;

“**Announced Acquisitions**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Announced Acquisitions*”;

“**Annual Information Form**” has the meaning ascribed thereto under “*Documents Incorporated by Reference*”;

“**Augusta**” has the meaning ascribed thereto under “*Frequently Asked Questions – Consideration*”;

“**Beneficial Unitholder(s)**” has the meaning ascribed thereto under “*Proxy and Voting Information – Advice to Beneficial Unitholders*”;

“**BI-LO**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Largest Tenants*”;

“**Board**” means the board of trustees of SUSO 3;

“**Broadridge**” means Broadridge Financial Solutions Inc.;

“**Business Day**” means any day except a Saturday, Sunday or a statutory holiday in the city of Toronto, Ontario;

“**C\$**” means Canadian dollars;

“**capital gains refund**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Tax Consequences to the REIT – Taxation of the REIT*”;

“**CBCA**” means the *Canada Business Corporations Act*, as amended;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Chairman**” means the chairman of the Board;

“**City Center Plaza**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Announced Acquisitions*”;

“**Class A LP1 Units**” means Class A limited partnership units of Limited Partnership 1;

“**Class A Units**” means the units of beneficial interest in SUSO 3, designated as “Class A Units”;

“**Class B LP Consideration Units**” has the meaning ascribed thereto under “*The Transaction – Overview – Consideration*”;

“**Class B LP Units**” means the Class B LP1 Units and the Class B LP2 Units;

“**Class B LP1 Units**” means Class B limited partnership units of Limited Partnership 1, which are economically equivalent to REIT Class U Units (subject to certain adjustments) and redeemable for cash or REIT Class U Units, as determined by the General Partner in its sole discretion;

“**Class B LP2 Units**” means Class B limited partnership units of Limited Partnership 2, which are economically equivalent to REIT Class U Units (subject to certain adjustments) and redeemable for cash or REIT Class U Units, as determined by the General Partner in its sole discretion;

“**Class C LP2 Units**” means Class C limited partnership units of Limited Partnership 2;

“**Class F Units**” means units of beneficial interest in SUSO 3, designated as “Class F Units”;

“**Class I Units**” means the units of beneficial interest in SUSO 3, designated as “Class I Units”;

“**Class U Consideration Units**” has the meaning ascribed thereto under “*The Transaction – Overview – Consideration*”;

“**Class U Units**” means the units of beneficial interest in SUSO 3, designated as “Class U Units”;

“**Closing**” means the closing of the Transaction;

“**Coborn**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Largest Tenants*”;

“**Combination Transaction**” means the REIT Unitholder approved combination transaction on April 15, 2014, pursuant to which (i) the REIT acquired all of the assets of Slate U.S. Opportunity (No. 2) Realty Trust in consideration for REIT Class U Units, (ii) the REIT effectively acquired, directly and indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships in consideration for REIT Class U Units or securities that are economically equivalent to REIT Class U Units (subject to certain adjustments) and redeemable for cash or REIT Class U Units, and (iii) the REIT Class U Units were listed on the TSX.;

“**Completed Acquisitions**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Recently Completed Acquisitions*”;

“**Consideration Units**” means the Class U Consideration Units and the Class B LP Consideration Units;

“**Counsel**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”;

“**CRA**” means the Canada Revenue Agency;

“**Current Portfolio**” has the meaning ascribed thereto under “*The REIT – General*”;

“**Declaration of Trust**” means the amended and restated declaration of trust of SUSO 3 dated as of September 20, 2013;

“**Delhaize**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Largest Tenants*”;

“**Depository**” means Equity Financial Trust Company in its capacity as depository for the Units exchanged pursuant to the Transaction;

“**ECI**” has the meaning ascribed thereto under “*Certain U.S. Federal Income Tax Considerations – United States Federal Income Taxation of Foreign Corporations*”;

“**Equivalent Amount**” on any given date in one currency (the “first currency”) of any amount denominated in another currency (the “second currency”) means the amount of the first currency which could be purchased with such amount of the second currency at the rate of exchange quoted by a Schedule I Bank (as defined in the *Bank Act* (Canada)) at its main branch in Toronto, Ontario on the Business Day for the purchase of the first currency with the second currency;

“**Excluded Unitholders**” has the meaning ascribed thereto under “*Business of the Meeting*”;

“**Fairness Opinion**” means the opinion of Trimaven, subject to the assumptions, limitations and qualifications and other matters contained in the full text of the fairness opinion set forth in Appendix B, that the total consideration payable under the Transaction is, as of April 2, 2015, fair, from a financial point of view, to Unitholders, excluding the REIT and SUSO 3 GP Inc.;

“**FATCA**” means the U.S. Foreign Account Tax Compliance Act;

“**FDAP**” has the meaning ascribed thereto under “*Certain U.S. Federal Income Tax Considerations – United States Federal Income Taxation of Foreign Corporations*”;

“**FFO**” has the meaning ascribed thereto under “*Non-IFRS Measures*”;

“**FIRPTA**” has the meaning ascribed thereto under “*Certain U.S. Federal Income Tax Considerations – United States Federal Income Taxation of Foreign Corporations*”;

“**Foreign Tax Credit Generator Rules**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Tax of REIT Unitholders – REIT Distributions*”;

“**Form 54-101F7**” has the meaning ascribed thereto under “*Proxy and Voting Information – Advice to Beneficial Unitholders*”;

“**GAR B**” means U.S. Grocery-Anchored Retail (1B) Limited Partnership;

“**GAR B Exchangeable Units**” means the exchangeable limited partner units of GAR B which are economically equivalent to Class U Units (subject to certain adjustments including any taxes incurred by GAR B), and redeemable for Class U Units or cash as determined by GAR B GP;

“**GAR B GP**” means GAR 1 GP Inc., the general partner of GAR B;

“**GAR Holdings**” means GAR U.S. Portfolio Limited Partnership;

“**General Partner**” means Slate Retail GP Inc., the general partner of each Slate Retail LP, which is indirectly controlled by the REIT;

“**GLA**” means gross leasable area;

“**GP Holders**” means the holders of the limited partnership interests in SUSO 3 GP LP;

“**Grocery Anchor Tenants**” means grocery-related tenants in the Properties who occupy GLA greater than or equal to 18,000 square feet and “**Grocery Anchor Tenant**” means any of them;

“**IFRS**” means International Financial Reporting Standards;

“**IGA**” has the meaning ascribed thereto under “*Certain U.S. Federal Income Tax Considerations*”;

“**Independent Trustee**” means a trustee of SUSO 3 who is “independent” pursuant to National Instrument 58-101 – *Corporate Governance Guidelines*;

“**Indoor Air & Ground Water Assessment Report**” means an indoor air and ground water assessment report conducted on a Property;

“**Information Circular**” means this management information circular;

“**Interested Party**” or “**Interested Parties**” has the meaning ascribed thereto under “*The Transaction – Fairness Opinion – Relationship with Interested Parties*”;

“**Investment LP1**” means Slate U.S. Opportunity (No. 1) Investment L.P., an Ontario limited partnership;

“**Investment LP1 Notes**” means the subordinated unsecured promissory notes issued by Investment LP1 to the REIT from time to time;

“**Investment LP1 Units**” means the limited partnership units of Investment LP1;

“**IRC**” means the U.S. Internal Revenue Code;

“**IRS**” means the U.S. Internal Revenue Service;

“**K-Mart**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Largest Tenants*”;

“**Kroger**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Largest Tenants*”;

“**Letter of Transmittal**” means the letter of transmittal delivered to registered Unitholders to be completed and returned to the Depositary, together with certificate(s) for Unit(s);

“**Limited Partnership 1**” means Slate Retail One L.P., a Delaware limited partnership;

“**Limited Partnership 2**” means Slate Retail Two L.P., a Delaware limited partnership;

“**Management Agreement**” means the management agreement dated as of October 16, 2013, between the Manager and SUSO 3, pursuant to which the Manager provides certain management and advisory services to SUSO 3;

“**Manager**” means Slate Asset Management L.P.;

“**Meeting**” means the special meeting of Unitholders to be held at McCarthy Tétrault LLP, Suite 5300, TD Bank Tower, Box 48, 66 Wellington Street West, Toronto, Ontario, M5K 1E6 on May 13, 2015 at 10:30 a.m. EST;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

“**Minority Approval**” has the meaning ascribed thereto under “*Business of the Meeting*”;

“**NI 54-101**” means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

“**NOBOs**” has the meaning ascribed thereto under “*Proxy and Voting Information – Advice to Beneficial Unitholders*”;

“**NOI**” has the meaning ascribed thereto under “*Non-IFRS Measures*”;

**“Non-Grocery National Tenants”** means the non-grocery related tenants in the Properties who are large national or international retailers with an established reputation and **“Non-Grocery National Tenant”** means any one of them;

**“Non-Resident”** means a person who is a “non-resident” within the meaning of the Tax Act and a partnership other than a “Canadian partnership” for the purposes of the Tax Act;

**“Notice of Meeting”** means the notice of the Meeting dated April 2, 2015;

**“OBOs”** has the meaning ascribed thereto under *“Proxy and Voting Information – Advice to Beneficial Unitholders”*;

**“Partnership”** means each partnership directly or indirectly held by the REIT, including for greater certainty Investment LP1, Limited Partnership 1, Limited Partnership 2, GAR Holdings, and GAR B (individually a **“Partnership”** and collectively, the **“Partnerships”**);

**“Private Placement”** means the subscription by each of (i) the Manager, and (ii) one or more entities of which Mr. Samuel Altman is a director or officer for C\$5 million of REIT Class U Units in connection with the Public Offering;

**“Pro Forma Financial Statements”** means the unaudited pro forma consolidated statement of financial position of the REIT as at December 31, 2014 and unaudited pro forma consolidated statements of comprehensive income (loss) of the REIT for the year ended December 31, 2014;

**“Properties”** means collectively the SUSO 3 Portfolio and the Current Portfolio;

**“Proposed Amendments”** means the proposed amendments to the Declaration of Trust more particularly described under *“The Transaction – Amendments to the Declaration of Trust”*;

**“Public Offering”** has the meaning ascribed thereto under *“The Transaction – Formation of the Special Committee – Special Committee”*;

**“Publix”** has the meaning ascribed thereto under *“Pro Forma Description of the Properties of the REIT – Largest Tenants”*;

**“Record Date”** means April 2, 2015, being the date set by the trustees of SUSO 3 for determining the Unitholders entitled to receive notice of, and to attend and to vote at, the Meeting;

**“REIT”** means Slate Retail REIT;

**“REIT Class A Units”** means the units of beneficial interest in the REIT, designated as “class A units”;

**“REIT Class I Units”** means the units of beneficial interest in the REIT, designated as “class I units”;

**“REIT Class U Unitholder”** means a holder of REIT Class U Unit(s);

**“REIT Class U Units”** means the units of beneficial interest in the REIT, designated as “class U units”;

**“REIT Declaration of Trust”** means the second amended and restated declaration of trust of the REIT dated April 15, 2014;

**“REIT Excluded Unitholders”** means “Excluded Unitholders” as defined in the management information circular of the REIT dated April 2, 2015;

**“REIT Independent Trustee”** means a trustee of the REIT who is “independent” pursuant to National Instrument 58-101 – *Corporate Governance Guidelines*;



**“REIT Management Agreement”** means the amended and restated management agreement, dated as of April 15, 2014, between the Manager and the REIT, among others, pursuant to which the Manager provides certain management and advisory services to the REIT;

**“REIT Meeting”** means the special meeting of REIT Unitholders to be held at McCarthy Tétrault LLP, Suite 5300, TD Bank Tower, Box 48, 66 Wellington Street West, Toronto, Ontario, M5K 1E6 on May 13, 2015 at 10:00 a.m. EST;

**“REIT Minority Unitholders”** means REIT Unitholders other than the REIT Excluded Unitholders;

**“REIT Resolution”** has the meaning ascribed thereto under *“The Transaction – Approvals Required for the Transaction – REIT Unitholder Approval”*;

**“REIT Trustees”** means the trustees of the REIT;

**“REIT Unitholders”** means the holders of the REIT Units;

**“REIT Units”** means the units of beneficial interest in the REIT, designated as “class A units”, “class I units”, “class U units” and “special voting units”;

**“Resolution”** means the special resolution related to the Transaction and the Proposed Amendments;

**“Roundy’s”** has the meaning ascribed thereto under *“Pro Forma Description of the Properties of the REIT – Largest Tenants”*;

**“Roxborough Marketplace”** has the meaning ascribed thereto under *“Pro Forma Description of the Properties of the REIT – Announced Acquisitions”*;

**“RRIF”** has the meaning ascribed thereto under *“Certain Canadian Federal Income Tax Considerations – Taxation of REIT Unitholders - Eligibility for Investment”*;

**“RRSP”** has the meaning ascribed thereto under *“Certain Canadian Federal Income Tax Considerations – Taxation of REIT Unitholders - Eligibility for Investment”*;

**“Securities Commissions”** means the securities commission or securities regulatory authority in the provinces and territories in which SUSO 3 is a reporting issuer;

**“SEDAR”** means System for Electronic Document Analysis and Retrieval;

**“SIFT Rules”** has the meaning ascribed thereto under *“Risk Factors – Risk Factors Relating to Canadian Tax Matters – Taxation of REITs and Partnerships”*;

**“Slate Retail LP”** means either Limited Partnership 1 or Limited Partnership 2 and **“Slate Retail LPs”** means both Limited Partnership 1 and Limited Partnership 2;

**“Special Cash Distribution”** has the meaning ascribed thereto under *“Frequently Asked Questions – What Form of Consideration will Unitholders Receive?”*;

**“Special Committee”** has the meaning ascribed thereto under *“The Transaction – Formation of the Special Committee – Special Committee”*;

**“Special Voting Unit”** means a special voting unit of the REIT;

**“Subsidiary”** includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity;

“**Supervalu**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Largest Tenants*”;

“**SUSO 3**” means Slate U.S. Opportunity (No. 3) Realty Trust;

“**SUSO 3 Assets**” means the SUSO 3 LP Units, the SUSO 3 LP Notes, the SUSO 3 REIT Units, all of the shares of Slate U.S. Opportunity (No. 3) Investment GP Inc., and any and all of the other assets of SUSO 3 immediately before Closing of every kind and description and wheresoever situate;

“**SUSO 3 GP Inc.**” means Slate U.S. Opportunity (No. 3) Investment GP Inc., and/or any person entitled to an interest in Slate U.S. Opportunity (No. 3) Investment GP Inc.;

“**SUSO 3 GP LP**” means Slate U.S. Opportunity (No. 3) Holding GP L.P.;

“**SUSO 3 Holding LP**” means Slate U.S. Opportunity (No. 3) Holding L.P., a Delaware limited partnership established for the identification, acquisition, ownership and leasing of the SUSO 3 Portfolio;

“**SUSO 3 Investment LP**” means Slate U.S. Opportunity (No. 3) Investment L.P., a limited partnership formed pursuant to and governed by the laws of Ontario established for the purposes of issuing SUSO 3 LP Units and SUSO 3 LP Notes and investing in units of SUSO 3 Holding LP;

“**SUSO 3 LP Notes**” means the interest bearing promissory notes representing debt owing by SUSO 3 Investment LP to SUSO 3;

“**SUSO 3 LP Units**” means all of the issued and outstanding limited partner units of SUSO 3 Investment LP, being 10 limited partnership units, which units are currently held by SUSO 3;

“**SUSO 3 Portfolio**” means the 13 properties owned and leased, directly or indirectly, by SUSO 3 Holding LP;

“**SUSO 3 Purchase Agreement**” means the amended and restated purchase agreement dated April 2, 2015 between the REIT and SUSO 3 in respect of the Transaction;

“**SUSO 3 Purchase Price**” has the meaning ascribed thereto under “*The Transaction – Overview – Consideration*”;

“**SUSO 3 REIT Units**” means the REIT Class U Units owned by SUSO 3 immediately before Closing;

“**SUSO 3 Unitholders**” means the holders of the Units;

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1. (5th Supp), as amended, including the regulations promulgated thereunder;

“**Tax Proposals**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”

“**TFSA**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations – Taxation of REIT Unitholders - Eligibility for Investment*”;

“**Transaction**” has the meaning ascribed thereto under “*The Transaction - Overview*”;

“**Treasury Regulations**” means the tax regulations issued by the U.S. Department of the Treasury;

“**Trimaven**” has the meaning ascribed thereto under “*The Transaction – Formation of the Special Committee – Special Committee*”;

“**Trimaven Engagement**” has the meaning ascribed thereto under “*The Transaction – Fairness Opinion – Overview and Selection of Trimaven*”;

“**TSX**” means the Toronto Stock Exchange;

“**Unitholders**” means the holders of the Units;

“**Units**” means the units of beneficial interest in SUSO 3, designated as “Class A Units”, “Class F Units”, “Class I Units” and “Class U Units”;

“**U.S.**” means the United States of America;

“**U.S.\$**” means U.S. dollars;

“**U.S.-Canada Tax Treaty**” has the meaning ascribed thereto under “*Certain U.S. Federal Income Tax Considerations*”;

“**USRPI**” has the meaning ascribed thereto under “*Certain U.S. Federal Income Tax Considerations – United States Federal Income Taxation of Foreign Corporations*”;

“**Vendor Parties**” means collectively, SUSO 3 and the GP Holders;

“**Wal-Mart**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Largest Tenants*”;

“**Winn-Dixie**” has the meaning ascribed thereto under “*Pro Forma Description of the Properties of the REIT – Largest Tenants*”; and

“**Working Capital Adjustment**” has the meaning ascribed thereto under “*The Transaction – Overview – Working Capital Adjustment*”.

Pro Forma consolidated financial statements of

## **Slate Retail REIT**

As at and for the year ended December 31, 2014

(unaudited)

**Slate Retail REIT**  
**Pro Forma Consolidated Financial Statements**  
**December 31, 2014**  
**(unaudited)**

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**SLATE RETAIL REIT**

Pro Forma consolidated statement of financial position

As at December 31, 2014

Expressed in thousands of United States dollars

Unaudited

	Slate Retail REIT	Slate U.S. Opportunity (No. 3) Realty Trust	Note 4	Pro forma adjustments	Slate Retail REIT pro forma
<b>ASSETS</b>		<i>see note 4(i)</i>			
<b>Current assets</b>					
Cash	\$13,174	\$7,088	(a)	(\$7,838)	\$12,424
Deposits on investment properties	500	—			500
Prepays	2,065	294			2,359
Accounts receivable	4,539	1,441			5,980
	20,278	8,823			21,263
<b>Non-current assets</b>					
Investment properties	622,295	194,490	(a)	6,999	823,784
Interest rate caps	2	—			2
TIF notes receivable	4,078	—			4,078
Funds held in escrow	1,513	1,486			2,999
Investment in related party	—	1,141	(b)	(1,141)	—
	627,888	197,117			830,863
<b>Total assets</b>	<b>\$648,166</b>	<b>\$205,940</b>			<b>\$852,126</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$5,337	\$2,588			\$7,925
Distributions payable	1,276	1,310	(a)	(1,310)	1,276
Current portion of debt	1,074	—			1,074
	7,687	3,898			10,275
<b>Non-current liabilities</b>					
Debt	364,464	112,775	(e)	1,722	478,961
TIF notes payable	4,022	—			4,022
Tenant deposits	1,179	218			1,397
Deferred income taxes	38,219	8,363	(a) (b)	(654)	45,928
REIT units	185,499	80,686	(a)	(3,157)	263,028
Exchangeable units of subsidiaries	25,764	—	(a)	2,169	27,933
	619,147	202,042			821,269
Unitholders' equity	\$21,332	\$—	(a)	(\$750)	\$20,582
<b>Total liabilities and unitholders' equity</b>	<b>\$648,166</b>	<b>\$205,940</b>			<b>\$852,126</b>

**SLATE RETAIL REIT**

Pro forma consolidated statement of comprehensive income

For the year ended December 31, 2014

Expressed in thousands of United States dollars

Unaudited

	<b>Slate Retail REIT</b>	<b>Slate U.S. Opportunity (No. 3) Realty Trust</b>	<b>Note 4</b>	<b>Pro forma adjustments</b>	<b>Slate Retail REIT pro forma</b>
		<i>see note 4(i)</i>			
<b>Net property income</b>					
Rental revenue	\$41,443	\$14,133			\$55,576
Property operating expenses	(9,715)	(2,331)			(12,046)
Net property income	31,728	11,802			43,530
<b>Other income (expenses)</b>					
General and administrative	(5,435)	(1,617)	(h)	277	(6,775)
Interest and other financing	(4,931)	(17,603)	(b) (g) (i)	(199)	(22,733)
Property acquisition costs	(3,027)	(2,193)			(5,220)
Fair value change of investment properties	39,682	18,263	(c)	(17,303)	40,642
Impairment of goodwill	(14,987)	—			(14,987)
<b>Net income before taxes</b>	<b>\$43,030</b>	<b>\$8,652</b>			<b>\$34,457</b>
<b>Income taxes</b>					
Current	—	—			—
Deferred	(17,475)	(8,652)	(f)	6,648	(19,479)
	(17,475)	(8,652)			(19,479)
<b>Net income and comprehensive income</b>	<b>\$25,555</b>	<b>\$—</b>			<b>\$14,978</b>

## **SLATE RETAIL REIT**

Notes to the pro forma consolidated financial statements

Expressed in thousands of United States dollars

Unaudited

### **1. Description of the REIT and operations**

Slate Retail REIT (the "REIT") is an unincorporated, open-ended investment trust under, and governed by, the laws of the Province of Ontario. The REIT focuses on acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties in the United States with an emphasis on grocery anchored retail properties. The principal, registered and head office of the REIT is 200 Front Street West, Suite 2400, Toronto, ON, M5V 3K2.

The objectives of the REIT are to: (i) provide Unitholders of the REIT with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on anchored retail properties; (ii) enhance the value of the REIT's assets and maximize long-term REIT Unitholder value through active management; and (iii) expand the asset base of the REIT and increase the REIT's earnings on a per unit basis, including accretive acquisitions.

### **2. Basis of preparation**

The accompanying unaudited pro forma consolidated financial statements of the REIT have been prepared by management of Slate Asset Management L.P. to give effect to the acquisition by the REIT of Slate U.S. Opportunity (No. 3) Realty Trust ("SUSO 3") in exchange for class U units of the REIT listed on the Toronto Stock Exchange (the "SUSO 3 Acquisition").

These pro forma consolidated financial statements have been compiled from, and include:

- a) an unaudited pro forma consolidated statement of financial position as at December 31, 2014 combining:
  - i. the audited consolidated statement of financial position of the REIT as at December 31, 2014; and
  - ii. the audited consolidated statement of financial position of SUSO 3 as at December 31, 2014.
- b) an unaudited pro forma consolidated statement of comprehensive income for the year ended December 31, 2014 combining:
  - i. the audited consolidated statement of comprehensive income of the REIT for the year ended December 31, 2014;
  - ii. the audited consolidated statement of comprehensive income of SUSO 3 for the year ended December 31, 2014.

The unaudited pro forma consolidated statement of financial position gives effect to the SUSO 3 Acquisition as if it had occurred on December 31, 2014. The unaudited pro forma consolidated statements of comprehensive income for the year ended December 31, 2014 gives effect to the SUSO 3 Acquisition as if it had occurred on January 1, 2014.

The unaudited pro forma consolidated financial statements should be read in conjunction with the consolidated financial statements of the REIT and SUSO 3.

The pro forma adjustments and fair value measurements have been determined from information available to management of the REIT. Accordingly, these adjustments and fair value measurements are subject to change. The pro forma consolidated financial statements may not necessarily be indicative of the results that may actually occur if the transactions had been consummated on the actual date of the completion of the SUSO 3 Acquisition, nor are they necessarily indicative of future operating results or the financial position of the REIT.

Amounts are presented in thousands of United States dollars unless otherwise stated. Unit amounts are also in thousands.



## SLATE RETAIL REIT

Notes to the pro forma consolidated financial statements

Expressed in thousands of United States dollars

Unaudited

### 3. Significant accounting policies

The accounting policies used in the preparation of the unaudited pro forma consolidated financial statements are consistent with those described in Note 3 to the audited consolidated financial statements of the REIT as at and for the year ended December 31, 2014.

### 4. Pro forma adjustments

The adjustments to the pro forma consolidated financial statements have been prepared to reflect the impact of the SUSO 3 Acquisition using the adjustments and assumptions described below:

#### (a) SUSO 3 Acquisition

The following steps are expected to occur in connection with the implementation of the SUSO 3 Acquisition:

- The REIT will acquire all of the assets of SUSO 3 in exchange for 7,514 Class U Units and 207 Class B LP Units of the REIT.
- In conjunction with the acquisition of SUSO 3 by the REIT, any additional cash balance of SUSO 3 remaining at the time of acquisition will be distributed by SUSO 3 by way of a special distribution to SUSO 3's unitholders.

Aggregate costs to complete the SUSO 3 Acquisition are expected to be \$750 and are applied as a charge against net income.

On completion of the SUSO 3 Acquisition, the REIT will own the combined net assets of SUSO 3. The SUSO 3 Acquisition has been accounted for as a business combination in accordance with the REIT's accounting policy.

The allocation of the purchase price for the acquisition of SUSO 3 to the fair values of the individual assets and liabilities acquired and the fair value of consideration provided is based on preliminary estimates. The actual allocation will be based on the final determination of the fair values of assets and liabilities acquired on closing. Accordingly, the actual fair values of the assets and liabilities acquired will vary from the preliminary estimates, and the variation may be material. Additionally, any difference between the fair value of consideration provided and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed will be recognized as goodwill or a bargain purchase option, as applicable.

The purchase price of the acquisition of SUSO 3 will be satisfied through the issuance of 7,513,877 Class U Units and 207,150 Class B LP Units at a price of \$10.47 per unit, as follows:

Class U Units	7,513,877
Class B LP Units	207,150
Total	7,721,027
Value per Unit	\$10.47
(000's)	\$80,839

Class U Units	\$78,670
Class B LP Units	2,169
	\$80,839

The identifiable net assets to be acquired, based on preliminary allocations are as follows:

Investment properties	\$201,489
Net working capital and other	1,556
Debt	(114,497)
Deferred income taxes	(7,709)
Net assets acquired	\$80,839

## SLATE RETAIL REIT

Notes to the pro forma consolidated financial statements

Expressed in thousands of United States dollars

Unaudited

### *(b) Class U Unit holdings by SUSO 3*

SUSO 3 has an interest in 109 Class U Units of the REIT. The Class U Units of the REIT held by SUSO 3 will be cancelled upon acquisition of SUSO 3 by the REIT. Accordingly, distribution income and fair value adjustments recognized by SUSO 3 for the year ended December 31, 2014 in the aggregate amount of \$60 has been reversed.

### *(c) Investment properties*

Fair value adjustments occurring at SUSO 3 have been removed to reflect their acquisition at fair value as a result of the SUSO 3 acquisition, except to the extent those fair value adjustments relate to IFRIC 21 adjustments.

### *(d) Working Capital*

The working capital of SUSO 3 will be assumed by the REIT on Closing. The REIT will be responsible for the payment and receipt of such working capital assets and liabilities, however, the net cash provided to the vendors reflects the assumption of such amounts.

### *(e) Debt*

The following is a summary of the debt held by SUSO 3 based on the December 31, 2014 consolidated balance sheet of SUSO 3:

	Coupon <sup>(1)</sup>	Effective Rate	Principal	Carrying Amount
	%	%	\$	\$
SUSO 3 Credit facility	L+250 bps	2.66%	114,498	114,498

<sup>(1)</sup> "L" means the one-month U.S. London Interbank Offering Rate ("LIBOR") and "bps" means basis points.

### *(f) Income taxes*

Deferred tax expense and liabilities have been recorded based on the impact of the other pro forma adjustments.

### *(g) Interest and other finance charges*

Interest and other finance charges have been reduced to reflect the removal of amortized transaction costs recognized by SUSO 3.

### *(h) Management fee*

General and administration expenses have been decreased by \$277 for the year ended December 31, 2014 to adjust for the asset management fee and service fee payable under the management agreement with Slate Asset Management L.P. The asset management fee payable to Slate Asset Management L.P. is equal to 0.4% of the gross book value of assets.

### *(i) Conforming accounting policy adjustments*

In preparing the unaudited pro forma consolidated financial statements, a review was undertaken by management to identify accounting policy differences between the REIT and SUSO 3. Conforming adjustments have been made to the financial statement presentation.

The consolidated financial statements of SUSO 3 present changes in net assets attributable to unitholders, consistently with Illustrative Example 7 of IAS 32, Financial Instruments: Presentation ("IAS 32"), which provides that entities without equity, as defined by IAS 32, may present such an alternative presentation. As SUSO 3's unit capital has been classified as a financial liability any residual interest in SUSO 3 is attributable to unitholders. These pro forma consolidated financial statements have conformed SUSO 3's financial statement presentation to be consistent with the presentation of the REIT by presenting changes in net assets (liabilities) attributable to unitholders as interest and other financing costs.

**APPENDIX A  
PROPOSED TRANSACTION RESOLUTION**

**FOR CONSIDERATION AT THE SPECIAL MEETING OF UNITHOLDERS OF  
SLATE U.S. OPPORTUNITY (NO. 3) REALTY TRUST**

**BE IT RESOLVED THAT:**

1. The transaction (the “**Transaction**”) pursuant to which Slate Retail REIT (the “**REIT**”) will effectively acquire, directly or indirectly, all of the assets of Slate U.S. Opportunity (No. 3) Realty Trust (“**SUSO 3**”) in consideration for class U units of the REIT or securities that are exchangeable into class U units of the REIT, as more particularly described in the Management Information Circular (the “**Information Circular**”) dated April 2, 2015 of SUSO 3, is hereby approved and authorized;
2. The amended and restated declaration of trust of SUSO 3 dated as of September 20, 2013, be and it is hereby amended, effective as of date of Closing (as defined in the Information Circular), in accordance with the amendments (the “**Proposed Amendments**”) described under the heading “*The Transaction – Amendments to the Declaration of Trust*” in the accompanying Information Circular;
3. All other matters related to the Transaction as described in the Information Circular are hereby authorized and approved;
4. Notwithstanding that this resolution has been duly passed by the unitholders of SUSO 3, the trustees of SUSO 3 are hereby authorized and empowered, without further notice to, or approval of, the unitholders of SUSO 3, not to proceed with the Transaction; and
5. Any trustee or officer of SUSO 3 is hereby authorized, for and on behalf of SUSO 3, to execute and, if appropriate, deliver any and all other agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do, or cause to be done, any and all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the completion of the Transaction or the implementation of the Proposed Amendments, and related transactions, including, without limitation, (i) all actions required to be taken by or on behalf of SUSO 3, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities, and (ii) the signing of the certificates, consents and other documents or declarations required to effect the Transaction or otherwise to be entered into by SUSO 3, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument, and the taking or doing of any such action.

**APPENDIX B**  
**FAIRNESS OPINION**

(see attached)

# TRIMAVEN CAPITAL ADVISORS INC.

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*A Real Estate Investment Bank*

The Special Committee of the Board of Trustees of  
Slate U.S. Opportunity (No. 3) Realty Trust  
200 Front Street West, Suite 2400  
Toronto, Ontario, M5V 3K2

April 2<sup>nd</sup>, 2015

To the Special Committee:

Trimaven Capital Advisors Inc. (“**Trimaven**”, “**we**” or “**us**”) understands that Slate U.S. Opportunity (No. 3) Realty Trust (“**SUSO 3**”) has entered into a purchase agreement dated February 25<sup>th</sup>, 2015 (the “**SUSO 3 Purchase Agreement**”) with Slate Retail REIT (the “**REIT**”) pursuant to which, among other things, the REIT has agreed to acquire a 100% indirect interest in all of the assets owned by SUSO 3 (the “**Transaction**”) in a US\$195 million transaction at a net purchase price, after the assumption of debt, of US\$80,839,152.69 (the “**SUSO 3 Purchase Price**”).

In satisfaction of the SUSO 3 Purchase Price, the REIT will:

- (a) issue 7,513,877 REIT Class U Units (the “**Class U Consideration Units**”) to SUSO 3 in consideration for the SUSO 3 Assets, at a deemed price per unit of US\$10.47, subject to a working capital adjustment; and
- (b) cause the Slate Retail LPs to issue 207,150 Class B LP Units, which we understand are economically equivalent in all material respects to class U units of the REIT (the “**Class B LP Consideration Units**”, and collectively with the Class U Consideration Units, the “**Consideration Units**”) to the holders of the limited partnership interests in SUSO 3 GP LP at a deemed price per unit of US\$10.47, subject to a working capital adjustment.

In connection with the closing of the Transaction, it is expected that SUSO 3 will (i) make a special cash distribution (the “**Special Cash Distribution**”) of its remaining cash balance (estimated to be approximately US\$6 million) to unitholders, and (ii) distribute the Class U Consideration Units to unitholders pursuant to a tax-deferred “qualifying exchange” transaction (the Special Cash Distribution together with the Class U Consideration Units being, the “**Total Consideration**”).

Trimaven also understands that a special committee (the “**Special Committee**”) of the Board of Trustees of Slate U.S. Opportunity (No. 3) Realty Trust (the “**Board**”) has been formed to consider the Transaction and make recommendations with respect thereto to the Board.

## Engagement of Trimaven

Pursuant to an engagement agreement dated March 10, 2015 (the “**Engagement Agreement**”), SUSO 3 retained, at the direction of the Special Committee, the services of Trimaven. Trimaven’s services under its engagement include the preparation and delivery to the Special Committee of an opinion as to the fairness of the total consideration payable under the Transaction, from a financial point of view, to unitholders across all classes, excluding the REIT and SUSO 3 GP Inc. (the “**Fairness Opinion**”).

Trimaven understands that the Fairness Opinion and/or a summary thereof may be included in the management information circular of SUSO 3 (the “**Circular**”) and, subject to the approval and other terms of the Engagement Agreement, Trimaven consents to such disclosure.

SUSO 3 has also agreed to pay a fixed fee to Trimaven as compensation for its services, irrespective of the conclusions of such findings and which is not contingent on either the completion of the Transaction or the content of the Fairness Opinion. Pursuant to Engagement Agreement, SUSO 3 also agreed to reimburse Trimaven for all reasonable out-of-pocket expenses incurred by it and to indemnify Trimaven in respect of certain liabilities that might arise out of the engagement.

### **Credentials of Trimaven**

Trimaven is an independently owned real estate investment bank that provides clients with specialized advice in mergers and acquisitions, special situations, shareholder activism, corporate finance, valuations, private equity and asset/portfolio advisory. Trimaven’s principals have over forty years of combined experience as corporate owners, managers and advisors in the real estate sector. The Fairness Opinion is the opinion of Trimaven and the form and content herein has been reviewed and approved for release by a group of managing directors of Trimaven, each of whom is experienced in mergers and acquisitions, divestiture, valuation and fairness opinion matters.

### **Relationship with Interested Parties**

Trimaven is not an “associated” or “affiliated” entity or “issuer insider” (as such terms are used in Multilateral Instrument 61-101– *Protection of Minority Security Holders in Special Transactions*), of SUSO 3 or the REIT, nor is it a financial advisor to the REIT in connection with the Transaction.

Trimaven is a real estate financial advisory firm involved in a wide range of investment banking, corporate finance, private equity, asset advisory, asset management and other investment and financial businesses and services, both for its own account and for the accounts of third parties. Trimaven and its shareholders, directors, officers and employees may acquire, hold or sell, for their own account and the accounts of third parties, equity, debt and other securities and financial instruments of SUSO 3 and the REIT or any other companies that may be involved in the Transaction, as well as provide investment banking and other financial services to such companies. Trimaven and its shareholders, officers and employees may have interests, or be engaged in a broad range of transactions involving interests, that differ from those of SUSO 3. Trimaven and certain of its respective employees, including members of the team performing this engagement, may from time-to-time acquire, hold or make direct or indirect investments in or otherwise participate in a wide variety of companies, including parties with a potential direct or indirect interest in any transaction to which this engagement relates.

Trimaven does not, nor do any of its affiliates, act as traders or dealers of public market securities, either as principal or agent. Notwithstanding the foregoing, Trimaven, and any of its affiliates, may in the future have positions in the securities of the REIT or other associated and/or affiliated parties, and, from time to time, may execute transactions on behalf of such entities or other clients for which it may receive compensation. Trimaven and its affiliates may, in the future, conduct research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on

investment matters, including matters with respect to SUSO 3 and/or the REIT, or any of their respective associated and/or affiliates. As of the date hereof, Trimaven does not conduct research on securities and does not provide research reports on investment matters, including in respect of any of the Interested Parties.

### **Scope of Review**

In connection with rendering our Fairness Opinion, we have reviewed and relied upon, among other things, the following:

- (a) the SUSO 3 Purchase Agreement dated February 25<sup>th</sup>, 2015;
- (b) publicly available documents regarding SUSO 3 and the REIT, including annual and quarterly reports, financial statements, business acquisition reports, annual information forms, management information circulars and other filings deemed relevant in respect of each of them;
- (c) Argus models and financial forecasts and cash flow statements prepared by management of SUSO 3 for each property in the SUSO 3 income producing property portfolio;
- (d) certain non-public documents and information concerning SUSO 3 and its income producing property portfolio including a detailed capital expenditure schedule, tenant leases, building condition reports, environmental reports, property rent rolls and other material agreements;
- (e) trading statistics and related financial information in respect of the REIT and other selected public companies;
- (f) as available, various reports published by equity research analysts and industry sources regarding SUSO 3 and the REIT and other selected public companies;
- (g) public information regarding the real estate industry generally;
- (h) comparable acquisition transactions considered by us to be relevant, if any;
- (i) discussions with (i) senior management of SUSO 3, and its legal advisor; (ii) senior management of the REIT, and its legal advisor; and (iii) discussions with the Special Committee, and its legal advisor;
- (j) press releases for both SUSO 3 and the REIT during 2014 and 2015;
- (k) consideration of the process undertaken by SUSO 3 and the REIT leading up to entering into the Transaction; and
- (l) other information, analysis, investigations and discussions we considered necessary or appropriate in the circumstances.

Trimaven has not, to the best of its knowledge, been denied access by SUSO 3 to any information under the control of SUSO 3 that has been requested by Trimaven.

### **Assumptions and Limitations**

The opinion of Trimaven is subject to the assumptions, qualifications and limitations set forth below. Our role is limited to the preparation and delivery of the Fairness Opinion. We have not been asked to prepare, nor have we prepared, a formal valuation or appraisal of any of the assets or securities of SUSO 3, the REIT or any of their respective affiliates and our Fairness Opinion should not be construed as such, nor have we been requested to identify, solicit, consider or develop any potential alternatives to the Transaction.

With the Special Committee's approval and as provided for in the Engagement Agreement, we have relied upon the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, and/or provided to us by SUSO 3, its subsidiaries or their respective directors, officers, associates, affiliates, consultants, advisors and representatives. We have not met separately with the independent auditors of SUSO 3 or the REIT in connection with preparing the Fairness Opinion, and with the permission of the Special Committee, we have assumed the accuracy and fair presentation of, and relied upon, the audited financial statements of SUSO 3 and the reports of the auditors thereon. With respect to the historical financial data, operating and financial forecasts and budgets provided to us concerning SUSO 3 and relied upon in our financial analyses, we have assumed that they have been reasonably prepared on bases reflecting the most reasonable assumptions, estimates and judgements of management of SUSO 3, having regard to SUSO 3's business, plans, financial condition, balance sheet liquidity, and prospects (collectively, the foregoing in this paragraph, the "**Information**"). Our Fairness Opinion is conditional upon the completeness, accuracy and fair presentation of the Information. We have not been requested to, nor, subject to the exercise of professional judgment, have we attempted to verify independently the completeness, accuracy or fair presentation of the Information or any other information.

Senior officers of SUSO 3 have represented to Trimaven in a certificate delivered as of the date hereof, among other things, that (i) the Information provided orally by, or in the presence of, an officer or employee of SUSO 3 or in writing by SUSO 3 or any of its subsidiaries, associates or affiliates or their respective directors, officers, associates, affiliates, consultants, advisors and representatives to Trimaven or obtained by Trimaven from the System for Electronic Document Analysis and Retrieval (SEDAR) relating to SUSO 3, its subsidiaries, associates or affiliates or the Transaction for the purpose of preparing the Fairness Opinion is, or in the case of historical Information, was, at the date of preparation, complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of SUSO 3, its subsidiaries, associates or affiliates, or the Transaction and did not and does not omit to state a material fact in respect of SUSO 3, its subsidiaries, associates or affiliates, or the Transaction necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was provided or any such statement was made; and that (ii) to the extent that any of the Information identified in subparagraph (i) above is historical, since the dates on which such Information was provided to Trimaven, except as disclosed in writing to Trimaven, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of SUSO 3 or any of its subsidiaries



and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion. With respect to any forecasts, projections, estimates and/or budgets provided to Trimaven and used in its analyses, Trimaven notes that projecting future results of any company is inherently subject to uncertainty. Trimaven has assumed, however, that such forecasts, projections, estimates and/or budgets were prepared using the assumptions identified therein and that such assumptions in the opinion of SUSO 3, are (or were at the time and continue to be) reasonable in the circumstances.

Trimaven has assumed that, in all respects material to its analysis the representations and warranties of the parties to the SUSO 3 Purchase Agreement contained therein are true, accurate and complete in all material respects, and that such parties will each perform all of the respective covenants and agreements to be performed by them under the SUSO 3 Purchase Agreement, the REIT will perform its obligations under the Transaction, and all conditions to the obligations of such parties as specified in the SUSO 3 Purchase Agreement will be satisfied without any waiver thereof. Trimaven has also assumed that all material approvals and consents required in connection with the consummation of the Transaction will be obtained and that, in connection with obtaining any necessary approvals and consents, no limitations, restrictions or conditions will be imposed that would have a material adverse effect on SUSO 3 and/or the REIT.

Trimaven has relied upon the determination made by the Special Committee and/or the Board, as disclosed in the Circular, that the Transaction is exempt from the formal valuation requirements of Multilateral Instrument 61-101.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Transaction. We express no opinion as to the value at which units of the REIT may trade following completion of the Transaction.

This Fairness Opinion is rendered as at the date hereof and on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of SUSO 3 as they are reflected in the Information and as they were represented to us in our discussions with the management of SUSO 3. In our analyses and in connection with the preparation of our Fairness Opinion, we made numerous assumptions with respect to industry performance, general business, capital market and economic conditions and other matters, many of which are beyond the control of Trimaven and any party involved in the SUSO 3 Purchase Agreement and the Transaction. Trimaven disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to the attention of Trimaven after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, Trimaven reserves the right to change, modify or withdraw the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily capable of being partially analyzed or summarized. Trimaven believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, may create an incomplete view of the process underlying the Fairness Opinion. The Fairness Opinion should be read in its entirety.

This Fairness Opinion is addressed to the Special Committee and is for the sole use and benefit of the Special Committee and the Board and may not be relied upon by any other person, and may not be referred to, summarized, circulated, publicized or reproduced or disclosed to or used or relied upon by any party without the express written consent of Trimaven. This Fairness Opinion is not to be construed as a recommendation to any holder of any class of SUSO 3 units to accept or reject the Transaction.

**Conclusion**

Based upon and subject to the foregoing and such other matters as we considered relevant, it is our opinion, as of the date hereof, that the Total Consideration payable under the Transaction is, as of April •, 2015, fair, from a financial point of view, to unitholders of SUSO 3, excluding the REIT and SUSO 3 GP Inc.

Yours very truly,

A handwritten signature in cursive script that reads "Trimaven Capital Advisors Inc.".

Trimaven Capital Advisors Inc.



