

CROMBIE REAL ESTATE INVESTMENT TRUST
AMENDED AND RESTATED CLASS B EXCHANGE AGREEMENT

June 30, 2017

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EXCHANGE AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT is made as of the 30th day of June, 2017.

AMONG:

CROMBIE REAL ESTATE INVESTMENT TRUST, a trust formed under the laws of the Province of Ontario

(the "REIT")

-and-

CROMBIE GENERAL PARTNER LIMITED, a corporation incorporated under the laws of the Province of Nova Scotia

("Crombie GP")

-and-

CROMBIE LIMITED PARTNERSHIP, a limited partnership organized under the laws of the Province of Nova Scotia

("Crombie LP")

-and-

ECL DEVELOPMENTS LIMITED, a corporation incorporated under the laws of Nova Scotia

("ECL")

-and-

EACH PERSON WHO FROM TIME TO TIME EXECUTES THIS AGREEMENT OR IS DEEMED TO BE A PARTY HERETO

WHEREAS the REIT, Crombie GP, Crombie LP and ECL Properties Limited ("**ECL Properties**") entered into an original exchange agreement dated March 23, 2006, which agreement was assigned by ECL Properties to ECL, and now the parties wish to amend and restate the original exchange agreement by executing this amended and restated exchange agreement.

AND WHEREAS the Parties wish to provide the holders, from time to time, of Class B LP Units with the right to exchange such Class B LP Units for Units on the terms and conditions provided for herein;

AND WHEREAS the Parties wish to provide ECL with (a) demand and piggy-back registration rights with respect to public offerings of Units, and (b) pre-emptive rights enabling

ECL to participate in any issue of Units by the REIT, in each case on the terms and conditions provided for herein;

AND WHEREAS Crombie LP desires to make appropriate arrangements with the REIT to provide for the issuance of the Units required to be provided to the Holders under the terms of this Agreement;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged by each of the Parties to this Agreement, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, the following terms shall have the following meanings:

“affiliate” of a person means any person or company that would be deemed to be an affiliated entity of such person within the meaning of Ontario Securities Commission Rule 45-501 – Ontario Prospectus and Registration Exemptions, as replaced or amended from time to time.

“Applicable Laws” means Securities Laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or license, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Body, and the term “applicable” with respect to such Applicable Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Body having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities.

“Applicable Number of Units” means the product of the number of Class B LP Units specified in an Exchange Notice multiplied by the Exchange Ratio.

“Business Day” means any day except Saturdays, Sundays and statutory holidays in the Provinces of Nova Scotia and Ontario.

“CDS” means The Canadian Depository for Securities Limited and its successors.

“CDS Participant” means a broker, dealer, bank, other financial institution or other Person who, directly or indirectly, from time to time, effects book-based transfers with CDS and pledges of securities deposited with CDS.

“Class A LP Units” means the Class A limited partnership units of Crombie LP having the rights, privileges, restrictions and conditions set out in the Partnership Agreement.

“Class B LP Units” means the Class B limited partnership units of Crombie LP having the rights, privileges, restrictions and conditions set out in the Partnership Agreement.

“Class C LP Units” means the Class C limited partnership units of Crombie LP having the rights, privileges, restrictions and conditions set out in the Partnership Agreement.

“Current Market Price” means, in respect of a Unit, the volume weighted average of the trading prices of Units during a period of 20 consecutive trading days ending not less than three trading

days before that date on the Toronto Stock Exchange, or, if the Units are not then listed on the Toronto Stock Exchange, on any other stock exchange or automated quotation system on which the Units are listed or quoted, as the case may be, as may be selected by the Trustees for this purpose; provided, however, that if in the reasonable opinion of the Trustees the public distribution or trading activity of the Units during that period does not create a market which reflects the fair market value of a Unit, then the Current Market Price will be determined by the Trustees, in good faith and in their sole discretion and provided further that any selection, opinion or determination by the Trustees will be conclusive and binding.

“Declaration of Trust” means the declaration of trust dated January 1, 2006 pursuant to which the REIT is governed, as the same may be amended, restated or amended and restated from time to time.

“Demand Registration” has the meaning ascribed thereto in Section 6.1.

“Distribution” means a distribution or sale of Units to the public by way of a Prospectus under Securities Laws in any applicable jurisdiction in Canada.

“ECL Trustee” has the meaning ascribed thereto in the Declaration of Trust. **“Exchange Date”** has the meaning ascribed thereto in Section 2.6.

“Exchange Notice” means the notice to be delivered by a Holder to effect an Exchange in accordance with the terms and conditions of this Agreement, the form of which is attached hereto as Schedule “A”.

“Exchange Ratio” has the meaning ascribed thereto in Subsection 2.2(a). **“Exchange Right”** has the meaning ascribed thereto in Section 2.1. **“Exchange”** has the meaning ascribed thereto in Section 2.1.

“Governmental Body” means any:

- a. multinational, federal, provincial, state, regional, municipal, local or foreign government, governmental or public department, central bank, court, tribunal, arbitral body, arbitrator, board, bureau, agency or instrumentality, or commission, domestic or foreign;
- b. any subdivision, agent, commission, board or authority of any of the foregoing; or
- c. any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above and any stock exchange or self-regulatory authority and, for greater certainty, includes the Securities Commissions, the Toronto Stock Exchange and Market Regulation Services Inc.

“Holders” means registered holders of Class B LP Units, from time to time.

“Independent Trustees” means the trustees of the REIT who are independent within the meaning of Multilateral Instrument 52-110 — Audit Committees and are not “related” within the meaning of the Income Tax Act (Canada), and for all purposes hereof, an ECL Trustee shall be deemed not to be an Independent Trustee.

“Initiating Investor” has the meaning ascribed thereto in Section 6.1. **“Inspectors”** has the meaning ascribed thereto in Schedule “B”.

“Lock-up Arrangement” means the period ending 180 days from the Closing Date during which time ECL will not, directly or indirectly, sell or otherwise dispose of any Units underlying the Class B LP Units, or agree to, or announce, any such sale, without the prior consent of the Underwriters, as further described in Subsection 14(b) of the Underwriting Agreement.

“LP Units” means, collectively, the Class A LP Units, the Class B LP Units and Class C LP Units.

“Non-resident Ownership Limitation” has the meaning ascribed thereto in Subsection 2.4(a).

“Non-residents” has the meaning ascribed thereto in Subsection 2.4(a).

“Offer” means an offer to acquire outstanding Units where, as of the date of the offer to acquire, the Units that are the subject of the offer to acquire, together with the Offeror’s Units, constitute in the aggregate 20% or more of all outstanding Units.

“Offeror’s Units” means Units (including all Units issuable, directly or indirectly, upon the exchange of all Class B LP Units held by or on behalf of the Offeror) beneficially owned by the Offeror, any affiliate or associate (as defined in the Securities Act) of the Offeror or any Person acting jointly or in concert with the Offeror.

“Offeror” means a person, or two or more persons acting jointly or in concert, who makes an Offer.

“Parties” means the REIT, Crombie LP, Crombie GP, ECL and other Holders from time to time, and their respective successors and permitted assigns.

“Partnership Agreement” means the fourth amended and restated limited partnership agreement of Crombie LP dated June 30, 2017 among Crombie GP and the REIT, as the same may be amended or amended and restated from time to time.

“Person” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative or Governmental Body, however designated or constituted.

“Piggy-Back Registration” has the meaning ascribed thereto in Section 6.2.

“Prospectus” means a “preliminary prospectus”, “amended and restated preliminary prospectus” and a “final prospectus” as those terms are used in the Securities Act, including in all amendments and supplements thereto.

“Reclassification Event” has the meaning ascribed thereto in Subsection 2.2(d).

“Registrable Securities” means any Units held by an Initiating Investor, including any Units issuable upon exercise of the Exchange Right. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when they have been distributed to the public pursuant to a Distribution or sold to the public through a broker, dealer or market maker in compliance with the applicable Securities Laws.

“REIT Successor” has the meaning ascribed thereto in Paragraph 4.1(a)(i).

“Securities Act” means the *Securities Act* (Ontario), as it may be amended from time to time, and any successor legislation.

“Securities Commissions” means the applicable securities commission or other regulatory authority in each of the provinces of Canada.

“Securities Laws” means, collectively, the applicable securities laws of each of the provinces of Canada and the respective regulations and rules made under those securities laws, together with all applicable policy statements, instruments, blanket orders and rulings of the Securities Commissions.

“Selling Persons” has the meaning ascribed thereto in Schedule “B”.

“subsidiary” and **“subsidiaries”** has the meaning ascribed thereto in Ontario Securities Commission Rule 45-501 — Ontario Prospectus and Registration Exemptions, as replaced or amended from time to time.

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

“Third Party” has the meaning ascribed thereto in Section 7.3. **“Third Party Offer”** has the meaning ascribed thereto in Section 7.3

“TSX” means the Toronto Stock Exchange.

“Unit Interests” has the meaning ascribed thereto in Subsection 7.1(a).

“Unit Reorganization” has the meaning ascribed thereto in Section 2.2(b).

“Unitholders” means at any time the holders at that time of one or more Units, as shown on the register of such holders maintained by the REIT.

“Units” means the units of the REIT, each of which represents an equal undivided interest in the distributions and the assets of the REIT.

1.2 Headings

The division of this Agreement into articles and sections and the insertion of headings are for the convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to **“Articles”**, **“Sections”** or **“Schedules”** are to articles or sections of, or schedules to, this Agreement.

1.3 Gender and Number

In this Agreement, words importing the singular number only will include the plural and vice versa, words importing the masculine gender will include the feminine and neuter genders and vice versa.

1.4 Currency

Except where otherwise expressly provided, all payments contemplated herein will be paid in Canadian funds, and all references herein to dollar amounts are references to dollars in the lawful currency of Canada.

1.5 Day Not a Business Day

In the event that any day on which any action is required to be taken hereunder is not a Business Day, then such action will be required to be taken on the requisite time on the next succeeding day that is a Business Day.

1.6 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the Party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.7 Construction

The words “including” and “includes” where used in this Agreement will be deemed to mean “including, without limitation” and “includes, without limitation”, respectively.

1.8 Calculation of Time

In this Agreement, unless otherwise specified, a period of days will be deemed to begin on the first day after the event that began the period and to end at midnight (Halifax time) on the last day of the period, except that if the last day of the period does not fall on a Business Day, the period will terminate at midnight (Halifax time) on the next succeeding Business Day.

1.9 Withholding Rights

The REIT and Crombie LP will be entitled to deduct and withhold from any consideration otherwise payable under this Agreement to any Party that has exercised its Exchange Right under this Agreement any amounts as the REIT and/or Crombie LP are required or permitted to deduct and withhold with respect to such payment under the Tax Act or any provision of provincial, state, local or foreign tax law, in each case as amended or superseded, or would be permitted to withhold if an equal amount were remitted to the appropriate taxing authority. To the extent that amounts are so withheld, the withheld amounts will be treated for all purposes as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that the withheld amounts (or equivalent amounts, if applicable) are actually remitted to the appropriate taxing authority. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, the REIT or Crombie LP are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to the REIT or Crombie LP, as the case may be, to enable it to comply with the deduction or withholding requirement (or make such permitted deduction) and the REIT or Crombie LP, as appropriate, will notify the holder and remit to the holder any unapplied balance of the net proceeds of such sale.

ARTICLE 2 EXCHANGE RIGHT

2.1 Grant of Exchange Right

In accordance with and subject to Article 3 of the Partnership Agreement, each Holder has the right to exchange any or all Class B LP Units held from time to time by the Holder into Units in accordance with the provisions of this Agreement. Subject to Sections 2.3 and 2.4, the REIT, together with Crombie GP and Crombie LP, hereby grants to each Holder the right (the “**Exchange Right**”), exercisable at any time and from time to time, to require the REIT and Crombie LP to exchange all or any part of the Class B LP Units held from time to time by such Holder into Units in accordance with the provisions of this Agreement (the “**Exchange**”). The REIT and Crombie LP hereby acknowledge receipt from ECL, as the only Holder on the date of this Agreement, of good and valuable consideration (and the adequacy of the consideration) for the grant of the Exchange Right hereunder. For greater certainty, the Exchange Right as it applies to a Class B LP Unit shall enure to each valid transferee of a Class B LP Unit held by such transferee from time to time.

2.2 Exchange Ratio and Adjustment

- d. The number of Units issuable for each Class B LP Unit exchanged pursuant to the exercise of an Exchange Right from time to time, subject to adjustment as provided in this Sections 2.2 and 2.11, is one (the “**Exchange Ratio**”).
- e. In the event that there is a change in the number of Units outstanding from time to time as a result of a subdivision, consolidation, reclassification, capital reorganization or similar change in the Units (other than a consolidation as contemplated by Section 11.3 of the Declaration of Trust) (each such event, a “**Unit Reorganization**”), the Exchange Ratio shall be adjusted by the REIT to produce the number of Units that would be received in respect of a Class B LP Unit immediately following the Unit Reorganization as if the Exchange Right had been exercised in respect of the Class B LP Unit immediately before the Unit Reorganization.
- f. If at any time while any Class B LP Units are outstanding there is any consolidation, amalgamation, arrangement, merger or other form of business combination of the REIT with or into any other entity resulting in a reclassification of the outstanding Units (a “**Reclassification Event**”), then the Exchange Right will be adjusted simultaneously in a manner approved by the Trustees, acting reasonably, to ensure that Holders will be entitled to receive, in lieu of the number of Units to which they would otherwise have been entitled in respect of one Class B LP Unit if such Class B LP Unit had been exchanged for Units pursuant to the Exchange Right, the kind and number or amount of securities that they would have been entitled to receive as a result of such Reclassification Event if, on the effective date thereof, they had been the registered holder of the number of Units that they would have received had such Class B LP Unit been exchanged for Units pursuant to the Exchange Right immediately before the effective date of any such Reclassification Event.
- g. The adjustments provided for in Subsections 2.2(b) and 2.2(c) shall be cumulative.

2.3 Restrictions on Exchange

- h. Notwithstanding Section 2.1, the Exchange Right shall only be exercisable at any time if:
 - (i) the exchange would not cause the REIT to breach the restrictions respecting non-resident ownership contained in Section 7.13 of the Declaration of Trust, or otherwise cause it to cease to be a “mutual fund trust” (or create a substantial risk of such cessation) for purposes of the Tax Act, as discussed in Section 2.4;
 - (ii) the REIT is legally entitled to issue Units in connection with the exercise of Exchange Rights; and
 - (iii) the Person receiving the Units complies with all applicable Securities Laws and undertakes to comply with applicable transfer restrictions set forth in the Lock-Up Arrangement.

2.4 Limitation of Ownership by Non-Residents

- i. The Parties acknowledge and agree that the exercise of the Exchange Right is subject to the provisions of Section 7.13 of the Declaration of Trust, including the limitation that at no time may non-residents of Canada within the meaning of the Tax Act and any partnership that is not a Canadian partnership within the meaning of the Tax Act (“**Non-residents**”) be the beneficial owners of more than 49% of the outstanding Units (on either a basic or fully-diluted basis) (the “**Non-resident Ownership Limitation**”).
- j. In addition to the deliveries contemplated by Section 2.5 of this Agreement, the Trustees may require declarations as to the jurisdictions in which Parties exercising their Exchange Right are resident. If the Trustees become aware that the beneficial owners of 49% of the Units then outstanding are, or may be, Non-residents or that such a situation is imminent, the REIT will give each of the Holders exercising their Exchange Right notice thereof and the REIT and Crombie LP will not be required to give effect to the Exchange Right as provided herein until such time as the Trustees, in their sole discretion, have determined that the exercise of such rights would not result in the contravention of the limitations referenced above. Any purported exercise of the Exchange Right that is not effected as a result of these limitations may be withdrawn by the applicable Holder, provided that any such exercise(s) that are not so withdrawn will at the request of such Holder exercising the Exchange Right be effected by the REIT and Crombie LP in the order in which they were initially received, as soon as practicable following the time at which the Trustees determine that such exercise(s) are permitted as aforesaid. For greater certainty, this Section 2.4 will not prevent or delay the exercise of an Exchange Right that would not result in a breach of the Non-resident Ownership Limitation.

2.5 Exchange Procedure

- k. In order to effect the exchange of Class B LP Units for Units pursuant to this Agreement, the Party exercising its Exchange Right shall deliver to the REIT and Crombie GP (on behalf of Crombie LP) a duly completed and executed Exchange

Notice, together with certificates representing the Class B LP Units being exchanged and the Special Voting Units attached thereto.

- I. Upon the exercise of the Exchange Right in accordance with Subsection 2.5(a), the Exchange shall be effected as follows:
 - (i) upon receipt of a copy of an Exchange Notice, Crombie GP will forthwith issue and deliver to the REIT for each Class B LP Unit being exchanged that number of Class A LP Units having an aggregate Value equal to the product of (A) the Current Market Price of a Unit and (B) the Applicable Number of Units for the Class B LP Units being exchanged as specified in the Exchange Notice; the relative amount of Class A LP Units will be determined by Crombie GP (on behalf of Crombie LP) by notice in writing to the REIT within three Business Days of Crombie GP (on behalf of Crombie LP) receiving a copy of the Exchange Notice as aforesaid;
 - (ii) the REIT will immediately deliver or cause to be delivered to Crombie GP, as agent for Crombie LP, the Units acquired pursuant to Paragraph 2.5(b)(i), duly endorsed in blank for transfer in consideration for the number of Class A LP Units, having a value equivalent to those Units, determined by Crombie GP;
 - (iii) the Exchange will immediately be effected by Crombie GP, as agent for Crombie LP, (A) by causing to be delivered to the applicable Holder the Units acquired by Crombie LP pursuant to Paragraph 2.5(b)(ii) in consideration for the Class B LP Units subject to the Exchange and (B) causing to be issued in the name of the REIT, certificates representing such number of Class A LP Units equal to the Applicable Number of Units. The Holder who exercised the Exchange Right will be deemed to have transferred to Crombie GP, as agent for Crombie LP, all of such Holder's right, title and interest in and to the Class B LP Units subject to the Exchange. Crombie GP, as general partner of Crombie LP, shall cause the exchanged Class B LP Units to be cancelled and enter the REIT in Crombie LP's register of limited partners in respect of the Class A LP Units being issued to the REIT (and by making the corresponding entries to reflect the cancellation of the Class B LP Units); and
 - (iv) upon the surrender of certificates representing more Class B LP Units than the number of such securities to be exchanged, the Holder thereof will be entitled to receive from Crombie LP forthwith, without expense to such Holder, a new certificate representing the Class B LP Units not being exchanged at that time.
- m. For so long as Units are held in the book-entry only system administered by CDS, no certificates for Units will be issued pursuant to the exercise of the Exchange Right and the Units issuable on such exercise will be registered in the name of CDS or its nominee and registered on the books of CDS for the benefit of the

party exercising the Exchange Right through a CDS Participant selected by such party.

2.6 Exchange Date

The exchange date specified in any Exchange Notice (the “**Exchange Date**”) must be a Business Day and must not be less than five Business Days nor more than ten Business Days after the date upon which the Exchange Notice is received by the REIT. If no such Business Day is specified in the Exchange Notice, the Exchange Date shall be deemed to be the fifth Business Day after the date on which the Exchange Notice is received by the REIT.

2.7 Withdrawal of Exercise

At any time prior to the applicable Exchange Date, a party who delivers an Exchange Notice to the REIT will be entitled to withdraw such notice.

2.8 Effect of Exercise of the Exchange Right

If the Exchange Right has been exercised, at 8:30 a.m. (Halifax time) on the Exchange Date:

- n. the closing of the Exchange contemplated by the Exchange Right will be deemed to have occurred as set out in Subsection 2.5(b);
- o. the Holder who exercised the Exchange Right will be considered and deemed for all purposes to be the beneficial holder of the Units issued pursuant to the Exchange Right;
- p. the Holder who exercised the Exchange Right will be deemed to have transferred to Crombie GP, as agent for Crombie LP, all of such Holder’s right, title and interest in and to those Class B LP Units which are the subject of the Exchange Notice (which Class B LP Units will be deemed to be cancelled and exchanged for Class A LP Units, as set out in Paragraph 2.5(b)(iii)), will cease to be a registered holder of the Class B LP Units and will not be entitled to exercise any of the rights in respect of the Class B LP Units, other than the right to receive the Applicable Number of Units deliverable hereunder in exchange therefor;
- q. in addition to any other Class A LP Units previously held by the REIT, the REIT will be considered and deemed for all purposes to be the holder of a number of Class A LP Units equal to the Applicable Number of Units issued in exchange for the Class B LP Units which are the subject of the Exchange Notice pursuant to the Exchange Right; and
- r. Crombie GP, as agent for Crombie LP, will be deemed to have transferred to the Holder exercising the Exchange Right all of its right, title and interest in and to those Units issued pursuant to Paragraph 2.5(b)(iii), will cease to be the holder of such Units and will not be entitled to exercise any of the rights in respect of such Units.

2.9 Compliance

Subject to compliance with the Declaration of Trust, the Partnership Agreement and Applicable Laws, each of the Parties will execute all documents and take all other actions necessary or desirable to effect the Exchange Right.

2.10 Economic Equivalence

s. The REIT will not:

- (i) issue or distribute Units (or securities exchangeable for or convertible into or carrying rights to acquire Units) to the holders of all or substantially all of the then outstanding Units by way of distribution (other than the issue of Units to the Unitholders as a distribution in lieu of a cash distribution pursuant to Section 11.3 of the Declaration of Trust, as that section exists on the date hereof or in a similar section of any amended or amended and restated Declaration of Trust);
- (ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding Units (or securities exchangeable for or convertible into or carrying rights to acquire Units); or
- (iii) issue or distribute to the holders of all or substantially all of the then outstanding Units (i) evidences of indebtedness of the REIT or (ii) assets of the REIT except in accordance with the redemption provisions of the Units according to their terms,

unless the economic equivalent (as determined by the Trustees) of such rights, options, securities, evidences of indebtedness or other assets to be issued or distributed are simultaneously issued or distributed by Crombie LP to the Holders.

t. The Trustees will determine, acting reasonably and in good faith, economic equivalence for the purposes of any event referred to in Subsection 2.10(a) and each such determination will be conclusive and binding on the Parties hereto. In making each such determination, the Trustees will consider, without limitation, the following factors:

- (i) in the case of any distribution payable in Units, the number of such Units issued in proportion to the number of Units previously outstanding;
- (ii) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase Units (or securities exchangeable for or convertible into or carrying rights to acquire Units), the relationship between the exercise price of each such right, option or warrant and the Current Market Price of a Unit;
- (iii) in the case of the issuance or distribution of any other form of property (including any units of the REIT of any class other than Units, any rights, options or warrants other than those referred to in Paragraph 2.10(a)(ii), any evidence of indebtedness of the REIT

or any assets of the REIT), the relationship between the fair market value of such property (as determined by the Trustees) to be issued or distributed with respect to each outstanding Unit and the Current Market Price of a Unit; and

- (iv) in all such cases, the general taxation consequences of the relevant event to Holders to the extent that such consequences may differ from taxation consequences of Unitholders generally, except for any differing consequences arising as a result of differing marginal taxation rates and without regard to the individual circumstances of the Holders.
- u. Without limiting the generality of the foregoing, if at any time the holders of Units are granted any rights to participate in a distribution reinvestment program or rights offering of the REIT, then the holders of Class B LP Units will, subject to any required statutory or regulatory order or waiver, be entitled to participate in such distribution reinvestment program or rights offering on an equal unit for unit basis with the holders of Units. Crombie GP, as general partner of Crombie LP, will undertake all reasonable steps and actions as are required to require the Trustees to offer such participation and rights to the holders of Class B LP Units and to obtain any required statutory or regulatory order or waiver.

2.11 Exchange to Facilitate Tender to a Take-Over Bid

A Holder may, subject to the provisions of this Section 2.11, conditionally exchange Class B LP Units held by such Party for Units in the event that an Offer is made for outstanding Units. Such exchange, if conditional, may only be conditional upon the taking up by the Offeror of Units pursuant to the Offer. The Parties agree to cooperate in good faith to take such actions to facilitate the exchange of Class B LP Units for Units so that a holder of Class B LP Units can exercise its right under this Agreement to exchange all or a portion of such holdings for Units in order to tender to an Offer.

2.12 Cancellation of Special Voting Units

At the time of any Exchange hereunder, the Special Voting Units that were issued by the REIT in favour of the Holder in connection with the issuance of the Class B LP Units being Exchanged will be automatically cancelled by the REIT in proportion to the Class B LP Units being Exchanged for no consideration without any action required on the part of the REIT or the Holder to effect such cancellation.

ARTICLE 3 COVENANTS OF THE REIT, CROMBIE LP AND CROMBIE GP

3.1 Validity of Units

The REIT hereby represents, warrants and covenants that any Unit issuable upon an Exchange as described herein will be duly authorized and validly issued as fully paid.

3.2 Reservation of Units

The REIT hereby represents, warrants and covenants in favour of the Holders that the REIT has reserved for issuance and will, at all times while this Agreement is outstanding, keep

available, free from pre-emptive (except as provided for hereunder), and other rights granted by the REIT, such number of Units as are issuable under the Exchange Right.

3.3 Qualification of Units

Subject to the other provisions of this Agreement, the REIT covenants that if any Units to be issued and delivered pursuant to the Exchange Right require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document, or the taking of any proceeding with or the obtaining of any order, ruling or consent from any Governmental Body under Applicable Laws or the fulfilment of any other Canadian federal or provincial legal requirement before such Units may be issued and delivered by or on behalf of the REIT to the holder thereof (other than any restrictions of general application on transfers of securities by reason of a holder being a “control person” for purposes of Securities Laws or restrictions arising because of any action or thing deemed undertaken by a Holder of the Exchange Right), the REIT, in good faith, will expeditiously take all such actions and do all such things as are necessary to cause all Units to be delivered hereunder and to comply with any such requirements.

3.4 Stock Exchange Listing

The REIT covenants and agrees that it will make such filings and take such other reasonable steps as may be necessary in order:

- v. that the Units issuable hereunder pursuant to the Exchange Right will be approved for listing and posted for trading on the Toronto Stock Exchange or any stock exchange or market on which the Units then trade from the date of issuance thereof; and
- w. to preserve the listing on the Toronto Stock Exchange of all outstanding Units, provided that for greater certainty the REIT will not be prohibited (Other than as provided for in the Declaration of Trust) from repurchasing and cancelling Units.

3.5 Take-Over Bids

The provisions of Section 7.28 of the Declaration of Trust are hereby incorporated into this Agreement and will be binding upon the Parties. If a holder of Class B LP Units would have been a “dissenting offeree” (as defined in the Declaration of Trust) if such holder held Units, such holder’s Class B LP Units will be exchanged in accordance with Section 2.5.

3.6 Covenants

Each of the REIT, Crombie LP and Crombie GP will take all such actions and do all such things as shall be reasonably necessary to perform and comply with and to ensure performance and compliance by the REIT, Crombie LP and Crombie GP with all provisions of this Agreement applicable to the REIT, Crombie LP and Crombie GP, respectively, in accordance with the terms hereof including taking all such actions and doing all such things as shall be reasonably necessary to enforce to the fullest extent possible for the direct benefit of the Holders all rights and benefits in favour of the Holders under or pursuant hereto.

ARTICLE 4 REIT SUCCESSORS

4.1 Certain Requirements in Respect of Combination, Etc.

- x. Subject to Subsection 4.1(c), the REIT will not consummate any transaction (whether by way of reconstruction, reorganization, consolidation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of a merger, of the continuing Person resulting therefrom unless:
 - (i) such other Person (the “**REIT Successor**”), by operation of law, becomes bound by the terms and provisions of this Agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary to evidence the assumption by the REIT Successor of liability for all amounts payable and property deliverable hereunder and the covenant of such REIT Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of the REIT under this Agreement; and
 - (ii) such transaction shall be upon such terms and conditions so as to substantially preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder or of the Holders.
- y. Whenever the conditions of Subsection 4.1(a) have been duly observed and performed, if required by Subsection 4.1(a), the REIT Successor and the other Parties hereto will execute and deliver the supplemental agreement provided for herein and thereupon the REIT Successor will possess and from time to time may exercise each and every right and power and will be subject to each and every obligation of the REIT under this Agreement in the name of the REIT or otherwise and any act or proceeding under any provision of this Agreement required to be done or performed by the REIT or any officer of the REIT may be done and performed with like force and effect by the Trustees or officers of such REIT Successor.
- z. Nothing herein will be construed as preventing the merger or similar transaction of any wholly-owned direct or indirect subsidiary of the REIT with or into the REIT or any such subsidiary, or the winding-up, liquidation or dissolution of any wholly-owned subsidiary of the REIT, provided that all of the assets of such subsidiary are transferred to the REIT or another wholly-owned direct or indirect subsidiary of the REIT.

ARTICLE 5 INFORMATION

5.1 Copies of REIT Information

The REIT will deliver to the Holders copies of all proxy materials, information statements, reports (including without limitation, all interim and annual financial statements) and other written

communications that, in each case, are to be distributed from time to time to Unitholders at the same time as those materials are first sent to Unitholders.

ARTICLE 6 DEMAND AND PIGGYBACK REGISTRATION RIGHTS

6.1 Demand Registration Rights

- aa. At any time and from time to time, provided that ECL and its affiliates collectively hold, directly or indirectly, at least 10% of the outstanding Units on a fully-diluted basis (including Units issuable upon the exchange of Class B LP Units), ECL or any such affiliate (and for greater certainty no other Person) (the “**Initiating Investor**”) may require the REIT to file one or more Prospectuses and take such other steps as may be reasonably necessary to facilitate an offering in Canada of all or any portion of the Units held by the Initiating Investor (the “**Demand Registration**”) by giving written notice of such Demand Registration to the REIT. The REIT shall, subject to applicable Securities Laws, use commercially reasonable efforts to file one or more Prospectuses under Securities Laws in order to permit the offer and sale or other disposition or Distribution in Canada of all or any portion of the Initiating Investor’s Registrable Securities requested to be included in such Demand Registration. The REIT and Crombie LP shall cooperate in a timely manner in connection with such disposition and the procedures in Schedule “B” shall apply.
- bb. Notwithstanding Subsection 6.1(a), the REIT shall not be obliged to effect a Demand Registration:
 - (i) during the period starting 14 days prior to and ending upon the expiry of any applicable black-out periods contained in the REIT’s most recent Prospectus filed under Securities Laws, except as may be otherwise agreed by the REIT and the underwriters managing such offering;
 - (ii) that is an underwritten Demand Registration in respect of less than 2 million Registrable Securities;
 - (iii) in a jurisdiction outside any of the provinces of Canada; or
 - (iv) in the event the Independent Trustees determine in their good faith judgment that there is a Valid Business Reason and that it is, therefore, in the best interests of the REIT to defer the filing of a Prospectus at such time, in which case the REIT’s obligations under this Section 6.1 will be deferred for a period of not more than 120 days from the date of receipt of the request of an Initiating Investor; provided that such right of deferral may not be exercised more than once in any twelve month period. For purposes of this Subsection 6.1(b), “Valid Business Reason” means a determination by a majority of the Independent Trustees that the effect of the filing of a Prospectus:
 - (A) would adversely affect a pending or proposed material acquisition, merger, recapitalization, consolidation, reorganization or similar transaction, negotiations, discussions or pending proposals with respect thereto; or

(B) requires the disclosure of material non-public information relating to the REIT that, in the good faith judgment of the Trustees, would have a material adverse effect on the REIT or any of its subsidiaries.

cc. Any request by the Initiating Investor pursuant to Subsection 6.1(a) hereof shall:

- (i) specify the number of Units which such Initiating Investor intends to offer and sell;
- (ii) express the intention of such Initiating Investor to offer or cause the offering of such Units;
- (iii) describe the nature or methods of the proposed offer and sale thereof and the jurisdiction in which such offer shall be made;
- (iv) contain the undertaking of such Initiating Investor to provide all such information regarding its holdings and the proposed manner of distribution thereof as may be required in order to permit the REIT to comply with all Securities Laws;
- (v) specify whether such offer and sale shall be made by an underwritten public offering; and
- (vi) if the Units to be sold by such Initiating Investor are to be issued under this Agreement, be accompanied by an appropriate notice of exercise of the Exchange Right, which notice may be contingent upon the sale of Units in the Demand Registration.

dd. In the case of an underwritten public offering initiated pursuant to this Section 6.1, the Initiating Investor shall have the right to select the managing underwriter or underwriters of such Registrable Securities, provided, however, that such selection shall also receive the prior written consent of the Independent Trustees, which consent shall not be unreasonably withheld. The REIT shall have the right to retain counsel of its choice to assist it in fulfilling its obligations under this Agreement. The REIT's expenses in respect of a Demand Registration, whether or not completed, will be borne by the Initiating Investor except where such failure to complete the Demand Registration is due solely to any action taken or failure to act by the REIT, in which case the REIT will bear the expenses of the Demand Registration. If both an Initiating Investor and the REIT are selling Units in an offering or Distribution, the expense of the Demand Registration will be shared by the Initiating Investor and the REIT (on a proportionate basis, according to the number of Units being sold).

ee. If, following any request by the Initiating Investor in accordance with this Section 6.1, an offering or Distribution of all or a portion of the Registrable Securities specified in Subsection 6.1(c)(i) is not completed within 90 days of such request, any notice of exercise of the Exchange Right hereunder shall be deemed to be withdrawn, unless the Initiating Investor and the REIT agree otherwise.

ff. The REIT shall not include in any Demand Registration any securities that are not Registrable Securities without the prior written consent of the Initiating Investor. If a Demand Registration is an underwritten offering and the managing underwriter

or underwriters advise the REIT in writing that in their good faith opinion the number of Registrable Securities and, if permitted hereunder, other securities requested to be included in such offering, exceeds the number of Registrable Securities and other securities, if any, which can be sold in an orderly manner in such offering within a price range acceptable to the Initiating Investor, then the REIT shall include in such registration before the inclusion of any securities which are not Registrable Securities of the Initiating Investor the number of Registrable Securities of the Initiating Investor requested to be included in such Demand Registration which, in the good faith opinion of such underwriters, can be sold in an orderly manner within the price range of such offering, pro rata among the respective Holders thereof on the basis of the number of Registrable Securities held by each such Holder.

6.2 Piggy-Back Registration Rights on Primary Registrations.

If the REIT proposes to qualify the issuance of any Units under Securities Laws or to make a Distribution, and provided that ECL and its affiliates collectively hold, directly or indirectly, at least 10% of the outstanding Units, determined on a fully-diluted basis (including Units issuable upon the exchange of the Class B LP Units), the REIT will, at that time, promptly give ECL written notice of the proposed qualification or Distribution. Upon the written request of ECL or any such affiliate (and for greater certainty no other Person) holding Registrable Securities given within 2 Business Days after notice by the REIT, the REIT will use its reasonable commercial efforts to, in conjunction with the proposed qualification or Distribution, cause to be included in such offering all of the Units that ECL or any such affiliate has requested to be included in such offering (a **"Piggy-Back Registration"**) unless the managing underwriter or underwriters for the REIT determine that including any such Registrable Securities held by ECL or any such affiliate in the Distribution would materially adversely affect (including, without limitation, the price range acceptable to the REIT) the REIT's Distribution. If the underwriters make such a determination, the REIT shall include in such registration (i) first, the number of securities the REIT proposes to sell and (ii) second, subject to the preceding sentence, the number of Registrable Securities, if any, that may be accommodated in such registration, pro rata among the respective Holders thereof on the basis of each such Holder's total holdings of Registrable Securities. If the Registrable Securities of ECL or any of its affiliates to be qualified under this Section 6.2 are to be issued under this Agreement, the request hereunder shall be accompanied by an appropriate written notice of exercise of the Exchange Right. If the proposed qualification or Distribution is not completed within 180 days of such request, any notice of exercise of the Exchange Right hereunder shall be deemed to be withdrawn, unless otherwise agreed between the REIT and ECL. The REIT's expenses in respect of a Piggy-Back Registration will be borne by the REIT, provided that any underwriting commission on the sale of Registrable Securities and the costs of ECL's counsel will be borne by ECL or its affiliate exercising rights under this Section.

ARTICLE 7 PRE-EMPTIVE, TAG-ALONG AND DRAG-ALONG RIGHTS

7.1 Pre-Emptive Right

- gg. Provided that ECL and its affiliates collectively hold, directly or indirectly, 10% of the outstanding Units, determined on a fully-diluted basis (including Units issuable upon the exchange of the Class B LP Units and Class C LP Units), no Units, LP Units or securities convertible or exchangeable into Units or LP Units (**"Unit Interests"**) will be issued by the REIT or Crombie LP and no option or other right

for the purchase of or subscription for any Unit Interest will be granted at any time after the date hereof except upon compliance with the following provisions.

- hh. If the REIT or Crombie LP or their subsidiaries propose to offer for sale any Unit Interests, ECL shall be entitled to participate in such issuance on a pro rata basis, but only to the extent necessary to maintain its then respective proportional fully-diluted interest in the REIT. At least five Business Days prior to any such proposed offering, the REIT or Crombie LP shall deliver to ECL a notice in writing offering it the opportunity to subscribe for its *pro rata* number of Unit Interests. The offer will contain a description of the terms and conditions relating to the Unit Interests and will state the price at which the Unit Interests are offered and the date on which the purchase of Unit Interests is to be completed and will state that ECL, if it wishes to subscribe for Unit Interests, may do so only by giving notice of the exercise of the subscription right granted hereby to the REIT or Crombie GP, in its capacity as general partner of Crombie LP, pursuant to Subsection 10.5(a) hereof within five Business Days after the date of the offer. ECL will be entitled to participate in the issuance of the Unit Interests at the most favourable price and on the most favourable terms as such Unit Interests are to be offered to Crombie GP, as agent for Crombie LP, or a third party, excluding commissions and other transaction expenses paid by Crombie GP, as agent for Crombie LP.
- ii. If any of the Unit Interests of any issue are not subscribed for within the period of five Business Days after they are offered to ECL, the REIT or Crombie LP may offer such unsubscribed Unit Interests within the period of 120 days after the expiration of such five Business Day period to any Person, but the price at which such Unit Interests may be issued will not be less than the subscription price offered to ECL and the terms of payment for such Unit Interests will not be more favourable to such Person than the terms of payment offered to ECL.
- jj. If the REIT or Crombie LP proposes to grant an option or other right for the purchase of or subscription for Unit Interests, such option or other right will also be made available to ECL as nearly as may be possible in accordance with the foregoing.

7.2 Non-Applicability of Pre-Emptive Right

- kk. The provisions of Section 7.1 do not apply to any issues of Unit Interests or to the grant of any option or other right for the purchase of or subscription for any Unit Interests: (i) which are expressly contemplated or provided for in this Agreement; or (ii) in connection with any officer or employee compensation plan.
- ll. The rights of ECL under Section 7.1 may be waived by ECL.

7.3 Tag-Along Right

If so requested by ECL, upon a Person (other than the REIT or an affiliate of the REIT) (a “Third Party”) making a *bona fide* offer to purchase, directly or indirectly, any of the securities of Crombie LP (or any permitted assignee) held directly or indirectly by the REIT (such offer being a “Third Party Offer”) that the REIT is willing and able to accept, the REIT shall obtain from the Third Party a *bona fide* offer addressed to ECL to purchase a portion of the securities of Crombie LP held by ECL that bears the same proportion to the total number of outstanding securities of Crombie LP held by the Holders as the number of securities subject to the Third Party Offer bears to the total number of securities of Crombie LP held directly or indirectly by the

REIT (the “**Tag-Along Offer**”). The Tag-Along Offer shall contain terms and conditions at least as favorable to ECL as the terms and conditions set forth in the Third Party Offer, except that the obligations of the Third Party under the Tag-Along Offer may be conditional upon completion of the transaction contemplated by the Third Party Offer. The Tag-Along Offer shall be irrevocable and shall be open for acceptance for ten Business Days after the date on which the Tag-Along Offer is delivered to ECL.

7.4 Drag-Along Right

- mm. If the REIT receives a Third Party Offer for all but not less than all of the securities of Crombie LP (or any permitted assignee) held directly or indirectly by the REIT and ECL (or any permitted assignee of ECL, hereunder) and its affiliates hold in the aggregate, directly or indirectly, 10% or less of the outstanding Units on a fully-diluted basis (including Units issuable upon the exchange of Class B LP Units and the Class C Units) at such time, then ECL shall be obligated to, upon the written request of the REIT, to:
- (i) sell, or cause to be sold, to the Third Party all but not less than all of ECL’s securities of Crombie LP on substantially the same terms and conditions (other than representations and warranties not related to the ownership of the securities of Crombie LP) contained in the Third Party Offer (the “**Drag-Along Offer**”), except that the obligations of the Third Party pursuant to the Third Party Offer may be conditional upon completion of the transaction contemplated by the Third Party Offer and further provided that ECL shall not be required in connection with the Drag-Along Offer to agree to indemnify or hold harmless any Third Party with respect to any matter other than in respect of ECL’s ownership of the securities of Crombie LP; and
 - (ii) execute and deliver such instruments of conveyance, transfer and sale and take such other action, including executing any purchase agreements, escrow agreements or related documents as the REIT or Third Party may reasonably request in order to carry out the terms of this Section 7.4 and the Drag-Along Offer.
- nn. Upon receipt by ECL of the Drag-Along Offer and the REIT completing the transaction contemplated by the Third Party Offer, ECL (or any permitted assignee of ECL) shall have no further interest in Crombie LP.

ARTICLE 8 REDUCTION OF ECL’S VOTING INTEREST IN THE REIT

8.1 ECL Notice of Reduction in Voting Interest

ECL will provide to the REIT at least 180 days prior written notice if it intends to reduce its ownership, beneficially and of record, below 40% of the issued and outstanding Units on a fully-diluted basis (including Units issuable upon the exchange of Class B LP Units and Class C LP Units) issued to it upon exercise of the Exchange Right.

ARTICLE 9 AMENDMENTS AND SUPPLEMENTAL AGREEMENTS

9.1 Amendments, Modifications, Etc.

Except as provided in Section 9.3, this Agreement may not be amended or modified, or any provision hereof waived, except by an agreement in writing executed by the REIT, Crombie GP, Crombie LP and a majority of the Holders.

9.2 Amendments Requiring TSX Consent

Notwithstanding anything to the contrary, Section 2.2 may not be amended without the prior consent of the TSX.

9.3 Execution of Supplemental Agreements

From time to time the Parties may, subject to the provisions of these presents, and they shall, when so directed by these presents, execute and deliver by their proper officers agreements or other instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

- oo. evidencing the succession of any REIT Successor and the covenants of and obligations assumed by each such REIT Successor in accordance with the provisions of Article 4;
- pp. making any additions to, deletion from or alterations of the provisions of this Agreement to incorporate, reflect or comply with any legislation, the provisions of which apply to any of the Parties or this Agreement and which, in the opinion of the REIT, will not be prejudicial to the interests of the Parties that have been granted an Exchange Right hereunder or of the REIT; and
- qq. for any other purposes not inconsistent with the provisions of this Agreement, including to make or evidence any amendment to this Agreement as contemplated hereby, provided that, in the opinion of the REIT (which, for this purpose, may rely on the advice of counsel), the interests of the Parties that have been granted an Exchange Right hereunder or the REIT will not be prejudiced thereby.

ARTICLE 10 GENERAL

10.1 Term

This Agreement will continue until there are no outstanding Class B LP Units.

10.2 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon any determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement will negotiate in good

faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are fulfilled to the fullest extent possible.

10.3 Enurement

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns. In the case of a transfer of Class B LP Units effected in accordance with the provisions of the Partnership Agreement, the transferee of such Class B LP Units shall be deemed to be a Holder hereunder.

10.4 Assignment

The rights and obligations of Holders hereunder shall be automatically assigned to any transferee of Class B LP Units, as if it were an original signatory hereto, if the transfer of such Class B LP Units has been effected in accordance with the provisions of the Partnership Agreement. This Agreement may not be assigned by the other Parties hereto, except by the REIT to a REIT Successor in accordance with Article 4.

10.5 Notices to Parties

rr. to the parties at the following addresses (or at such other address for such party as shall be specified in like notice):

(i) in the case of the REIT, Crombie GP or Crombie LP:

c/o Crombie Real Estate Investment Trust
610 East River Road, Suite 200
New Glasgow, Nova Scotia B2H 3S2

Attention: Executive Vice President, Chief Financial Officer and
Secretary

Facsimile No.: (902) 452-5136
Email: glenn.hynes@crombie.ca

with a copy to:

Stewart McKelvey
Purdy's Wharf Tower One
1959 Upper Water Street
Suite 900, P.O. Box 997
Halifax, Nova Scotia B3J 2X2

Attention: Deanne MacLeod
Facsimile No.: (902) 420-1417
Email: dmacleod@stewartmckelvey.com

(ii) in the case of ECL Developments Limited:

ECL Developments Limited
115 King Street
Stellarton, Nova Scotia BOK 150

Attention: President
Facsimile No.: (902) 755-6477
Email: legalnotices@sobeys.com

- ss. Any and all notices to be given and any documents to be sent to any Holder may be given or sent to the address of such Holder shown on the register of Holders in any manner permitted by the Partnership Agreement and shall be deemed to be received (if given or sent in such manner) at the time specified in such Partnership Agreement, the provisions of which Partnership Agreement shall apply mutatis mutandis to notices or documents as aforesaid sent to such Holders.
- tt. Any such communication shall be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Halifax time) and otherwise on the next Business Day, or (ii) if transmitted by facsimile, e-mail or functionally equivalent electronic means of recorded communication, on the Business Day following the date of transmission of confirmation of receipt. Any party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such party at its changed address.

10.6 In Respect of the REIT

Each of the Parties acknowledges the obligations of the REIT, upon its admittance as a Limited Partner, under this Agreement and that such obligations will not be personally binding upon any of the Trustees, any registered or beneficial holder of Units or any beneficiary under a plan of which a holder of such units acts as a trustee or carrier, and that resort will not be had to, nor will recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of the REIT arising hereunder, and recourse for such indebtedness, obligations or liabilities of the REIT will be limited to, and satisfied only out of, the assets of the REIT.

10.7 In Respect of Crombie LP

Crombie LP is a limited partnership formed under the laws of the Province of Nova Scotia, a limited partner of which is only liable for any of its liabilities or any of its losses to the extent of the amount that the limited partner has contributed or agreed to contribute to its capital and the limited partner's pro rata share of any undistributed income. The parties hereto acknowledge that the obligations of Crombie LP shall not be personally binding upon, nor shall resort be had to, the property of any of the limited partners, their heirs, successors and assigns, and that resort shall only be had to the property of Crombie LP or the property of Crombie GP. The sole general partner of Crombie LP is Crombie GP.

10.8 Counterparts

This Agreement may be executed in counterparts (including counterparts by facsimile), each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

10.9 Authorship

The Parties hereto agree that the terms and language of this Agreement are the result of negotiations between the parties hereto and, as a result, there will be no presumption that any ambiguity in this Agreement will be resolved against any Party hereto.

10.10 Governing Law

This Agreement shall be construed and enforced in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein.

10.11 Attornment

Each Party to this Agreement agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Nova Scotia, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the non-exclusive jurisdiction of such courts in any such action or proceeding, agrees to be bound by any judgment of such courts and agrees not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement

ECL PROPERTIES LIMITED

Per: Signed "Michael Vels"

Name: Michael Vels

Title: Chief Financial Officer and
Executive Vice-President

Per: Signed "Karin A. McCaskill"

Name: Karin A. McCaskill

Title: Senior Vice President,
General Counsel and Secretary

I/We have the authority to bind the corporation

**CROMBIE LIMITED PARTNERSHIP by
its general partner CROMBIE GENERAL
PARTNER LIMITED**

Per: Signed "Donald E. Clow"

Name: Donald E. Clow

Title: President and Chief
Executive Officer

Per: Signed "Glenn R. Hynes"

Name: Glenn R. Hynes

Title: Executive Vice President,
Chief Financial Officer and
Secretary

I/We have the authority to bind the corporation

**CROMBIE REAL ESTATE INVESTMENT
TRUST**

Per: Signed "Donald E. Clow"

Name: Donald E. Clow

Title: President and Chief
Executive Officer

Per: Signed "Glenn R. Hynes"

Name: Glenn R. Hynes

Title: Executive Vice President,
Chief Financial Officer and
Secretary

I/We have the authority to bind the corporation

**CROMBIE GENERAL PARTNER
LIMITED**

Per: Signed "Donald E. Clow"

Name: Donald E. Clow

Title: President and Chief
Executive Officer

Per: Signed "Glenn R. Hynes"

Name: Glenn R. Hynes

Title: Executive Vice President,
Chief Financial Officer and
Secretary

I/We have the authority to bind the corporation

SCHEDULE "A"
EXCHANGE NOTICE

TO: Crombie Limited Partnership

AND TO: Crombie General Partner Limited

AND TO: Crombie Subsidiary Trust

AND TO: Crombie Real Estate Investment Trust

**RE: NOTICE PURSUANT TO SECTION 2.1 OF THE EXCHANGE AGREEMENT
DATED MARCH 23, 2006 (THE "EXCHANGE AGREEMENT")**

This is to authorize and direct you to:

- uu. Exchange _____ Class B LP Units of Crombie Limited Partnership on, _____, 20__ (the "Exchange Date"); and
- vv. cancel all of the Special Voting Units relating to the securities exchanged in (a) above, effective upon completion of the Exchange,

and this shall be your good and sufficient authority for so doing.

For so long as Units are held in the Book-Entry Only System administered by the Canadian Depository for Securities Limited, the following additional information shall be provided and the Units will be registered in the name of the Canadian Depository for Securities Limited or its nominee:

Name of CDS participant through which Units will be held _____

FINS Number of CDS participant _____

Name and telephone number of _____

Registered Representative at CDS participant _____

All capitalized words and expressions used in this Exchange Notice that are defined in the Exchange Agreement have the meanings ascribed to such words and expressions in the Exchange Agreement.

Dated the day of , 20

Witness

NOTE: This Exchange Notice must be completed and this Exchange Notice together with the certificates for the Class B LP Units must be deposited with Crombie Limited Partnership. The Units resulting from the exchange of the Class B LP Units will be issued and registered in the

name of CDS & Co. or its nominee and registered on the books of CDS for the benefit of the Holder exercising the Exchange Right through a CDS Participant selected by such Holder.

NOTE: If this Exchange Notice is for less than all of the Class B LP Units represented by the certificates accompanying this Exchange Notice, certificates representing the remaining Class B LP Units represented by such certificates will be issued and registered in the name of the undersigned above as it appears on the register of Crombie Limited Partnership

Dated _____, 20____

SCHEDULE "B"

REGISTRATION PROCEDURES

1.1 Registration Procedures

- (1) Whenever the REIT is under an obligation pursuant to the provisions of this Agreement to effect the qualification of Units in connection with a Distribution of any Registrable Securities by one or more holders thereof (collectively, the "**Selling Persons**"), the REIT shall, as expeditiously as is practicable, do the following:
- ww. prepare and file with the appropriate regulatory authorities a Prospectus and any other documents reasonably necessary, including amendments and supplements in respect of those documents, to permit the sale or other disposition and, in so doing, act as expeditiously as is practicable and in good faith to settle all deficiencies and obtain those receipts and clearances and provide those undertakings and commitments as may be reasonably required by any securities regulatory authority, all as may be necessary to permit the offer and sale or Distribution in compliance with all applicable Securities Laws;
 - xx. furnish to such Selling Persons such number of copies of the Prospectus (including any preliminary prospectus), any documents incorporated by reference in such prospectus and such other documents as such Selling Persons may reasonably request in order to facilitate the offer and sale or Distribution of the Units;
 - yy. if an underwritten public offering is contemplated, execute and perform the obligations under an underwriting agreement in a form reasonably satisfactory to such Selling Persons containing customary representations, warranties and indemnities for the benefit of such Selling Persons and the underwriter(s);
 - zz. in the case of a Demand Registration, subject to Applicable Laws, keep the Prospectus effective until such Selling Persons have completed the sale or Distribution described in the Prospectus but no longer than 60 days, provided that such Selling Persons use reasonable commercial efforts to complete the sale or disposition as soon as reasonably practicable;
 - aaa. use its reasonable commercial efforts to furnish to the underwriter(s) involved in the Distribution all documents as they may reasonably request;
 - bbb. notify such Selling Persons promptly when a Prospectus is required to be delivered under the applicable Securities Laws in respect of the Units, of the happening of any event as a result of which the aforesaid Prospectus includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made or if it is necessary to amend or supplement such Prospectus to comply with Applicable Securities Laws, and to promptly prepare and file with the appropriate Securities Commissions a supplement to or amendment of such document as may be reasonably necessary to correct such untrue statement or eliminate such omission and so that such document, as amended or supplemented, will comply with law, and furnish to such Selling Persons as many copies of such supplement or amendment as such Selling Persons may reasonably request;

- ccc. Subject to entering into confidentiality agreements satisfactory to the REIT, acting reasonably, make available for inspection during its regularly scheduled business hours by such Selling Persons and/or their advisors or any underwriter and/or its advisors participating in any Distribution pursuant to such Prospectus (collectively, the “**Inspectors**”), all financial records, pertinent corporate documents, material contracts and properties of the REIT and of Crombie LP and its subsidiaries, as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Trustees, directors, officers and employees of the REIT and its subsidiaries to supply all information reasonably requested by any Inspector in connection with such Prospectus;
- ddd. use its commercially reasonable efforts to list such Units on each securities exchange or quotation system on which Units are then listed or quoted, if such Units are not already so listed or quoted;
- eee. use its commercially reasonable efforts to prevent the issuance of any stop order suspending the use of any prospectus and, if any such order is issued, to promptly obtain the withdrawal of any such order;
- fff. Subject to entering into confidentiality agreements satisfactory to the REIT, acting reasonably, in connection with the preparation and filing of a Prospectus, the REIT will give such Selling Persons and their counsel, accountants and other agents the opportunity to participate in the preparation of the prospectus, and each amendment thereof or supplement thereto, and will give each of them such access to its financial records, pertinent corporate documents, material contracts and properties of the REIT and its subsidiaries, as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Trustees, directors, officers and employees of the REIT and its subsidiaries to supply all information reasonably requested by such holders and such underwriters or their respective counsel, in order to conduct a reasonable investigation; and
- ggg. take such other actions and execute and deliver such other documents as may be reasonably necessary to give full effect to the rights of such Selling Persons under this Agreement.

1.2 Rights and Obligations of the Selling Persons

A Selling Person will furnish to the REIT such information and execute such documents regarding the Units and the intended method of disposition thereof as the REIT may reasonably require in order to effect the requested qualification for sale or other disposition. If an underwritten public offering is contemplated, such Selling Persons shall execute an underwriting agreement containing customary representations, warranties and indemnities (and contribution covenants) for the benefit of the underwriters, the REIT and Crombie LP; provided that the obligation to indemnify shall be limited to the gross proceeds received by such holder from the sale of Registrable Securities pursuant to such Distribution. Selling Persons shall have the right to withdraw from a proposed underwritten public offering at any time prior to the signing of the underwriting agreement, without incurring any obligation to the REIT or any proposed underwriter except, in the case of a Demand Registration, to pay the expenses of the proposed underwritten public offering in the event that the offering does not proceed. Such Selling Persons shall notify the REIT immediately upon the occurrence of any event as a result of which

any of the aforesaid Prospectuses includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they are made.