



---

**MANDATE OF THE BOARD OF  
TRUSTEES OF THE REIT**

---

**ADOPTED BY THE BOARD OF TRUSTEES ON  
FEBRUARY 23, 2015**



## **PARTNERS REAL ESTATE INVESTMENT TRUST**

### **MANDATE OF THE BOARD OF TRUSTEES OF THE REIT**

Adopted by the Board of Trustees on February 23, 2015

The purpose of this mandate is to set out the mandate and responsibilities of the board of trustees (the "Board") of Partners Real Estate Investment Trust (the "Issuer"). The mandate is subject to and shall be interpreted in a manner consistent with the Declaration of Trust and with any applicable legislation.

#### **1. Composition**

The Board shall be constituted with a majority of individuals who qualify as "independent" as defined in National Instrument 52-110 – *Audit Committees*.

#### **2. Responsibilities of the Board of Trustees**

Pursuant to the Declaration of Trust, the Board is responsible for the stewardship of the Issuer and in that regard has been granted the necessary powers to carry out its responsibilities. The Trustees' responsibilities include:

- (a) developing and adopting a strategic planning process and reviewing and approving, on at least an annual basis, a budget, and evaluating and discussing a strategic plan for the upcoming year which takes into account, among other things, the opportunities and risks of the Issuer's business and sets out parameters with which management will operate in relation to capital expenditure, leasing, acquisitions and dispositions and other matters;
- (b) appointing and supervising the Chief Executive Officer and senior management;
- (c) the identification of the principal risks of the Issuer's business and ensuring the implementation of appropriate systems and procedures are in place to monitor and mitigate such risks;
- (d) succession planning;
- (e) adopting a disclosure policy which enables the Issuer to communicate effectively and addresses how the Issuer interacts with all of its stakeholders, including analysts and the public, contains measures for the

Issuer to avoid selective disclosure and is reviewed at such intervals or times as the board deems appropriate;

- (f) informing all trustees, issuers, officers and other employees of the Issuer about their obligation to preserve the confidentiality of undisclosed material information about the Issuer;
- (g) informing all trustees, officers and other employees of the Issuer about prohibitions on illegal insider trading and tipping under applicable law and stock exchange rules;
- (h) ensuring the integrity of the Issuer's internal controls over financial reporting and management information systems;
- (i) reviewing and approving, the audited, interim and any other publicly announced financial information of the Issuer;
- (j) developing the Issuer's approach to governance, including developing a set of governance principles and guidelines including practices to facilitate the Board's independence;
- (k) establishing committees and approve their respective charters and limits authority delegated to each committee;
- (l) implementing a process for assessing the effectiveness of the board as a whole, the committees of the Board and the contribution of individual trustees;
- (m) implementing a process for examining the size of the Board and undertaking, where appropriate, a program to establish a board size which facilitates effective decision-making;
- (n) implementing a process for reviewing the adequacy and form of compensation of trustees and ensuring that compensation realistically reflects the responsibilities and risk involved in being a trustee; and
- (o) providing an opportunity for independent trustees to meet separately at every Board meeting.

It is recognized that every trustee in exercising powers and discharging duties must act honestly and in good faith with a view to the best interest of the Issuer. Trustees must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, trustees are expected to carry out their duties in accordance with policies adopted by the Board from time to time, the current policy being annexed hereto as Appendix A.

It is expected that management will co-operate in all ways to facilitate compliance by the Board with its legal duties by causing the Issuer and its subsidiaries to take such actions as may be necessary in that regard and by promptly reporting any data or information to the Board that may affect such compliance.

### 3. Responsibilities of Chair

The role and responsibilities of the chair of the Board (the “Chair”) are set out below:

- (a) the Chair shall be expected to attend and chair meetings of the Board and unitholders of the Issuer;
- (b) the Chair shall not be expected to and shall not perform policy making functions other than in his or her capacity as a trustee of the Issuer. The Chair shall not have the right or entitlement to bind the Issuer in his or her capacity as Chair;
- (c) the Chair shall provide direction with respect to the dates and frequencies of board meetings and related committee meetings;
- (d) the Chair shall confirm that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independently from management;
- (e) the Chair shall confirm that the responsibilities of the Board are understood by both the trustees and management and that the boundaries between the Board’s and management’s responsibilities are understood and respected;
- (f) the Chair shall confirm that the functions delegated to Board committees are carried out by the committees and reported to the Board;
- (g) the Chair shall maintain an effective relationship between the Board and management of the Corporation;
- (h) the Chair shall provide direction and advice to management of the Corporation, including defining major issues, maintaining accountability to stakeholders and building relationships;
- (i) the Chair shall confirm that Board and its committees have the necessary resources to support their work (in particular, timely and relevant information);
- (j) the Chair shall monitor compliance with the governance policies of the Corporation, including those regarding regularity and conduct of Board meetings, managing and reporting information and other policies relating to the Board’s business;

- (k) the Chair shall provide leadership to ensure that the Board works as a cohesive team;
- (l) the Chair shall convene Board meetings as often as necessary for the trustees to carry out their duties and responsibilities effectively;
- (m) the Chair shall chair meetings of the Board, including requiring appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual trustees and confirming that clarity regarding decisions is reached and duly recorded;
- (n) the Chair shall work closely with the Chief Executive Officer and the Chair of the Governance and Compensation Committee to further the creation of a healthy corporate governance culture within the Corporation;
- (o) the Chair shall work closely with the Governance and Compensation Committee to develop strategic criteria for the recruitment of trustees and succession planning;
- (p) the Chair shall work closely with the Chief Executive Officer to facilitate effective relations with the Board and external stakeholders such as shareholders, the investment community, the media, governments and the public;
- (q) the Chair shall actively participate in and oversee the administration of an annual evaluation of the performance and effectiveness of the Chief Executive Officer, the Board, its committees and all individual trustees and committee chairs; and
- (r) the Chair shall carry out other duties as requested by the trustees, as needs and circumstances arise.

#### 4. Decisions Requiring Prior Approval of the Board of Trustees

Approval of the Board shall be required for:

- (a) any material departure from an established strategy, operating or capital budget or corporate policy approved by the Board;
- (b) the entering into of any agreement or transaction, the performance of which could result in an actual or contingent liability that would be material to the Issuer;
- (c) those matters which may not be delegated by the Board under applicable corporate law;

- (d) such matters as the Board may, from time to time, determine require its approval;
- (e) the payment of distributions;
- (f) significant acquisitions/dispositions;
- (g) related party transactions;
- (h) the public dissemination of any financial information;
- (i) the issuance or repurchase of securities of the Issuer;
- (j) the terms of reference of committees of the Board; and
- (k) any other matter that would give rise to a “material change” to the Issuer.

The foregoing list is intended to specify particular matters requiring Board approval and is not intended to be an exhaustive list.

## 5. Meetings

The Board will meet not less than four times per year: three meetings to review quarterly results; and one prior to the issuance of the annual financial results of the Issuer. Unless otherwise set by the trustees, a quorum for the meetings shall be the greater of two and a majority of the trustees. From time to time trustees may be asked to participate in board retreats which may last one to three days.

## 6. Remuneration

Remuneration shall be at a level which will attract and motivate professional and competent members.

## 7. Expectations of Management

Management is responsible on a shared basis with the Board, for developing strategy, and directly responsible for implementing strategy. Management is also responsible for safeguarding the Issuer’s assets and creating wealth for unitholders. The Board has the responsibility to institute appropriate change, and when management performance is effective, the Board will reward management accordingly.

The Issuer’s governance policies are intended to create authority effective decision making of management and to ensure appropriate oversight by the Board and its committees. Management of the Issuer is under the direction and control of the Chief Executive Officer. Senior management, through the Chief Executive Officer reports to and is accountable to the Board.

Management is responsible for developing a multi-year strategic plan and an annual business plan, including an operating and capital budget, for review and

approval by the Board. The Board's approval of the business plan provides a mandate for management to conduct the affairs of the Issuer. Material deviations from the plan must be reported to and considered by the Board.

## APPENDIX A

### POLICY OF PRACTICES FOR TRUSTEES

#### Attendance at Meetings

Each trustee is expected to have a very high record of attendance at meetings of the Board, and at meetings of each committee on which the trustee sits. A trustee is expected to:

- (a) advise the Chair as to planned attendance at Board and committee meetings shortly after meeting schedules have been distributed;
- (b) advise the Chair as soon as possible after becoming aware that he or she will not be able to attend a meeting; and
- (c) attend a meeting by conference telephone if unable to attend in person.

#### Preparation for Meetings

Trustees are expected to carefully review and consider the materials distributed in advance of a meeting of the Board or a committee of the board of trustees. Trustees are also encouraged to contact the Chair and any other appropriate officers to ask questions and discuss agenda items prior to meetings.

#### Conduct at Meetings

Trustees are expected to ask questions and participate in discussions at meetings, and to contribute relevant insights and experience. In discussions at meetings, a trustee should:

- (a) be candid and forthright;
- (b) not be reluctant to express views contrary to those of the majority;
- (c) be concise and, in most circumstances, respect the time constraints of a meeting; and
- (d) be courteous to and respectful of other trustees and guests in attendance.

#### Knowledge of the Issuer's Business

Trustees are expected to be knowledgeable with respect to the various fields and divisions of business of the Issuer. Although management has a duty to keep the Board informed about developments in the Issuer's business, trustees have a primary duty of care and diligence, which includes a duty of inquiry. Trustees should:

- ask questions of management and other trustees/managers, at meetings and otherwise, to increase their knowledge of the business of the Issuer;



- familiarize themselves with the risks and challenges facing the business of the Issuer;
- read all internal memoranda and other documents circulated to the trustees, and all reports and other documents issued by the Issuer for external purposes;
- insist on receiving adequate information from management with respect to a proposal before board approval is requested;
- familiarize themselves with the Issuer's competitors by, among other things, reading relevant news, magazine and trade journal articles; and
- familiarize themselves with the legal and regulatory framework within which the Issuer carries on its business.

## **Personal Conduct**

Trustees are expected to:

- (a) exhibit high standards of personal integrity, honesty and loyalty to the Issuer;
- (b) project a positive image of the Issuer to news media, the financial community, governments and their agencies, unitholders and employees;
- (c) be willing to contribute extra efforts, from time to time as may be necessary including, among other things, being willing to serve on committees of the board; and
- (d) disclose any potential conflict of interest that may arise with the business or affairs of the Issuer and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.

## **Other Trusteeships and Significant Activities**

The Issuer values the experience trustees bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities also may present demands on a trustee's time and availability and may present conflicts or legal issues, including independence issues. No trustee should serve on the board of a competitor or of a regulatory body with oversight of the Issuer. Each trustee should, when considering membership on another board or committee, make every effort to ensure that such membership will not impair the trustee's time and availability for his or her commitment to the Issuer. Trustees should advise the Chair and the Chief Executive Officer before accepting membership on other public company boards of trustees or any audit committee or other significant committee assignment on any other board of trustees, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that

may result in significant time commitments or a change in the trustee's relationship to the Issuer.