



**Notice of Annual & Special Meeting of  
Unitholders and Management  
Information Circular**

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**Annual & Special Meeting of Unitholders  
to be held on June 21, 2018**

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## NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

**TO BE HELD ON JUNE 21, 2018**

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the "Meeting") of the Unitholders of Partners Real Estate Investment Trust (the "REIT") will be held:

When: 9:30 a.m. (Toronto time) on June 21, 2018

Where: Offices of McCarthy Tétrault LLP  
TD Bank Tower, Toronto Dominion Centre  
53rd Floor, Toronto, Ontario

### **Business of the Annual & Special Meeting of Unitholders:**

The following items will be addressed at the Meeting:

- 1) TO RECEIVE the consolidated financial statements of the REIT for the year ended December 31, 2017, together with the report of the auditors;
- 2) TO ELECT Trustees of the REIT for the ensuing year;
- 3) TO APPOINT KPMG LLP as auditor for the ensuing year and, based on the recommendation of the audit committee of the Board, to authorize the Trustees to fix their remuneration;
- 4) TO RE-CONFIRM the Deferred Unit Plan for a further three year period; and
- 5) to transact such further and other business as may be properly brought before the Meeting or any adjournments or postponements thereof.

The REIT's Board of trustees has fixed April 27, 2018 as the record date for determination of Unitholders entitled to notice of, and to vote at, the Meeting and at any adjournment or postponement thereof. Each registered Unitholder at the close of business on that date is entitled to notice and to vote at the Meeting in the circumstances set out in the Management Information Circular dated May 9, 2018 prepared by management in connection with the Meeting.

### **Notice-and-Access**

The REIT is using the "notice-and-access" system for the mailing to beneficial unitholders. The notice-and-access system was adopted by the Canadian Securities Administrators for the delivery of the Management Information Circular and the REIT's annual report in respect of fiscal 2017, which comprises management's discussion and analysis and the annual audited consolidated financial statements for the fiscal year ended December 31, 2017 (collectively, the "Meeting Materials"). Under notice-and-access, you still receive a voting instruction form enabling you to vote at the meeting. However, instead of a paper copy of the Management Information Circular, beneficial unitholders receive this notice which contains information about how to access the Meeting Materials electronically. The principal benefit of the notice-and-access

system is that it reduces the environmental impact of producing and distributing paper copies of documents in large quantities. The Management Information Circular and form of proxy or voting instruction form for the REIT's units (the "Units") provide additional information concerning the matters to be dealt with at the meeting. You should access and review all information contained in the Management Information Circular before voting.

Beneficial unitholders with questions about notice-and-access can call our transfer agent Computershare at 1-866-964-0492 from Canada and the United States.

### **Determining if you are a Beneficial or Registered Unitholder**

You are a beneficial unitholder (also known as a non-registered unitholder) if you own Units indirectly and your Units are registered in the name of a bank, trust company, broker or other intermediary. For example, you are a beneficial unitholder if your Units are held in a brokerage account of any type.

You are a registered unitholder if you hold a paper unit certificate or certificates and your name appears directly on your unit certificate(s).

### **How to Obtain Paper Copies of the Meeting Materials**

Registered unitholders will be mailed a copy of the Meeting Materials as described above. Beneficial unitholders will receive a Notice of Meeting, a Voting Information Form and a Request Form for Financial Statements. Beneficial unitholders may request that paper copies of the Meeting Materials be mailed to them at no cost. Requests may be made up to one year from the date that the Management Information Circular was filed on SEDAR by calling 1-877-907-7643 toll free within North America or direct at (905) 507-5450, from outside of North America. Requests should be received by June 13, 2018 (i.e., at least seven business days in advance of the date and time set out in beneficial unitholders' voting instruction form as a voting deadline) if you would like to receive the Meeting Materials in advance of the voting deadline and meeting date.

### **Voting**

#### **Beneficial Unitholders**

Beneficial unitholders should complete, sign and return the voting instruction form in accordance with the directions on the form. Submit your voting instructions in one of the following ways:

INTERNET: Vote on the internet at [www.proxyvote.com](http://www.proxyvote.com)

TELEPHONE: Vote by phone by calling 1-800-474-7493 (English) or 1-800-474-7501 (French)

MAIL: Use the enclosed self-addressed envelope and mail your completed Voting Information Form to: Data Processing Centre, PO Box 3700 Stn. Industrial Park, Markham, ON, L3R 9Z9

Voting instructions must be received by from beneficial unitholders by 9:30 a.m. on June 19, 2018 or, if the meeting is adjourned or postponed, 72 hours (excluding Saturdays, Sundays and statutory holidays) before any adjourned or postponed meeting.

If a beneficial unitholder wishes to attend and vote at the meeting in person (or have another person attend and vote on such unitholder's behalf), he or she must complete the voting instruction form in accordance with the directions provided, appointing themselves or someone else to vote on his or her behalf at the meeting.

Registered Unitholders

Registered Unitholders may vote in person at the Meeting or any adjournments or postponements thereof, or they may appoint another person (who need not be a Unitholder) as their proxy to attend and vote in their place. Whether or not you plan to attend the Meeting in person, please complete and return the form of proxy provided to you in accordance with the instructions provided.

If a registered unitholder wishes to attend and vote at the meeting in person (or have another person attend and vote on such unitholder's behalf), he or she must complete the form of proxy in accordance with the directions provided, appointing themselves or someone else to vote on his or her behalf at the meeting.

**DATED** at Toronto, Ontario this 9<sup>th</sup> day of May, 2018.  
BY ORDER OF THE BOARD OF TRUSTEES,

*"C. Ian Ross"*

\_\_\_\_\_  
C. Ian Ross  
Chair of the Board of Trustees

## MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “Circular”) is furnished to Unitholders of the REIT in connection with the solicitation by and on behalf of the management and the Board of Trustees (the “Board”) of the REIT of proxies to be used at the Meeting to be held at the offices of McCarthy Tétrault LLP, TD Bank Tower, Toronto Dominion Centre, 53rd Floor, Toronto, Ontario on June 21, 2018, at 9:30 a.m. (Toronto time), and at any adjournment or postponement thereof, for the purposes set forth in the attached notice of the Annual and Special Meeting of Unitholders (the “Notice”).

The Notice, Voting Instruction Form and Request Form for Financial Information are being mailed to beneficial unitholders as of the close of business on May 9, 2018. Banks, brokerage houses and other custodians and nominees or fiduciaries will be requested to forward proxy solicitation material to their principals and to obtain authorizations for the execution of proxies and will be reimbursed for their reasonable expenses in doing so.

A copy of the REIT’s audited financial statements (the “Financial Statements”) for the fiscal year ended December 31, 2017 and Management’s Discussion & Analysis of financial results (the “MD&A”) for the fiscal year ended December 31, 2017 were recently mailed to each Unitholder who requested that a copy be mailed to them. Copies of the Financial Statements and MD&A are also available on our website ([www.partnersreit.com](http://www.partnersreit.com)), from the SEDAR website ([www.sedar.com](http://www.sedar.com)) or you can write to the following address and request a copy: Investor Relations, 36 Toronto Street, Suite 1160, Toronto, Ontario, M5C 2C5, or send an email to [investor.relations@partnersreit.com](mailto:investor.relations@partnersreit.com).

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## **APPOINTMENT AND REVOCATION OF PROXIES**

### **Determining if you are a Beneficial or Registered Unitholder**

A beneficial unitholder (also known as a non-registered unitholder) owns Units indirectly and the Units are registered in the name of a bank, trust company, broker or other intermediary. For example, a beneficial unitholder holds Units in a brokerage account of any type.

You are a registered unitholder if you hold a paper unit certificate or certificates and your name appears directly on your unit certificate(s).

### **Registered Unitholders**

#### **Appointing a Proxy**

A Unitholder has the right to appoint a person (who need not be a Unitholder of the REIT) as nominee to attend and act for and on such Unitholder's behalf at the Meeting other than the nominees named in the accompanying form of proxy. This right may be exercised either by striking out the names of the prescribed nominees where they appear on the applicable form of proxy and by inserting in the blank space provided the name of the other person the Unitholder wishes to appoint as proxyholder, or by completing, signing and submitting another proper form of proxy naming such other person as proxyholder.

To be valid, proxies must be returned by:

- (1) fax to Computershare Investor Services Inc., attention: Proxy Department at 416-263-9524 (outside Canada) or 1-866-249-7775 (within Canada); or
- (2) mail to Computershare Investor Services Inc., attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or
- (3) personal delivery at the foregoing address,

such that the proxies or instructions so returned arrive no later than 9:30 a.m. (Toronto time) on June 20, 2018 or if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned Meeting. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair's discretion without notice.

#### **Revocation of a Proxy**

If you are a registered Unitholder, you may revoke your proxy by taking one of the following steps:

- you may submit a new proxy to Computershare before 9:30 a.m. (Toronto time) on June 19, 2018, or two business days before any reconvening of an adjourned Meeting;
- you (or your attorney, if authorized in writing) may sign a written notice of revocation addressed to the Secretary of the REIT and deposited at the registered office of Computershare at any time up to and including the last business day preceding the day of the Meeting or an adjourned or postponed Meeting, at which the proxy is to be used; or
- you (or your attorney, if authorized in writing) may sign a written notice of revocation and deliver it to the Chair of the Meeting on the day of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used.

## Beneficial Unitholders

### Voting a Proxy or in Person

A beneficial Unitholder can vote in one of three ways:

1. Through the intermediary

Use the voting instruction form to instruct your intermediary on how to vote on your behalf following the instructions provided on the voting instruction form. Signing the enclosed voting instruction form gives authority to C. Ian Ross or Jane Domenico, each of whom is a trustee of the REIT, to vote your units at the Meeting, unless you give such authority to someone else.

2. Attend the Meeting

Insert your name in the space provided on the voting instruction form provided by your intermediary and sign and return it in accordance with the instructions provided. By doing so, you are instructing your intermediary to appoint you as proxyholder. Do not otherwise complete the form, as you will be voting at the Meeting. Register with the Computershare representative upon arrival at the Meeting.

3. Designate another person to be appointed as your proxyholder

You can choose another person (including someone who is not a Voting Unitholder) to vote for you as a proxyholder. If you appoint someone else, he or she must be present at the Meeting to vote for you. Insert that person's name in the space provided on the voting instruction form provided to you by your intermediary and sign and return it in accordance with the instructions provided. By doing so, you are instructing your intermediary to appoint that person as proxyholder. Do not otherwise complete the form, as your proxyholder will be voting at the Meeting. When your proxyholder arrives at the Meeting, he or she should register with the Computershare representative upon arrival at the Meeting.

### Revocation of a Proxy

If you have provided voting instructions to your intermediary (brokerage) and change your mind about your vote, or you decide to attend the Meeting and vote in person, contact your intermediary to find out what to do. If your intermediary gives you the option of using the internet to provide your voting instructions, you can also change your instructions online, as long as your intermediary receives the new instructions in enough time to act on them before the Proxy Deadline. Your intermediary can confirm the deadline.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The REIT is authorized to issue an unlimited number of Units. As March 31, 2018, there were 45,909,059 issued and outstanding Units of the REIT. As of the same date, the Trustees and officers of the REIT, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 7,296,275 Units and 207,961 Deferred Units, representing approximately 16.4% of the issued and outstanding Units.

To the knowledge of the REIT, as of the date of this Circular, the following individuals beneficially own or exercise control or direction over the Units noted below:

- Mr. Moray Tawse: 9,514,246 Units (20.7 % of the issued and outstanding Units). Mr. Tawse is a nominee for Trustee and his Units are not included in the total percentage of Trustee and officer holdings noted above;
- Mr. Ronald McCowan: 9,229,704 Units (20.1% of the issued and outstanding Units); and

- Mr. Grant Anthony: 7,128,786 Units (15.5 % of the issued and outstanding Units) and 36,785 Deferred Units. Mr. Anthony's Units are also included in the total percentage of Trustee and Officer holdings noted above.

To the knowledge of the REIT, except as set out above, no other person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the outstanding Units.

## MATTERS TO BE CONSIDERED AT THE MEETING

### **Financial Statements and Auditor's Report**

The Trustees will present to the Unitholders at the Meeting the Financial Statements, together with the auditor's report, but no vote by the Unitholders is required or proposed to be taken. Unitholders who requested that a copy be mailed to them were mailed a copy in April of 2017. A copy of the Financial Statements and MD&A are also available on our website at [www.partnersreit.com](http://www.partnersreit.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Election of Trustees**

The Board has set the number of Trustees to be elected at the Meeting at seven. The existing Board has five Trustees, so it is proposed that two additional Trustees be elected at the Meeting. The existing Trustees, who are being nominated for re-election are Grant Anthony, Jane Domenico, Allan Kimberley, Simon Nyilassy and Ian Ross. The 2 new nominees proposed to be elected by the unitholders to the Board are Moray Tawse and Michael Woollcombe. The term of office for each Trustee will expire at the next Annual General Meeting unless successors are not elected, in which case a Trustee would remain in office until his or her successor is elected or appointed in accordance with applicable law and the Declaration of Trust.

The REIT has three unitholders with a significant number of units. Mr. Grant Anthony owns 15.5% of the outstanding units and has been on the Board since the 2017 Annual General Meeting. The Governance, Compensation and Nominating Committee consider it important to have the REIT's other two significant unitholders represented on the Board. Mr. Tawse, owns 20.7% of the outstanding units. Ron McCowan, who holds 20.1% of the outstanding units, has suggested Mr. Woollcombe as a Trustee.

Under Guidelines published by the Canadian Securities Administrators, it is recommended that a majority of Trustees be independent of the REIT. Messrs. Anthony, Kimberley, Nyilassy and Ross are all independent under the rules of the Canadian Securities Administrators. The Governance, Compensation and Nominating Committee consider that both Mr. Tawse and Mr. Woollcombe would be independent Trustees. Mr. Tawse is a significant shareholder in First National Financial which has provided various mortgages, mortgage brokerage arrangements and a line of credit to the REIT. The Committee is satisfied that given his significant equity interest in the REIT, Mr. Tawse will exercise independent judgment at the Board. Mr. Woollcombe has been the lawyer for Mr. McCowan for some time, but the Committee is satisfied that Mr. Woollcombe's relationship with Mr. McCowan will not affect his independent judgment as a Trustee of the REIT.

Ms. Domenico is not an independent Trustee given that she is the President and Chief Executive Officer of the REIT.

### **Trustee Nominees**

The persons named below have established their eligibility and willingness to serve as Trustees. The nominees comprise experienced business professionals with a diverse background in real estate, management, corporate finance and corporate governance. The following tables set forth information relating to the nominees as Trustees as of the date of the Circular:

<b>Grant Anthony</b> Age: 64 Port McNicoll, ON, Canada Trustee since March 6, 2017  Independent  Skills/experience: Financial/Risk Management Real estate Senior executive		<b>Principal Occupation</b> Grant Anthony is President of privately-held Binscarth Holdings LP, and previously held executive positions with its predecessor entities. Binscarth Holdings LP owns and manages over 3 million sq. ft. of industrial, medical, office and other properties in the GTA and surrounding areas. Mr. Anthony has more than 35-years of experience in commercial real estate with extensive experience owning, managing and developing a broad range of investment properties including industrial, retail plazas, retirement homes, office and medical buildings. For the past 30 years, he has been a licensed commercial realtor focused on diversified properties across Ontario and the United States.				
<b>Board/Committee Membership:</b>		<b>2017 Attendance</b>		<b>Trustee Fees Earned</b>		<b>Trustee Compensation Taken in Deferred Units</b>
Board of Trustees		100%	12/12 <sup>(1)</sup>	2017	\$40,658	100% <sup>(2)</sup>
Investment Committee		100%	4/4 <sup>(1)</sup>	2016	N/A	N/A
<b>AGM Voting results</b>			<b>Other Public Board Membership Last 5 Years:</b>			
2017		99.8%		None	N/A	
				<b>Director Interlocks</b>		
				None		
<b>Securities owned, controlled or directed</b>						
<b>As at</b>	<b>Units</b>	<b>Deferred Units</b>		<b>Market Value of Units &amp; Deferred Units</b>		<b>Meets Minimum Unitholding requirements</b>
March 31, 2018	7,128,786	36,785		\$21,353,402		Yes

(1) Mr. Anthony joined the Board on March 6, 2017 and attended all 12 Trustee meetings held between that time and the end of 2017; he was appointed to the Investment Committee at the same time as his Board appointment and attended all 4 Committee meetings held subsequently.

(2) Mr. Anthony received a grant of additional Deferred Units matching the number of Deferred Units he elected to receive in lieu of receiving Trustee fees in cash.

<b>Jane Domenico</b>		<b>Principal Occupation</b>				
Age: 49 Toronto, ON, Canada Trustee since May 24, 2016 Previously Trustee from July 15, 2014 to June 17, 2015  Non-Independent  Skills/experience: Financial/Risk Management Real estate Senior executive		Jane Domenico is the President and Chief Executive Officer of the REIT. Prior to her appointment to this role in 2015, Ms. Domenico held the positions of acting Chief Executive Officer of the REIT between May 2014 and July 2015, Chief Operating Officer of the REIT between February 2014 and July 2015 and Vice President of Asset Management between May 2013 and February 2014. Ms. Domenico possesses more than 20 years of experience in the real estate industry. This experience includes management of more than \$13 billion in retail assets, as well as responsibility for more than \$1.5 billion in development capital investments and more than \$500 million in operating capital expenditures. Ms. Domenico has significant experience with Canada's largest pension fund developers working for Ivanhoe Cambridge and Oxford Properties. While with Ivanhoe Cambridge, Ms. Domenico was the company's representatives for joint venture projects with Cadillac Fairview and Oxford. While with Oxford, Ms. Domenico performed asset management for Primaris REIT. She has also worked as a third party advisor alongside some of the nation's largest pension fund real estate investors, notably the Canada Pension Plan Investment Board and Greystone Management. Ms. Domenico holds a Bachelor of Commerce Degree from McMaster University.				
<b>Board/Committee Membership:</b>		<b>2017 Attendance</b>		<b>Trustee Fees Earned <sup>(1)</sup></b>		<b>Trustee Compensation Taken in Deferred Units<sup>(1)</sup></b>
Board of Trustees		100%	14/14	2017	N/A	N/A
Investment Committee		100%	6/6	2016	N/A	N/A
<b>AGM Voting results</b>			<b>Other Public Board Membership Last 5 Years:</b>			
2017	99.7%	None		N/A		
2016	99.0%	<b>Director Interlocks</b>				
		None				
<b>Securities owned, controlled or directed</b>						
<b>As at</b>	<b>Units</b>	<b>Deferred Units</b>		<b>Market Value of Units &amp; Deferred Units</b>		<b>Meets Minimum Unitholding requirements</b>
March 31, 2018	23,589	29,537		\$158,315		Yes

(1) Ms. Domenico is an employee of the REIT and for that reason does not receive Trustee Compensation. See the Statement of Executive Compensation section for more information.

<b>Allan Kimberley</b>		<b>Principal Occupation</b>							
Age: 62 Toronto, ON, Canada Trustee since June 17, 2015		Mr. Kimberley is a corporate director. He retired in 2014 from CIBC World Markets Inc. following a 30-year career in real estate investment banking. He presently serves on the boards of Orlando Corporation (Audit, Investment and Workplace Safety Committees) and First Capital Realty Inc. (Audit and Compensation & Governance Committees). He also serves on the board of the Ontario Science Centre (Development and Government Relations Committees) and previously served on the board of the Toronto Symphony Orchestra in various capacities, including a term as Board Chair. Mr. Kimberley graduated from McMaster University with a Bachelor of Commerce degree and from University of Toronto with a Masters, Business Administration degree.							
Independent									
Skills/experience: Financial/Risk Management Real estate Senior executive Governance Executive Compensation									
<b>Board/Committee Membership:</b>		<b>2017 Attendance</b>		<b>Trustee Fees Earned</b>		<b>Trustee Compensation Taken in Deferred Units</b>			
Board of Trustees		100%	16/16	2017	\$66,000	76% <sup>(1)</sup>			
Audit Committee		100%	4/4	2016	\$54,000	N/A			
Governance, Compensation and Nominating Committee		100%	3/3	2015	\$28,904	N/A			
Investment Committee, Chair		100%	6/6						
<b>AGM Voting results</b>				<b>Other Public Board Membership Last 5 Years:</b>					
2017		99.0%		First Capital Realty Inc. (Audit and Compensation and Corporate Governance Committees)		May 2014 - present			
2016		100.0%		<b>Director Interlocks</b>					
2015		99.2%		None					
<b>Securities owned, controlled or directed</b>									
<b>As at</b>		<b>Units</b>		<b>Deferred Units</b>		<b>Market Value of Units &amp; Deferred Units</b>		<b>Meets Minimum Unitholding requirements</b>	
March 31, 2018		64,741		44,015		\$324,093		Yes	

(1) Mr. Kimberley received a grant of additional Deferred Units matching the number of Deferred Units he elected to receive in lieu of receiving Trustee fees in cash.

<b>Simon Nyilassy</b> Age: 62 Toronto, ON, Canada Trustee since June 17, 2015  Independent  Skills/experience: Financial/Risk Management Real estate Senior executive Governance Executive Compensation		<b>Principal Occupation</b> Mr. Simon Nyilassy is the founder and CEO of Marigold & Associates Inc., a senior housing development company. He was President and Chief Executive Officer of Regal Lifestyle Communities Inc. from 2012 until 2015. Mr. Nyilassy has extensive experience as a real estate executive and leader with an in-depth understanding of capital and real estate markets. From 2005 to 2011, Mr. Nyilassy served as President and Chief Executive Officer (and as a trustee from 2003 to 2011) of what was then Calloway Real Estate Investment Trust (now Smartcentre REIT). Prior to that, Mr. Nyilassy served as Executive Vice-President of Finance and Administration of Smartcentres Group of Companies from 2000 to 2005. In March of 2018 Marigold was appointed as manager of CHC Student Housing Corp., a TSX Venture exchange listed company. As part of this contract, Mr. Nyilassy assumed the role of Chief Executive Officer. He currently serves as vice-share of the St. Joseph's Health Centre Foundation, where he has been a board member since September, 2016. Mr. Nyilassy obtained an Honours Bachelor of Engineering Science degree from the University of Warwick and is a designated Chartered Professional Accountant.			
<b>Board/Committee Membership:</b>		<b>2017 Attendance</b>	<b>Trustee Fees Earned</b>		<b>Trustee Compensation Taken in Deferred Units</b>
Board of Trustees		100% 16/16	2017	\$65,726	76% <sup>(2)</sup>
Audit Committee, Chair		100% 4/4	2016	\$50,000	N/A
Governance, Compensation and Nominating Committee, Chair		100% 1/1 <sup>(1)</sup>	2015	\$26,346	N/A
Investment Committee		100% 3/3			
<b>AGM Voting results</b>			<b>Other Public Board Membership Last 5 Years:</b>		
2017	99.1%		CHC Student Housing Corp.	March 2018 to present	
			Regal Lifestyle Communities Inc.	April 2012 to October 2015	
2016	100.0%		<b>Director Interlocks</b>		
2015	96.4%		None		
<b>Securities owned, controlled or directed</b>					
<b>As at</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Market Value of Units &amp; Deferred Units</b>		<b>Meets Minimum Unitholding requirements</b>
March 31, 2018	65,826	44,736	\$329,475		Yes

(1) Mr. Nyilassy was appointed to the Governance, Compensation and Nominating Committee in May 2017 and attended the remaining meeting of the Committee in 2017.

(2) Mr. Nyilassy received a grant of additional Deferred Units matching the number of Deferred Units he elected to receive in lieu of receiving Trustee fees in cash.

<b>C. Ian Ross</b> Age: 76 Collingwood, ON, Canada Trustee since June 17, 2015  Independent  Skills/experience: Financial/Risk Management Real estate Senior executive Governance Executive Compensation Legal		<b>Principal Occupation</b> Mr. Ross is a corporate director. Mr. Ross held various positions at the Richard Ivey School of Business at the University of Western Ontario from 1997 to September 2003. Most recently he held the position of Senior Director, Administration in the Dean's Office and was also Executive in Residence for the School's Institute for Entrepreneurship, Innovation and Growth. He has served as Governor, President and CEO of Ortech Corporation; Chairman, President and CEO of Provincial Papers Inc.; President and CEO of Paperboard Industries Corp.; as a trustee and Chairman of Menu Food Income Fund from 2007 to 2010; as a corporate director and chairman of Pet Valu, Inc. from 2003 to 2009; as a director of Ontario Power Generation from 2003 to 2014 and as a director of Nuclear Waste Management Organization between 2007 and 2017. Mr. Ross currently serves as a director and chairman of Cathay Forest Product Corp., GrowthWorks Canadian Fund Ltd. and GrowthWorks Commercialization Fund Ltd. He also serves as a director of Clearford Water Systems Inc. Mr. Ross is a member of the Law Society of Ontario.			
<b>Board/Committee Membership:</b>		<b>2017 Attendance</b>	<b>Trustee Fees Earned</b>		<b>Trustee Compensation Taken in Deferred Units</b>
Board of Trustees, Chair		100% 16/16	2017	\$65,048	77% <sup>(1)</sup>
Audit Committee		100% 4/4	2016	\$57,000	N/A
Governance, Compensation and Nominating Committee		100% 3/3	2015	\$30,183	N/A
<b>AGM Voting results</b>		<b>Other Public Board Membership Last 5 Years:</b>			
2017	99.0%	Clearford Water Systems Inc.(Audit and Compensation Committees)		February 2008 to present	
2016	98.8%	GrowthWorks Canadian Fund Ltd (Audit and Valuation; Investment and Governance and Nomination Committees)		April 1999 to present	
		GrowthWorks Commercialization Fund Ltd. (Audit and Valuation and Investment Committees)		November 2004 to present	
		Cathay Forest Product Corp.		July 2012 to present	
		Ontario Power Generation Inc. (Committees: Risk Oversight (Chair), Nuclear Oversight Ad Hoc (Chair), Executive Talent)		December 2003 to April 2014	
2015	96.3%	<b>Director Interlocks</b>			
		None			
<b>Securities owned, controlled or directed</b>					
<b>As at</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Market Value of Units &amp; Deferred Units</b>		<b>Meets Minimum Unitholding requirements</b>
March 31, 2018	13,333	44,255	\$171,612		Yes

(1) Mr. Ross received a grant of additional Deferred Units matching the number of Deferred Units he elected to receive in lieu of receiving Trustee fees in cash.

<b>Moray Tawse</b> Age: 61 Toronto, ON, Canada  Independent  Skills/experience: Financial/Risk Management Real estate Senior executive		<b>Principal Occupation</b>  Mr. Tawse is co-founder and a Director and Executive Vice President of First National Financial Corporation. Mr. Tawse directs the operations of First Nationals' mortgage origination activities and has over 30 years' experience in the real estate finance industry.			
<b>Board/Committee Membership:</b>		<b>2017 Attendance</b>	<b>Trustee Compensation</b>		<b>Trustee Compensation Taken in Deferred Units</b>
N/A		N/A	2017	N/A	N/A
			2016	N/A	N/A
			2015	N/A	N/A
<b>AGM Voting results</b>			<b>Other Public Board Membership Last 5 Years:</b>		
2017	N/A		First National Financial Corporation	April 2006 to Present	
			Regal Lifestyle Communities Inc.	April 2012 to October 2015	
2016	N/A		<b>Director Interlocks</b>		
2015	N/A		None		
<b>Securities owned, controlled or directed</b>					
<b>As at</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Market Value of Units &amp; Deferred Units</b>		<b>Meets Minimum Unitholding requirements</b>
March 31, 2018	9,514,246	0	\$28,352,453		Yes

<b>Michael Woollcombe</b> Age: 49 Toronto, ON, Canada  Independent  Skills/experience: Financial/Risk Management Real estate Legal		<b>Principal Occupation</b> Since 1997, Mr. Woollcombe has been the Executive Vice-President of VC & Co. Incorporated and a Partner of Voorheis & Co. LLP. These businesses provide strategic and other advice to investors in undervalued, underperforming or mismanaged Canadian public and private companies and in other special situations, with clients that have included a broad range of institutional investors, investment managers, private equity and hedge funds and high net worth individuals, as well as public and private companies and their boards of directors. Since 2011, Mr. Woollcombe has also been President of VWK Capital Management Inc., the investment manager for VWK Partners Fund LP, a long short investment fund focused on North American equity investments. Mr. Woollcombe has acted as a director of various Canadian publicly-traded and private companies. Prior to joining Voorheis & Co. LLP in 1997, Mr. Woollcombe practiced corporate and securities law with a major Canadian law firm.			
<b>Board/Committee Membership:</b>		<b>2017 Attendance</b>	<b>Trustee Compensation</b>		<b>Trustee Compensation Taken in Deferred Units</b>
N/A		N/A	2017	N/A	N/A
			2016	N/A	N/A
			2015	N/A	N/A
<b>AGM Voting results</b>			<b>Other Public Board Membership Last 5 Years:</b>		
2017	N/A	None		-	
2016	N/A	<b>Director Interlocks</b>			
2015	N/A	None			
<b>Securities owned, controlled or directed</b>					
<b>As at</b>	<b>Units</b>	<b>Deferred Units</b>	<b>Market Value of Units &amp; Deferred Units</b>		<b>Meets Minimum Unitholding requirements</b>
March 31, 2018	0	0	\$0		No(i)

- (i) Trustees have three years to meet the minimum unitholder ownership requirements after their first election to the Board of Trustees

The Board recommends that you vote **FOR** the election of each of the nominees who have been proposed by the Board for election as trustees by the Unitholders.

### **Appointing the External Auditor**

KPMG LLP, (“KMPG”) has been the REIT’s external auditor since 2012. At the REIT’s, May 24, 2017 Annual Meeting of Unitholders, KPMG received 99.9% FOR their appointment as the REIT’s auditor.

The table below shows the fees that KPMG received for services for the financial years ended and December 31, 2016 and December 31, 2017, respectively.

<b>Auditor’s Fees</b>	<b>2017</b>	<b>2016</b>
Audit fees	\$198,570	\$191,900
Audit-related fees	\$114,367	110,528
Tax fees	\$47,036	55,192
All other fees	\$10,000	11,300
<b>Total</b>	<b>\$369,973</b>	<b>\$368,920</b>

The Board recommends that you vote **FOR** the reappointment of KPMG as the REIT’s external auditor, and authorize the Board to set its compensation.

### **Renewing the REIT’s Deferred Unit Plan**

The Unitholders will be asked to consider, and if thought advisable, pass an ordinary resolution (the “Deferred Unit Plan Resolution”), the full text of which is set forth in Schedule A to this Management Information Circular, approving the renewal of the REIT's Deferred Unit Plan.

Reference should be made to the full text of the Deferred Unit Incentive Plan attached hereto as Schedule B. The TSX requires that the Deferred Unit Plan be approved by the Unitholders on a periodic basis and such approval is required by June 17, 2018. No Deferred Units will be granted under the Deferred Unit Plan after June 17, 2018 until further Unitholder approval is obtained. This approval will be effective for three years from the date of the Annual and Special Meeting. If approval of the Deferred Unit Plan Resolution is not obtained at the Annual and Special Meeting, currently outstanding Deferred Units will continue unaffected; however as mentioned above, the REIT will not have the ability to grant further Deferred Units under the Deferred Unit Plan. Furthermore, currently outstanding Deferred Units that are subsequently cancelled or terminated will not be available for re-issuance under the Deferred Unit Plan. To be effective, the Deferred Unit Plan Resolution must be approved by at least 50% of the votes cast in person or by proxy by the Unitholders at the Meeting. A summary of the Deferred Unit Plan is below under “Statement of Executive Compensation – Equity Plans – Units Subject to the Deferred Unit Incentive Plan” in this Management Information Circular.

The representatives designated in the form of proxy or voting instruction form intend to vote **FOR** the renewal of the Deferred Unit Plan unless the Unitholder has specified in his or her proxy or voting instruction form that his or her Units are to be voted against the Deferred Unit Plan Resolution.

## GOVERNANCE DISCLOSURE

### **The Role of the Board**

The Declaration of Trust provides that, subject to certain conditions, the trustees shall have full, absolute and exclusive power, control and authority over the trust property and over the REIT's affairs to the same extent as if the trustees were the sole and absolute legal and beneficial owners of the REIT's assets. In fulfilling their role, the Trustees are to act honestly and in good faith with a view to the REIT's best interests and its Unitholders and, in connection therewith, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board of Trustees is responsible for the REIT's stewardship and governance. That role consists primarily of the duty to manage or supervise the management of the business and affairs of the REIT and includes both decision making and oversight functions.

Within that context, our Board's decision-making function involves the formulation, in conjunction with management, of strategic objectives and fundamental policies for the REIT. The oversight function includes ensuring compliance with the Declaration of Trust, including the investment guidelines and operating policies, the supervision of management's decisions, the adequacy of systems and controls and the implementation of policies. In addition, the Board oversees significant REIT actions and makes decisions relating to, among other things: strategic planning; strategic objectives, planning for growth, both organic and by acquisition; funding strategy; succession planning; distributions; financial reporting; the development of fundamental policies and systems; the control environment and the management of risk and corporate communication.

The Board fulfills its duties directly and through its committees. It delegates its duty to manage the business and affairs of the REIT to management, which the Board oversees and holds accountable.

The Board constructively challenges management with a view to achieving the best possible decision-making, and engages in meaningful discussion with management to ensure that major issues affecting the REIT are given the appropriate consideration. It is informed of the REIT's activities on an ongoing basis through Board and committee meetings, reports from and discussion with management and executive briefings to further educate the trustees on specific topics.

A portion of most meetings is devoted to *in camera* sessions during which the Board meets without management present and then with neither the non-independent trustees nor management present.

The full text of the Board of Trustees' mandate is attached to this Management Information Circular as Schedule C.

### **Term of Election for Trustees**

The Trustees are individually elected by Unitholders, other than Trustee appointments that occur between annual meetings of Unitholders. Trustees elected at an annual meeting are elected for terms expiring at the next annual meeting or until their successors are elected or appointed, and are eligible for re-election.

### **Number of Trustees**

Pursuant to the Declaration of Trust, there are to be no fewer than three and no more than eleven

Trustees, with a majority being residents of Canada and independent Trustees. The Trustees have determined that seven Trustees are appropriate at this time.

### **Process for Trustee Succession Planning and Nominations**

The Governance, Compensation and Nominating Committee is composed of independent Trustees and is responsible for succession planning, including the identification and nomination of Trustees.

The Board succession planning process is comprised of a review of the size of the Board, a skills assessment and a three part Board and Trustee evaluation process.

Annually, the Governance, Compensation and Nominating Committee reviews the size of the Board and determines the appropriate size based on the outcome of a Trustee skills review, the projected workload requirements, the results of the Board effectiveness report and discussions with key stakeholders.

The Governance, Compensation and Nominating Committee reviews the skills represented on the Board annually against the skills deemed as necessary for the Board to fulfill its responsibilities. If there is a skills gap, the Committee may address the matter by increasing the size of the Board, replacing a Trustee or enhancing Board education.

The annual Board effectiveness review process is discussed below and describes how Trustees are evaluated for their contribution and ongoing suitability for a role on the Board.

The Board of Trustees reviews the recommendations of the Governance, Compensation and Nominating Committee with respect to succession planning and approves the size of the Board.

If a vacancy is to be filled, the Governance, Compensation and Nominating Committee uses selection criteria to prioritize and select potential candidates. In addition to having the basic characteristics of integrity, good judgment, financial knowledge and sufficient time available, potential candidates should also have experience in any of such areas as public company board experience, senior management experience, leadership, corporate finance experience, accounting expertise and experience, legal and regulatory experience, corporate governance expertise and experience, human resource (including compensation) expertise and experience and relevant real estate industry experience. The Board considers gender, ethnic background, geographic origin and other personal characteristics together with the skills, experience, character and behavioural qualities of each individual when determining the value which a candidate could bring to the Board.

Candidates for the position of Trustee are identified through formal and informal search processes. Interviews are conducted by the Governance, Compensation and Nominating Committee and a short list of candidates is put before the Board for consideration. Prior to nomination, new Trustees are given a clear indication of the workload and time commitment required. The Board of Trustees approves nominations for the role of Trustees.

### **Advance Notice Policy for Trustee Nominations**

The advance notice provisions as set out in the Declaration of Trust (the "Advance Notice Policy") requires advance notice to the REIT by any Unitholder who intends to nominate any person for election as Trustee. Among other things, the Advance Notice Policy sets a deadline by which such Unitholders must notify

the REIT in writing of an intention to nominate Trustees prior to any meeting of Unitholders at which Trustees are to be elected and sets forth the information that the Unitholder must include in the notice.

In the case of an annual meeting of Unitholders, notice to the REIT must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following the Notice Date or in the case of a special meeting, not later than the close of business on the 15th day following the Notice Date.

The complete Advance Notice Policy is available on the REIT's website at [www.partnersreit.com](http://www.partnersreit.com).

### **Board Assessments**

The performance and effectiveness of the Board and its Committees, the Chair of the Board and peer trustees (including in their capacity as Committee members) are annually assessed under the Governance, Compensation and Nominating Committee's oversight through processes that are intended to encourage candid and constructive commentary. The Governance, Compensation and Nominating Committee approaches the evaluation of the members of the Board through anonymous questionnaires. The questionnaires provide for quantitative ratings and subjective comment in key areas and consider Trustees' effectiveness in terms of business operations, strategy, Unitholder value, risk management, use of time, board structure, size and process. A summary report on the questionnaires is compiled by an external advisor and presented to the Chair of the Governance, Compensation and Nominating Committee. All Board members are subsequently provided with copies of the report. The Board meets to discuss the report, consider its findings and act on its recommendations. Each year, the Board Chair meets with each Trustee individually to engage in open dialogue on any issues which either wish to raise, and uses the same meeting to discuss any specific issues that may have come up in the questionnaire process. In all these ways, each Trustee receives feedback on their individual contribution to Board effectiveness.

### **Independence of the Board**

The Board of Trustees is comprised of a majority of trustees who are independent within the meaning of the Declaration of Trust and applicable Canadian securities laws. The Board is led by an independent, non-executive Chairman. Each committee is chaired by an independent chair.

The REIT's assessment of whether a Trustee is independent begins with the identification of any relationships that could, in the view of the Board, reasonably be expected to interfere with the exercise of the trustee's independent judgment. That analysis is augmented, where required, to ensure compliance with certain presumptive standards under applicable Canadian securities laws, including eligibility for service on the Audit Committee under National Instrument 52-110 – *Audit Committees (NI 52-110)*.

When assessed against the above criteria, the Governance Compensation and Nominating Committee determined that all of the proposed trustees are independent within the meaning of applicable Canadian securities laws, except for Ms. Domenico who is President and CEO of the REIT and as such is not an independent trustee.

### **Independent Chairman of the Board**

The Chair of the Board is a non-executive and is independent. His role is to facilitate the effective performance of the Board in fulfilling the broad range of its responsibilities including oversight of the business, strategic planning and succession planning. His goal is to create and maintain an effective and productive Board at all times and in all situations.

The Chair is responsible for establishing a strong relationship with the President and CEO so that they develop a shared context, agree on fundamental values and ethical standards, understand the accountabilities and boundaries of their respective roles, and engage in productive discussions on issues.

In addition, the Chair is responsible for strengthening and managing relationships among his colleagues on the Board, between the Chair and his colleagues, between management and the Board, between the President and CEO and the Board and with the significant Unitholders with the expectation that strong relationships, coupled with knowledge of the issues, can lead to better decision-making. The Chair facilitates collaborative and constructive relationships between the Board and management creating a cooperative atmosphere where Board members are encouraged to openly discuss, debate and question matters presented to the Board.

The Chair works closely with the Chair of the Governance, Compensation and Nominating Committee on matters related to Board and Committee composition and the effective discharge of their mandates. He is involved in consideration of the REIT's strategies, risks, priorities and succession planning for Board positions and the assessment of current trustees.

The Chair's specific duties include setting the agenda for Board meetings in consultation with committee chairmen and the President and CEO; working to ensure trustees are being provided with timely and relevant information required to make informed decisions and to permit the Committees and the Board to discharge its duties and responsibilities; fostering ethical and responsible decision making by the Board, the Committees and individual Board members; and ensuring independent trustees meet in a separate *in camera* session at Board meetings.

Additional information about the duties of the Chair of the Board is in the Board mandate attached as Schedule C.

### **Independence of Committees**

Applicable Canadian securities law requires the Board to have an Audit Committee comprised of trustees, each of whom must be independent (as determined under NI 51-110) and financially literate. The Board has determined that each of the members of the Audit Committee is independent and financially literate within the meaning of 52-110. The Chair and all of the members of each of the Governance, Compensation and Nominating Committee and a majority of the members of the Investment Committee are independent. All members of each Committee are residents of Canada.

Ms. Domenico is the only member of any of the committees who is non-independent and she sits on the Investment Committee.

### **Trustee Meetings without Management/Non-Independent Trustees**

The Board enhances independence by conducting *in camera* sessions without management present. These sessions take place at all regularly scheduled Board and Committee meetings and are conducted by the Chair of the Board and the chairs of the committees, respectively. In addition, the independent trustees meet without the non-independent trustees at each regularly scheduled Board meeting. On occasion, special purpose Board meetings are convened at which sessions without management and without non-independent trustees present are held as appropriate.

### **Director / Trustee Interlocks**

None of the Trustee nominees has served together as directors on any outside boards during Partners REIT's most recently completed fiscal year. The directorships of all Trustee nominees on other public companies are described under the section entitled *Trustee Nominees* in this Management Information Circular.

### **Board Committees**

The Board has established three standing Committees:

- i. Audit Committee
- ii. Governance, Compensation and Nominating Committee
- iii. Investment Committee

The Board has delegated a number of its approval responsibilities to its Committees, as permitted by the Declaration of Trust, in order to enable the Board to operate more efficiently and permit it to spend more time on strategic issues. The Board has approved a Charter for each Committee which reflects their respective delegation of authority, roles and responsibilities. These charters are available on Partners REIT's website at [www.partnersreit.com](http://www.partnersreit.com).

Each Committee reviews its Charter and work plan on a regular basis to ensure that it has fulfilled all of its responsibilities under its Charter. Any proposed amendments to Committee Charters are reviewed by the Governance, Compensation and Nominating Committee and recommended to the Board for approval. All matters approved by the Committees are reported to the Board and it is always within the prerogative of the Board to approve, veto, amend or change any approval made by a Committee.

### **Audit Committee**

The Audit Committee is currently comprised of three independent Trustees with the following membership: Allan Kimberley, Simon Nyilassy and Ian Ross, with Mr. Nyilassy serving as Chair. All members of the Audit Committee are financially literate. The Audit Committee assists the Trustees in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of the REIT, the adequacy of internal accounting controls and procedures, and the quality and integrity of financial statements of the REIT. In addition, the Audit Committee is responsible for directing the auditors' examination of specific areas and for the selection of independent auditors to be appointed by the Unitholders. For additional information concerning the Audit Committee, see the REIT's Annual Information Form dated March 29, 2018.

## **Governance, Compensation and Nominating Committee**

The Governance, Compensation and Nominating Committee is currently comprised of three independent Trustees with the following membership: Allan Kimberley, Simon Nyilassy and Ian Ross, with Mr. Nyilassy serving as Chair. The Governance, Compensation and Nominating Committee is responsible for assessing the effectiveness of the Board, each of its committees and individual Trustees, assessing the performance and compensation of management, succession planning for the Board and management and overseeing the recruitment and selection of candidates as Trustees.

### **Members' Experience**

Mr. Nyilassy has acquired experience in governance and compensation matters in connection with his roles as CEO of Calloway REIT (now SmartCentres REIT) and of Regal Lifestyle Communities Inc., both TSX-listed companies. He has experience in corporate and human resources policy development, executive compensation and performance benchmarking, equity incentive plans, succession planning and board oversight.

Mr. Kimberley developed his governance and compensation experience throughout his 30 plus year career, much of through senior executive roles in real estate investment banking. He presently serves on the boards of Orlando Corporation (Audit, Investment and Workplace Safety Committees) and First Capital Realty Inc. (Audit and Compensation & Governance Committees). Mr. Kimberley holds a Bachelor of Commerce degree and a Masters of Business Administration degree.

Mr. Ross brings draws his experience in governance and compensation matters from his long term roles as President and CEO of Provincial Papers Inc. and Paperboard Industries Corp. His board experience arises from his current roles on the boards of GrowthWorks Canadian Fund Ltd., GrowthWorks Commercialization Fund Ltd. and Clearford Water Systems Inc. and his former board roles as a trustee and Chairman of Menu Food Income Fund, director and chairman of Pet Valu, Inc., director of Ontario Power Generation, director and chairman of Cathay Forest Product Corp., and director of the Nuclear Waste Management Organization. Mr. Ross has served on a number of audit, compensation, executive talent, governance and nominating committees.

### **Independent Advice**

The Compensation, Governance and Nominating Committee mandate provides the authority, subject to advising the Chair of the Board, to select, engage and compensate any outside compensation, nomination or other consultant the Committee determines to be necessary to permit it to carry out its duties at the REIT's expense. The Committee must not engage any special advisor who has a current or past relationship, affiliation or other connection with any Trustee until they have provided full disclosure on the nature of the relationship to the Board. The Committee is ultimately responsible for its own decisions, and may take into consideration more than the information and recommendations provided by its compensation consultants.

## **Investment Committee**

The Investment Committee is currently comprised of three Trustees with the following membership: Grant Anthony, Jane Domenico and Allan Kimberley, with Mr. Kimberley serving as Chair. The Investment Committee is responsible for assisting the Board in discharging the Board's oversight responsibilities relating to proposed acquisitions, dispositions, mortgages and major capital investments with regard to the Trust's real estate assets.

### **Diversity Policy**

The REIT's Diversity Policy endorses the principle that the Board should have a balance of skills, experience and diversity of perspectives appropriate to the business. The Board has adopted a written diversity policy (the "Board Diversity Policy") specifically geared towards ensuring that diversity, including gender diversity, is a key consideration when establishing recruitment priorities in advance of the Trustee identification and selection process.

The REIT believes that a diverse Board will have enhanced decision-making abilities, lead to improved oversight and promote better overall corporate governance by utilizing differences in skills, experience and background, gender, ethnicity, age, geographical and industry experience, length of service, and other distinguishing qualities of its members. Diversity will be considered in connection with the director recruitment process described below to determine optimal Board composition. Notwithstanding the foregoing, all Board appointments will always be based on merit, having due regard to the overall effectiveness of the Board.

The Board has not adopted a specific target regarding the number of women on the Board because it believes its Board evaluation and nomination process, together with the implementation of its written Board Diversity Policy, is robust and gender neutral and, in fact, does consider and result in gender diversity on the Board. There is currently one woman on the Board, representing 14% of the Trustees up for election at the Annual and Special Meeting.

The Governance, Compensation and Nominating Committee reviews the structure and diversity of the Board annually and will set diversity, including gender diversity, aspirations regarding the Board's optimum composition as part of the recruitment process.

The REIT has not adopted a target relating to the level of representation of women in executive officer positions for similar reasons. In February 2018, the REIT significantly reduced its workforce including a reduction of the executive team by one third. Ms. Domenico as President and CEO is a woman and as such represents 50% of the executive team.

### **Board Tenure and Retirement Policy**

The REIT does not have a mandatory age for retirement of trustees or a policy that would require a trustee to retire after a fixed period of tenure. The Board believes that the ability of a trustee is not limited by age or length of service. In addition, the Board believes that Trustees who have served on the Board for a period of time possess valuable insight and perspective into the operations and business strategy based on their experience and knowledge of the REIT.

### **Trustee Orientation and Continuing Education**

The REIT provides new trustees with a reference materials including the Declaration of Trust, strategic and operating plans, prospectuses, annual information forms, financial reports, key disclosure documents and other reports, organization charts, corporate structure charts as well as corporate and Board policies. In addition, the Board and members of management organize presentations by external legal counsel on new legislative and policy developments that affect Boards and Trustees; arrange one-on-one briefings with the Board Chair, and the CEO and CFO and set aside time for social interaction with the Trustees and management. Responsibility for the orientation program is a part of the Governance, Compensation and Nominating Committee mandate and feedback from newly oriented Board members is incorporated in

the program.

The Governance, Compensation and Nominating Committee is responsible for the ongoing education of trustees. Continuing education contributes to the awareness of Trustees with respect to changes and developments in the following areas: legislative, policy and accounting developments, risk, insurance, corporate governance, market performance, competitive analysis, investment opportunities and environmental issues. In general, the Chair of the Board both initiates educational opportunities and responds to requests for Board education from the Board members on an ongoing basis. He arranges for the provision of educational presentations and materials, in response to those requests. In addition trustees receive a substantial amount of background information in the context of Board and Committee meetings that not only assists them in discussing the issues to be addressed and decisions to be made at such meetings, but also educates them on matters relevant to the REIT and its business. The Board also receives periodic updates as to significant developments that may impact the REIT.

### **Ethical Business Conduct**

The REIT is strongly committed to maintaining the highest standard of legal and ethical conduct in all of its activities. As representatives of the REIT, it is important that members of the Board, officers and employees act in a manner that will maintain the REIT's reputation for ethics, integrity and respect and foster a culture of honesty and accountability. The Board has adopted a written Code of Business Conduct and Ethics (the "Code") for trustees, officers and employees. The Code, which is reviewed and approved by the Board annually, describes confidential reporting procedures which may be used by personnel to communicate good faith concerns about any violation of the Code or related policies and guidelines.

The Board ensures compliance with the Code by promoting a culture of ethical business and by maintaining open reporting a mechanism to submit concerns and reports directly to the Chair of the Audit Committee. All trustees, officers and employees are asked to: sign an annual statement acknowledging that they have been compliant with the Code in the most recently completed year, review the Code, and agree in writing to maintain compliance with the Code in the following year. If an individual is unable to assert compliance, they must disclose reasons for non-compliance. The Chair of the Governance, Compensation and Nominating Committee reports to the Board on the receipt of these statements and the measure of compliance in the first quarter. In 2017, all trustees, officers and employees indicated full compliance with the Code.

### **Whistleblower Protection Policy**

The Board also has adopted a Whistleblower Protection Policy to help ensure open communication and intended to promote ethical conduct in conjunction with the Code. The Chair of the Audit Committee provides quarterly reports on the whistleblowing reporting process; there were no whistleblowing reports in 2017.

A copy of the Code and the Whistleblower Protection Policy may be obtained on the Partners' REIT website at [www.partnersreit.com](http://www.partnersreit.com) and at any time upon request to the REIT at 36 Toronto Street, Suite 1160, Toronto, Ontario, M5C 2C5.

The Code, the mandate of the Board, as well as a number of other policies implemented by the REIT, including insider trading and whistleblowing policies, serve to promote and encourage a culture of ethical business conduct within the REIT.

### **Risk Management Oversight**

The Board of Trustees is entrusted with responsibility for identifying the REIT's principal risks, ensuring these risks are being appropriately managed and assessing the REIT's risk management practices. At least quarterly, the Board of Trustees discusses with management, risk assessments, risk exposures and risk management and any developments or progress management made on its strategies for managing the REIT's principal risks, which are described in the REIT's most recent annual information form and year-end management's discussion and analysis.

The Board has delegated to the Audit Committee the task of ensuring that the REIT's risks are properly identified, managed and measured against the REIT's risk tolerance. The Audit Committee reviews, at least annually, the REIT's risk management framework, risk tolerance policies and practices and reports its findings to the Board.

The Board relies upon management to supervise the day-to-day risk management and management reports directly to the Board of Trustees and the Audit Committee, as appropriate.

### **Clawback Provision**

Partners REIT does not have a "clawback" provision that would allow the Board to recover bonus compensation from NEOs in the event of wrongdoing.

### **Trustee Fees**

Each of the Trustees who are not officers of the REIT receives an annual retainer in the amount of \$30,000 per year plus a fee of \$1,000 for each Board or committee meeting attended, other than attendance at Audit Committee meetings, for which Trustees receive a fee of \$1,500 for each meeting attended. The Chair of the Board receives an annual honorarium of \$10,000, the Chair of the Audit Committee receives an honorarium of \$7,500 and each of the chairs of the Governance, Compensation and Nominating Committee and the Investment Committee receives a \$5,000 honorarium. Trustees may be reimbursed for reasonable travel and other expenses incurred by them in attending meetings of the Trustees or any committee meeting thereof or in connection with their services as Trustees. The Trustees may also elect to take up to 100% of their Trustee fees in Deferred Units. Trustees are also entitled to establish additional fees for special committees or work required by the Trustees above and beyond their mandate.

### **Trustee Unit Ownership Guidelines**

Each trustee, other than the President and CEO (who is subject to executive unit ownership guidelines), is expected to accumulate at least three times the value of the annual trustee retainer, which currently equates to \$90,000, in Trust Units and/or deferred units (*DUs*) under the Deferred Unit Plan for Trustees by the fifth anniversary of such trustee's initial appointment or election to the Board. Trustees are subject to such guidelines for as long as they continue to serve on the Board. The Unit Ownership Guideline states that if a non-management trustee's unit ownership falls below the minimum guidelines due to a decline in the unit price, such trustee will have one year to restore compliance.

### **Majority Voting Policy**

The Trustees have adopted a majority voting policy that establishes procedures to address a circumstance in which a trustee nominee does not receive a majority of the votes cast at a meeting with respect to his or her election. Pursuant to this policy, Unitholders are able to vote in favour of, or withhold from voting,

separately for each nominee.

Any nominee for trustee who receives more than 50% plus one votes “withheld” from his or her election (a “Majority Withheld Vote”) shall immediately tender his or her resignation to the Chair of the Board following the meeting or to each member of the Governance, Compensation and Nominating Committee if the affected trustee is such Chair.

The Board will promptly accept the resignation unless it determines that there are extraordinary circumstances that should delay the acceptance of the resignation or justify rejecting it. The resignation will be accepted (or in exceptional cases, rejected) within 90 days of the meeting. The Board will not consider any of the following as factors to constitute exceptional circumstances: the length of service, the trustee’s qualifications, the trustee’s attendance at meetings, the trustee’s experience or the trustee’s contributions to the issuer as this information is made available to unitholders in its proxy voting materials.

If a resignation is accepted, the Board may, in accordance with the provisions of applicable law and the Declaration of Trust, (i) leave the resultant vacancy in the Board unfilled until the next annual meeting of Unitholders of the REIT, (ii) appoint a new Independent Trustee (within the meaning of the Declaration of Trust) to fill the vacancy created by such resignation, (iii) reduce the size of the Board, or (iv) call a special meeting of Unitholders at which there will be presented a new candidate to fill the vacant position(s).

In any election of Trustees other than an uncontested election, this policy shall not apply. An “uncontested election” means an election where the number of nominees for Trustees is equal to the number of trustees to be elected as determined by the Board (other than in a circumstance where additional trustees are nominated solely at the Unitholders meeting and for which a dissident proxy circular is not prepared), including as a result of a proxy contest.

The REIT will promptly issue a news release with the Board’s decision, a copy of which must be provided to the Toronto Stock Exchange. If the Board determines not to accept a resignation, the news release will fully state the reasons for that decision.

In the event that any trustee who received a Majority Withheld Vote does not offer his or her resignation in accordance with this Policy, he or she will not be re-nominated by the Governance Committee or the Board.

The Governance Committee may adopt such procedures as it sees fit to assist it in its determinations with respect to this Policy.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No proposed Trustee is, as at the date hereof, or was within 10 years before the date hereof, a trustee, director, chief executive officer or chief financial officer of any trust or company (including the REIT) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that (a) was in effect for a period of more than 30 consecutive days (a “Cease Trade Order”) that was issued while the proposed Trustee was acting in the capacity as trustee, director, chief executive officer or chief financial officer of such issuer, or (b) was subject to a Cease Trade Order that was issued after the proposed Trustee ceased to be a trustee, director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as trustee, director, chief executive officer or chief financial officer.

Other than as described below, no proposed Trustee (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a trustee, director or executive officer of any trust or company (including the REIT) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed Trustee.

Mr. Ross is a director of GrowthWorks Canadian Fund Ltd. which filed for creditor protection pursuant to the Companies' Creditors Arrangement Act (Canada) (the "CCAA") on October 1, 2013. GrowthWorks Canadian Fund Ltd. continues to operate under CCAA protection as of the date of this Circular.

No proposed Trustee has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed Trustee.

### **Financial Literacy**

All Trustees are financially literate and have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Partners REIT's financial statements.

### **Hedging Policy**

As part of the REIT's insider trading and confidential information policy, trustees, officers and employees of the REIT are not permitted to purchase, trade in any interest or position relating to financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units or exchange funds, that are designed to hedge or offset a decrease in market value of equity securities of the REIT.

### **Corporate Governance Policies and Practices**

The REIT is committed to strong governance policies and practices. The Board and management continue the development and implementation of policies and processes, as appropriate, to support the REIT's overall governance. The development of these policies, processes and practices is undertaken in the context of the REIT's business, the external environment and externally cited leading practices to ensure that the REIT's governance practices are comprehensive, relevant, effective and transparent. Highlights of the REIT's governance policies and practices include:

- 6 out of 7 nominated trustees are independent
- in-camera sessions are held at most committee and Board meetings
- independent trustees meet in-camera after every Board meeting
- individual (not slate) voting for trustees
- disclosure of individual trustee's equity holdings

- trustee equity ownership guidelines
- the Board and Committees have authority to retain independent external advisors.
- trustees are not overboarded
- trustees are not interlocked
- Code of Business Conduct and Ethics
- formal trustee orientation and ongoing education
- the Board mandate and committee charters are regularly reviewed to ensure that they remain current and appropriate
- the written position descriptions of the Board and committee chairs are regularly reviewed to ensure they continue to reflect the expectations and responsibilities of their roles.
- the performance of the Board, committees and individual trustees are assessed annually using a formal process that promotes a focus on increased effectiveness

## 2017 REPORT ON TRUSTEE ATTENDANCE AND COMPENSATION

### **Trustee Meeting Attendance**

The table below lists the number of meetings held by the Board and its committees in 2017 and the number attended by each trustee. Trustees are expected to achieve a high level of attendance at meetings. Some of the Trustees attend Committee meetings by invitation of the respective Committee Chair, as noted in the attendance below.

Trustee	Board	Audit Committee	Governance Compensation and Nominating Committee	Investment Committee	Total	Attendance %
Grant Anthony	12 of 12 <sup>(1)</sup>	-	-	4 of 4 <sup>(1)</sup>	16 of 16	100%
Jane Domenico	14 of 14	-	-	6 of 6	20 of 20	100%
Allan Kimberley	16 of 16	4 of 4	3 of 3	6 of 6	29 of 29	100%
Simon Nyilassy	16 of 16	4 of 4	1 of 1 <sup>(2)</sup>	3 of 3 <sup>(3)</sup>	24 of 24	100%
C. Ian Ross	16 of 16	4 of 4	3 of 3	-	23 of 23	100%

**Notes**

- (1) Mr. Anthony was elected as Trustee in May 2017 and attended all 12 subsequent Board meetings; four Board meetings had taken place prior to his election.
- (2) Mr. Nyilassy was appointed to the Governance Compensation and Nominating Committee in May, 2017 and attended all the subsequent meetings.
- (3) Mr. Nyilassy served on the Investment Committee from the time of his appointment to the Board in June 2015 until March 2017. Mr Nyilassy attended all 2017 investment committee meetings held during his tenure.

### **Compensation of Trustees**

The following table presents the details of all compensation provided to the Trustees for the year ended December 31, 2017.

Name	Fees Earned	Fees earned that were elected for payment in Deferred Units	Other REIT Unit-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation	All Other Compensation (\$)	Total (\$)
Grant Anthony <sup>(1)</sup>	\$40,658	\$40,658	\$40,658	-	-	-	\$81,316
Jane Domenico	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Allan Kimberley	\$66,000	\$50,000	\$50,000	-	-	-	\$116,000
Simon Nyilassy	\$65,726	\$50,000	\$50,000	-	-	-	\$115,726
C. Ian Ross	\$65,048	\$50,000	\$50,000	-	-	-	\$115,048
Dexter John <sup>(2)</sup>	\$13,274	\$6,637	\$6,637	-	-	-	\$19,911

## Allocation of Fees

Name	Trustee Annual Retainer	Board & Committee Meeting Attendance Fees	Chair Annual Retainer	Fees earned that were elected for payment in Deferred Units	Total Compensation
Grant Anthony <sup>(1)</sup>	\$24,658	\$16,000	N/A	\$40,658	\$81,316
Jane Domenico	N/A	N/A	N/A	N/A	N/A
Allan Kimberley	\$30,000	\$31,000	\$5,000	\$50,000	\$116,000
Simon Nyilassy	\$30,000	\$26,000	\$9,726	\$50,000	\$115,726
C. Ian Ross	\$30,000	\$25,000	\$10,048	\$50,000	\$115,048
Dexter John <sup>(2)</sup>	\$7,849	\$3,000	\$2,425	\$6,637	\$19,911

(1) Grant Anthony was appointed a Trustee of the REIT on March 6, 2017.

(2) Dexter John ceased being a Trustee of the REIT on February 28, 2017.

During the year ended December 31, 2017, no option-based awards were made to anyone who was a Trustee. In 2016, the Board approved the grant of additional Deferred Units to match the number of Deferred Units issued in respect of Trustee fees as elected by Trustee Participants up to the maximum of \$50,000 (or an aggregate value of \$100,000 of Deferred Units) pursuant to the terms of the Deferred Unit Plan. Certain Trustees elected to receive Deferred Units in respect of their 2017 Trustee fees as noted in the table above.

## STATEMENT OF EXECUTIVE COMPENSATION

### **Compensation Discussion and Analysis**

The objective of the REIT's executive compensation is to attract, retain and motivate qualified management of the REIT. The Board and the Governance, Compensation and Nominating Committee have not formally considered the implications of the risks associated with the REIT's compensation policies and practices; however, the REIT's executive compensation is designed to, among other things, provide a reward for services rendered and to provide an incentive for management to implement strategies aimed at achieving the REIT's objectives. While the REIT's compensation program and practices are not structured to reward excessive risk taking, the REIT recognizes that some level of risk taking is necessary to achieve outcomes that are in the Unitholders' best interests.

### **Elements of Compensation**

The Trustees believe that named executive officers (NEOs) of the REIT should be fairly compensated based on their contribution to the REIT's success. The primary elements of the REIT's executive compensation for executives are base salary, annual incentive cash bonuses and long-term incentives in the form of deferred units ("Deferred Units").

### **Compensation Consultant**

No compensation consultant or advisor has been retained at any time in the REIT's most recently completed year to assist the Governance Committee in determining compensation for any of REIT's Trustees or executives.

### **Base Salary**

Base salaries are intended to provide executives with an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries are determined on an individual basis, taking into consideration the past, current and potential contribution to the success of the REIT, the position and responsibilities of the executives and the salaries anticipated in the markets in which the REIT operates. Base salaries are not determined on benchmarks or a specific formula, but are set to be competitive with industry levels. The REIT looks to industry peers to help determine such industry levels.

Base salaries for the Chief Executive Officer and the Chief Financial Officer/Corporate Secretary are set out in employment contracts but are also reviewed and approved by the Governance, Compensation and Nominating Committee on an annual basis.

### **Annual Incentives – Cash Bonuses**

The REIT pays discretionary annual cash bonuses to its NEOs. Discretionary annual cash bonuses reward the executives based on the performance of the REIT and/or the executive individually. The determination of the performance of the REIT may vary from year to year depending on economic conditions and conditions in the real estate industry. Individual performance factors vary, and may include completion of specific projects or transactions and the execution of day-to-day responsibilities. The performance of and payment of any annual cash bonuses to the Chief Executive Officer and the Chief Financial Officer/Corporate Secretary are reviewed and approved by the Governance, Compensation and Nominating Committee on an annual basis.

### **Long-Term Incentives**

The Governance, Compensation and Nominating Committee reviews the use of long term incentives (such as the use of Deferred Units) on an ongoing basis to help align the interests of executives and Unitholders. The Deferred Unit Plan (as further described under the heading "Deferred Unit Plan") was amended and

restated in late 2016 to allow for participation by certain officers of the REIT. The use of the Deferred Unit Plan allows NEOs to elect to receive cash bonuses in the form of Deferred Units and, upon the recommendation of the Governance, Compensation and Nominating Committee, could also provide for grants of additional Deferred Units. NEOs are eligible to receive a grant of additional Deferred Units to match the number of Deferred Units issued in respect of annual bonuses as elected by Officer Participants up to the maximum of \$50,000 (or an aggregate value of \$100,000 of Deferred Units) pursuant to the terms of the Deferred Unit Plan.

### **Deferred Unit Plan**

On May 17, 2015, the Board adopted the deferred unit plan which was approved by Unitholders on June 17, 2015, and further amended as of November 1, 2016 to allow for the participation by officers of the REIT (the “Deferred Unit Plan”). The purpose of the Deferred Unit Plan is to advance the interests of the REIT by enhancing the ability of the REIT to attract, motivate and retain trustees and officers of the REIT and to reward such persons for their sustained contributions, to encourage such persons to take into account the long-term performance of the REIT and to promote a greater alignment of interests between trustees of the REIT and Unitholders.

#### **Overview**

The Deferred Unit Plan provides trustees and officers of the REIT with the opportunity to acquire Deferred Units. Deferred Units may be redeemed into Units on ceasing to be a trustee or officer of the REIT. A complete copy of the Deferred Unit Plan is attached to the Circular as Schedule B.

#### **Eligible Persons**

Trustees and officers of the REIT are eligible to participate in the Deferred Unit Plan (“Participants”). Participants may elect to receive all or part of their annual retainer, meeting fees and additional compensation (including travel fees), in the case of trustees, and all or part of their annual cash bonus, in the case of officers, in Deferred Units. Deferred Units will not entitle a trustee or officer of the REIT who elects to participate in the Deferred Unit Plan to any voting or other Unitholder rights. One Deferred Unit is economically equivalent to one Unit. Fractional Deferred Units are permitted under the Deferred Unit Plan. A Participant is entitled once per calendar year to terminate his or her participation in the Deferred Unit Plan by way of a termination notice. Such termination shall be effective immediately upon receipt.

Any Deferred Units granted under the Deferred Unit Plan prior to the delivery of a termination notice by a Participant shall remain in the Deferred Unit Plan following such termination and will be redeemable only in accordance with the terms of the Deferred Unit Plan.

#### **Number of Units Reserved for Issuance**

The maximum number of Units issuable pursuant to the Deferred Unit Plan will, in the aggregate, not exceed 1% of the total number of issued and outstanding Units (being 458,320 Deferred Units based on 45,831,979 issued and outstanding Units as of December 31, 2017), on a fully-diluted basis, from time to time however, the total number of securities available for grant for all security based compensation arrangements in the aggregate cannot exceed 10% of the REIT's total issued and outstanding Units.

The maximum value of the aggregate number of Units that may be subject to grants of Deferred Units under this Plan to any one Participant during any financial year of the REIT shall be no greater than \$100,000.

Deferred Unit grants for trustees will be credited monthly, and for officers will be credited upon payment of annual cash bonuses, to each Participant's account and will be determined by dividing the amount the Participant elects to receive in Deferred Units by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to the date on which the Deferred Units are credited. Additional Deferred Units will be automatically credited to a Participant's account under the Deferred Unit Plan when the REIT pays a cash distribution to Unitholders. The additional Deferred Units to be credited will be calculated in a manner consistent with the REIT's distribution reinvestment plan available to Unitholders, by dividing (i) the amount determined by multiplying (a) the aggregate number of Deferred Units held on the relevant distribution record date by (b) the amount of distributions paid by the REIT on each Unit, by (ii) by the volume weighted average trading price of a Unit on the TSX for the twenty trading days prior to the distribution payment date.

In addition to the foregoing, Deferred Units may be granted from time to time to Participants at the discretion of the Board or the Governance, Compensation and Nominating Committee.

If any Deferred Units granted under the Plan are redeemed, terminated, expire or are cancelled, new Deferred Units may thereafter be granted covering such Units.

#### **Insider Participation Limits**

The maximum aggregate number of Deferred Units issuable under the Deferred Unit Plan to insiders (as defined in the TSX Company Manual) at any time, including those Units issuable under any other security based compensation arrangement, shall not exceed 10% of the issued and outstanding Units on a non-diluted basis as of the award date of such Deferred Units and the maximum aggregate number of Units that may be issued pursuant to Deferred Units to such insiders during any 12-month period, including those Units issuable under any other security-based compensation arrangement, shall not exceed 10% of the issued and outstanding Units on a non-diluted basis.

#### **Vesting of Deferred Units**

Subject to the Governance Committee's discretion to vary the manner in which Deferred Units vest pursuant to any grant of Deferred Units, Deferred Units granted to a Participant will vest immediately upon grant, including additional Deferred Units credited to a Participant's account in connection with cash distributions. Additional Deferred Units shall vest on the same schedule as their corresponding Deferred Units and are considered issued on the same date as the Deferred Units in respect of which they were credited.

#### **Redemption and Termination of Deferred Units**

When a Participant ceases to be a member of the Board or officer of the REIT, such Participant will receive Units issued by the REIT for the number of Deferred Units credited to his or her account, including any cash distributions paid by the REIT on the Units that have accrued in the form of Deferred Units or, at his or her election, in whole or in part, the cash equivalent thereof. Units (or where the former trustee or officer of the REIT so elects, cash) will be issued to the former trustee or officer of the REIT, subject to any applicable statutory source deductions. In addition, the Deferred Units are redeemable by the Participant or the Participant's estate on or after the date they cease to be a trustee of the REIT, provided the redemption is not later than two years following the date the Participant ceases to be a trustee of the REIT. Upon payment in full of the value of the Deferred Units, the Deferred Units shall be cancelled.

### **Amendment, Suspension or Termination**

The Compensation, Governance and Nominating Committee may review and confirm the terms of the Deferred Unit Plan from time to time and may, subject to applicable stock exchange rules, amend or suspend the Deferred Unit Plan in whole or in part as well as terminate the Deferred Unit Plan without prior notice as it deems appropriate. Without limitation, the Governance Committee may, subject to the rules of the TSX, make changes:

- a) to correct errors, immaterial inconsistencies or ambiguities in the Deferred Unit Plan;
- b) necessary or desirable to comply with applicable laws or regulatory requirements, rules or policies (including stock exchange requirements);
- c) to the vesting provisions applicable to Deferred Units issued under the plan;
- d) to add a provision permitting the REIT to match a percentage of the elected amount for each Participant such that the aggregate number of Deferred Units issued to each such Participant annually shall be increased by such percentage; and
- e) any other amendment that does not require Unitholder approval under applicable laws or rules of the TSX.

However, subject to the terms of the Deferred Unit Plan, no amendment may adversely affect the Deferred Units previously granted under the Deferred Unit Plan without the consent of the affected Participant, and any amendment requiring Unitholder approval under the rules of the TSX may not be made without such approval.

In addition, any amendment to the Deferred Unit Plan that would, among other things, result in any increase in the number of Deferred Units issuable under the Deferred Unit Plan, the removal of insider limits or permit Deferred Units granted under the plan to be transferable or assignable other than for normal estate settlement purposes will be subject to the approval of Unitholders.

### **Assignment**

In no event may the rights or interests of a Participant under the Deferred Unit Plan be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or as required by law.

Rights and obligations under the Deferred Unit Plan may be assigned by the REIT to a successor in the business of the REIT.

### **Unit Option Plan**

The REIT's second amended and restated unit option plan dated June 6, 2008, as amended, was terminated by the Board of Trustees on April 23, 2018. There were no outstanding Unit Options under the Plan at the time of termination.

### **Employment Contracts for Named Executive Officers**

The REIT has employment contracts with its NEOs, namely Jane Domenico, the President and Chief Executive Officer and Derrick West, the Chief Financial Officer and Corporate Secretary. Mr. Paul Harris was the Chief Operating Officer until his resignation on February 9, 2018.

### **Chief Executive Officer**

Effective on July 14, 2015, Ms. Jane Domenico entered into an employment contract with the REIT in respect of her appointment as the REIT's Chief Executive Officer. Pursuant to the terms of her employment contract, Ms. Domenico is entitled to an annualized base salary of \$407,000. Ms. Domenico

is also eligible to receive an annual bonus to a maximum of 100% of her base salary based on criteria determined by the Board and the Chief Executive Officer at the beginning of each fiscal year. Ms. Domenico is also eligible to participate in group benefit plans available to officers of the REIT.

Ms. Domenico's employment contract provides that the REIT may terminate Ms. Domenico's employment for cause and upon such termination, she will be entitled to her unpaid base salary, accrued but unused vacation days and reasonable unpaid expenses, each to the date of termination. The REIT may terminate Ms. Domenico's employment without cause by providing her with a payment equivalent to one year's base salary, the annual bonus payable for the previous year and any other statutory termination requirements.

If, within 12 months of the occurrence of a change in control, the REIT terminates Ms. Domenico's employment without cause or if she resigns due to a material adverse change in her terms and conditions of employment, the REIT will pay Ms. Domenico a lump sum payment equivalent to the payment she would have received had the REIT terminated her employment without cause (as described above), however, such payment will be based on two years of annual salary. Upon cessation of Ms. Domenico's employment for any reason and as a condition of her receiving the termination payments described above, Ms. Domenico is required to sign a release in favour of the REIT in respect of all matters relating to her employment.

Deferred Units are redeemable by the NEO (or, where the NEO has died, his or her estate) (i) on or after the date on which the NEO ceases to be an Officer, provided any such redemption date is not later than two years following the date the NEO ceases to be an Officer, or (ii) upon a change of control of the REIT as determined by the Governance, Compensation and Nominating Committee; provided, however, in the event an Officer ceases to be an officer of the REIT due to termination for cause, any and all Deferred Units granted and have not vested, will automatically be cancelled effective immediately upon termination for cause.

The maximum amount that would have been payable to Ms. Domenico if her employment was terminated without cause would have been \$814,000 plus 2017 earned but unpaid bonus of \$294,200 as at December 31, 2017. If, within 12 months of the occurrence of a change in control, the REIT terminates Ms. Domenico's employment without cause the maximum amount payable would have been \$1,628,000 plus 2017 earned but unpaid bonus of \$294,200 as at December 31, 2017.

### **Chief Financial Officer and Secretary**

Effective on February 15, 2014, Mr. Derrick West entered into an employment contract with the REIT in respect of his appointment as the REIT's Chief Financial Officer and Secretary which was amended effective May 4, 2014. Mr. West's employment contract provides for a base salary of \$225,000 and an annual bonus up to 50% of base salary. Mr. West is also eligible to participate in group benefit plans available to officers of the REIT.

Mr. West's employment contract provides that he may terminate his employment by providing the REIT with four weeks' notice and upon such termination, he will be entitled to his unpaid base salary, accrued but unused vacation days and reasonable unpaid expenses, each to the date of termination. The REIT may terminate Mr. West's employment for cause and upon such termination, he will be entitled to his unpaid base salary, accrued but unused vacation days and reasonable unpaid expenses, each to the date of termination. The REIT may terminate Mr. West's employment without cause by providing him with a payment equivalent to one year's base salary, the maximum potential annual bonus payable for the

previous year (i.e. 50% of his base salary) and any other statutory termination requirements. In addition, the REIT will continue to provide Mr. West with coverage under the applicable group benefit plan for one year from the date of termination. The REIT will also reimburse him for any accrued but unused vacation days and reasonable unpaid expenses, each to the date of termination.

If, within 12 months of the occurrence of a change in control, the REIT terminates Mr. West's employment without cause or if he resigns due to a material adverse change in his terms and conditions of employment, the REIT will pay Mr. West a lump sum payment equal to the payment he would have received had the REIT terminated his employment without cause (as described above).

Deferred Units are redeemable by the NEO (or, where the NEO has died, his or her estate) (i) on or after the date on which the NEO ceases to be an Officer, provided any such redemption date is not later than two years following the date the NEO ceases to be an Officer, or (ii) upon a change of control of the REIT as determined by the Governance, Compensation and Nominating Committee; provided, however, in the event an Officer ceases to be an officer of the REIT due to termination for cause, any and all Deferred Units granted and have not vested, will automatically be cancelled effective immediately upon termination for cause.

The maximum amount that would have been payable to Mr. West if his employment was terminated without cause would have been \$337,500 plus 2017 earned but unpaid bonus of \$117,950 as at December 31, 2017. If, within 12 months of the occurrence of a change in control, the REIT terminates Mr. West's employment without cause the maximum amount payable would have been \$337,500 plus any 2017 earned but unpaid bonus of \$117,950 as at December 31, 2017.

Mr. West's employment contract contains non-competition, non-solicitation and confidentiality covenants consistent with industry standards.

### **Chief Operating Officer**

Mr. Paul Harrs resigned from his role as the REIT's Chief Operating Officer on February 9, 2018. The financial and other terms of Mr. Harrs' employment contract were substantially similar to the terms of Mr. West's employment contract including with respect to base salary of \$225,000 and annual bonus.

Mr. Harrs' employment contract contained non-competition, non-solicitation and confidentiality covenants consistent with industry standards.

### **Summary Compensation Table**

The following table sets forth a summary of compensation attributable to time dedicated to the business and affairs of the REIT by the following Named Executive Officers ("NEOs"). Prior to internalization on February 15, 2014, the REIT was managed by the Former Manager and during this time, unless indicated otherwise, all of the NEOs were employees of LAC, an affiliate of the Former Manager. As a result of the internalization, certain NEOs were employed by the REIT and the REIT assumed all responsibility for such NEOs salaries.

Name	Year	Salary / Portion of Annual Management and Acquisition Fees Attributable to Compensation	Unit-based awards	Option-based awards	Non-equity incentive plan compensation		All other compensation	Total compensation
					Annual Incentive Plans	Long-term incentive Plans		
JANE DOMENICO President and Chief Executive Officer	2017	\$407,000	\$100,000	Nil	\$194,200	Nil	Nil	\$701,200
	2016	\$407,000	\$100,000	Nil	\$21,500	Nil	Nil	\$528,500
	2015	\$407,000	Nil	Nil	\$85,000	Nil	Nil	\$492,000
DERRICK WEST Chief Financial Officer and Corporate Secretary	2017	\$225,000	\$100,000	Nil	\$17,950	Nil	\$18,427 <sup>(1)</sup>	\$361,377
	2016	\$225,000	\$100,000	Nil	\$40,000	Nil	\$78,056 <sup>(2)</sup>	\$443,056
	2015	\$225,000	Nil	Nil	\$75,000	Nil	\$37,975 <sup>(3)</sup>	\$337,975
PAUL HARRS Chief Operating Officer (resigned Feb 2018)	2017	\$225,000	Nil	Nil	\$100,000	Nil	Nil	\$325,000
	2016	\$225,000	\$100,000	Nil	\$30,000	Nil	Nil	\$355,000

**Notes:**

1. Mr. West was paid a moving cost reimbursement in the amount of \$18,427 in 2017.
2. Mr. West received a housing allowance of \$48,000 and was paid a moving cost reimbursement in the amount of \$30,056 in 2016.
3. Mr. West received a housing allowance of \$2,800 per month which was increased to \$4,000 per month effective September 2015 and which ended December, 2016.

The total cost of compensation of the NEOs was \$1,387,577 in 2017 or 2.6% of total revenue for the year ended December 31, 2017.

**Annual Bonus in Cash and Deferred Units**

Name	Year	Annual Bonus Taken in Cash	Annual Bonus Elected in Deferred Units <sup>(1)</sup>	Annual Bonus Matched by the REIT in Deferred Units <sup>(1)</sup>	Total Annual Bonus
JANE DOMENICO President and Chief Executive Officer	2017	\$194,200	\$50,000	\$50,000	\$294,200
	2016	\$21,500	\$50,000	\$50,000	\$121,500
DERRICK WEST Chief Financial Officer and Secretary	2017	\$17,950	\$50,000	\$50,000	\$117,950
	2016	\$40,000	\$50,000	\$50,000	\$140,000
PAUL HARRS Chief Operating Officer (resigned Feb 2018)	2017	\$100,000	\$0	\$0	\$100,000
	2016	\$30,000	\$50,000	\$50,000	\$130,000

1. In 2017, the number of Deferred Units granted to each NEO was calculated pursuant to the terms of the Deferred Unit Plan using the five day volume weighed average trading price of Units on the TSX as of March 29, 2018. In 2016, the number of Deferred Units granted to each NEO was calculated pursuant to the terms of the Deferred Unit Plan using the five day volume weighed average trading price of Units on the TSX as of March 31, 2017.

**Executive Officer Unit Ownership Guidelines**

To align the interests of senior management with the interests of Unitholders, REIT ownership guidelines were approved by the Board for officers and non-employee trustees of the REIT on May 17, 2015 (the "Unit Ownership Guidelines"). Under the Unit Ownership Guidelines, each officer is expected to hold Units (including Deferred Units) within five years of becoming an officer (or the effective date of the guidelines)

having a value of at least two times his or her annual base salary. The Unit Ownership Guideline states that if an officer's Unit ownership falls below the minimum guidelines due to a decline in the Unit price, such officer will have one year to restore compliance. Ms. Domenico is expected to obtain ownership of Units valued at \$814,000 by 2019; Mr. West is expected to obtain ownership of Units valued at \$450,000 by 2019.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table (presented in accordance with Form 51-102F5 promulgated under National Instrument 51-102 – *Continuous Disclosure*) sets forth all compensation plans under which equity securities of the REIT were authorized for issuance as of December 31, 2017:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights at December 31, 2017**	Number of securities to be issued upon exercise of outstanding options, warrants and rights at March 31, 2018***	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans at December 31, 2017**	Number of securities remaining available for future issuance under equity compensation plans at March 31, 2018***
Equity compensation plans approved by securityholders	0 Unit Options*	0 Unit Options*	N/A	4,378,689 Unit Options* (representing 0.55% of the then issued and outstanding units)	4,362,040 Unit Options* (representing 0.55% of the then issued and outstanding units)
	204,508 Deferred Units (representing 0.45% of the then issued and outstanding units)	228,865 Deferred Units (representing 0.5% of the then issued and outstanding units)		253,812 Deferred Units (representing 0.55% of the then issued and outstanding units)	230,225 Deferred Units (representing 0.5% of the then issued and outstanding units)
Equity compensation plans not approved by securityholders	Nil		N/A	Nil	Nil
Total	0 Unit Options	0 Unit Options	N/A	4,378,689 Unit Options*	4,362,040 Unit Options*
	204,508 Deferred Units	228,865 Deferred Units		253,812 Deferred Units	230,225 Deferred Units

\*The REIT's Unit Option Plan was terminated on April 23, 2018.

\*\*Based on 45,831,979 issued and outstanding Units as of December 31, 2017.

\*\*\*Based on 45,909,059 issued and outstanding Units as of March 31, 2018.

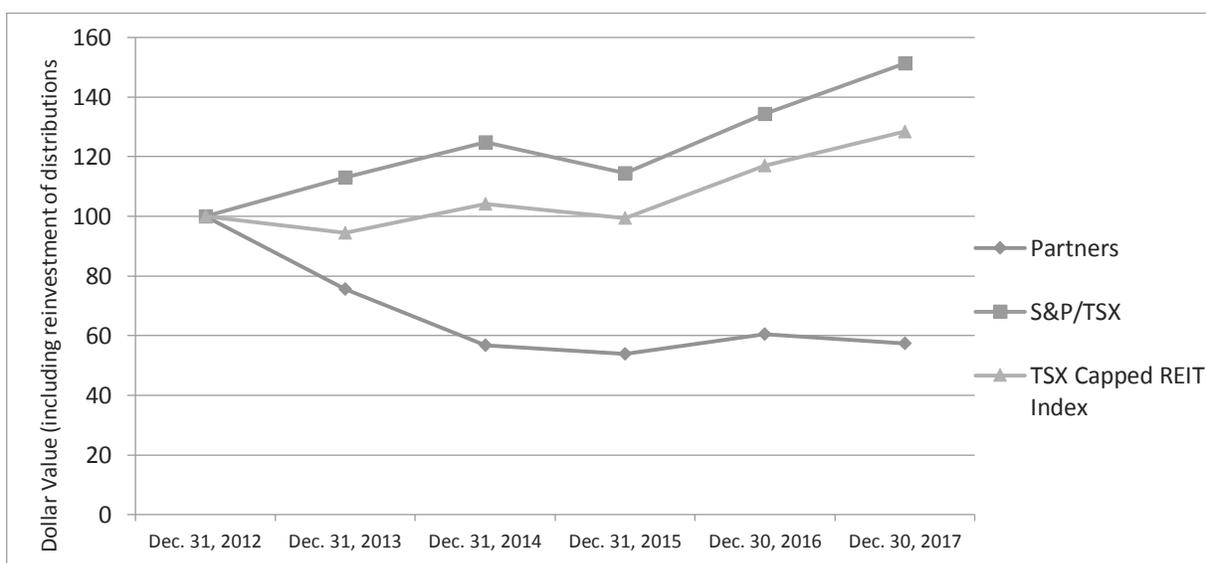
### **Burn Rate for Equity Plans**

The burn rate is calculated using the TSX prescribed methodology, which is the total number of units granted under the arrangement during the applicable fiscal year, divided by the weighted average number of units outstanding for the fiscal year (“Burn Rate”). The Burn Rate for Deferred Units is shown below.

	2017	2016	2015
# of Deferred Units and Income Deferred Units granted in the fiscal year	208,124	0	0
Basic weighted average number of units outstanding for the fiscal year	39,435,646	33,690,649	27,831,288
Burn rate for Deferred Units	0.53%	0.00%	0.00%

### **Performance Graph**

The following graph illustrates our cumulative total Unitholder return (assuming an initial \$100 investment and the reinvestment of all distributions) for the Units on the relevant stock exchange as compared with the S&P/TSX Composite Index and the S&P/TSX Real Estate Index for the period commencing December 31, 2012 until December 31, 2017 each assuming reinvestment of distributions or dividends.



#### **Total Unitholder Return on \$100 investment:**

Date	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 30, 2016	Dec. 29, 2017
Partners REIT	\$100	\$76	\$57	\$54	\$61	\$57
S&P/TSX Composite Index	\$100	\$113	\$125	\$115	\$134	\$151
TSX Capped REIT Index	\$100	\$94	\$104	\$99	\$117	\$128

## **INDEBTEDNESS OF TRUSTEES AND EXECUTIVE OFFICERS, DIRECTORS AND OFFICERS**

None of the Trustees, executive officers or senior officers of the REIT or their respective associates were indebted at any time during fiscal 2017 to the REIT or its subsidiaries. As of the date of this Circular, there was no indebtedness to the REIT and its subsidiaries, excluding routine indebtedness, owing by present and former Trustees of the REIT and its subsidiaries.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the Trustees or executive officers of the REIT at any time since the beginning of the REIT's last financial year, no proposed nominee for election as a trustee of the REIT, and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter scheduled to be acted upon at the Meeting other than the election of Trustees of the REIT.

### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

The REIT has entered into various mortgage brokerage arrangements and property mortgages originated by First National LP, a wholly owned subsidiary of First National Financial. The REIT also has a \$10 million line of credit that is secured by second mortgages on a number of properties that matures June 1, 2018. Mr. Moray Tawse, a significant unitholder of the REIT and Trustee nominee, has an interest in First National Financial.

### **TRUSTEES' AND OFFICERS' LIABILITY INSURANCE AND INDEMNIFICATION**

The REIT maintains liability insurance coverage ("Coverage") for the Trustees and officers of the REIT for eligible claims made against the Trustees or officers. Under the Coverage, the insurers who provide the Coverage will indemnify the REIT for eligible claims against the Trustees, directors and officers in circumstances where the REIT is permitted or required to provide indemnification. In addition, the insurers who provide the Coverage will indemnify, pursuant to the terms and conditions of the Coverage policies individual Trustees, directors' and officers' for eligible claims in the instance where the REIT is not in a position to provide indemnification. No deductible applies in this case. The Trustees and officers have also entered into contractual indemnities with regard to the above indemnification obligations.

### **OTHER MATTERS**

The Trustees are not aware of any amendments or variations to matters identified in the Notice or of any other matters that are to be presented for action at the Meeting other than those described in the Notice. Information stated in this Circular is dated as at May 9, 2018 except where otherwise indicated.

### **ADDITIONAL INFORMATION**

Additional information relating to the REIT is available on SEDAR at [www.sedar.com](http://www.sedar.com) and financial information relating to the REIT is provided in the Financial Statements and MD&A for the fiscal year ended December 31, 2017.

To request copies of the REIT's Financial Statements and MD&A, Unitholders may contact the REIT directly at 36 Toronto Street, Suite 1160, Toronto, Ontario, M5C 2C5, Tel: 416-855-3313.

### **APPROVAL BY THE TRUSTEES**

The contents of this Circular and the sending thereof to the Unitholders have been approved by a majority of the Trustees.

**DATED** at Toronto, Ontario, this 9<sup>th</sup> day of May, 2018

BY ORDER OF THE BOARD OF TRUSTEES

"C. Ian Ross"

C. Ian Ross

Chair of the Board of Trustees

## SCHEDULE A

### RESOLUTION OF THE UNITHOLDERS OF PARTNERS REAL ESTATE INVESTMENT TRUST

#### RENEWAL OF DEFERRED UNIT PLAN

“WHERE AS

1. The board of Trustees of the REIT adopted the Deferred Unit Plan, as amended, on May 17, 2015, which does not have a fixed maximum number of deferred units issuable;
2. The Unitholders approved the Deferred Unit Plan, by a majority of votes cast, on June 17, 2015; and
3. The rules of the Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed number of maximum securities issuable, be approved every three (3) years.

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. All unallocated deferred units under the Deferred Unit Plan are hereby approved;
2. The REIT has the ability to continue granting deferred units under the Deferred Unit Plan until June 21, 2021, the date that is three (3) years from the date on which approval of Unitholders of the REIT is being sought; and
3. Any one or more trustees or officers of the REIT are hereby authorized, for and on behalf of the REIT, to take, or cause to be taken, any and all such acts and things and to execute and deliver all such deeds, instruments, notices, consents, acknowledgements, certificates, assurances and other documents (including any documents required under applicable laws or regulatory policies) as any such trustee or officer in his or her sole discretion may determine to be necessary or desirable to give effect to the foregoing resolution, such determination to be conclusively evidenced by the taking of any such action or such trustee's or officer's execution and delivery of any such deed, instrument, notice, consent, acknowledgement, certificate assurance or other document.”



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**PARTNERS REAL ESTATE INVESTMENT TRUST**  
**AMENDED AND RESTATED DEFERRED UNIT PLAN**

**November 1, 2016**

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**PARTNERS REAL ESTATE INVESTMENT TRUST AMENDED AND RESTATED  
DEFERRED UNIT PLAN**

**ARTICLE 1– PURPOSE**

The purpose of this Amended and Restated Deferred Unit Plan (the “**Plan**”) is to advance the interests of Partners Real Estate Investment Trust (the “**REIT**”) by enhancing the ability of the REIT to attract, motivate and retain trustees and officers of the REIT and to reward such Persons for their sustained contributions and to encourage such Persons to take into account the long-term performance of the REIT.

**ARTICLE 2 – DEFINITIONS**

The following terms used in this Plan have the meanings set out below:

- (a) “**Additional Deferred Unit Market Value**” means the volume-weighted average of the closing price for a board lot (100 Units) of Units of the REIT on the TSX for the 20 trading days immediately preceding the relevant date;
- (b) “**Affiliate**” has the meaning given to it in Section 1.3 of National Instrument 45-106 – *Prospectus and Registration Exemptions*;
- (c) “**Annual Retainer**” means the annual retainer paid by the REIT to a Trustee in a calendar year for service on the Board expressed in Canadian dollars;
- (d) “**Applicable Withholding Taxes**” means any and all taxes and other source deductions or other amounts that the REIT is required by law to withhold from any amounts to be paid or credited under the Plan;

- (e) **“Award Date”** means the date during the year on which Deferred Units are granted;
- (f) **“Board”** means the Board of Trustees of the REIT;
- (g) **“Business Day”** means a day on which there is trading on the Toronto Stock Exchange or such other stock exchange on which the Units are then listed and posted for trading, and if none, a day that is not Saturday or Sunday or a national legal holiday in Ontario;
- (h) **“Cause”** means cause as such term is interpreted from time to time by the courts of Ontario or, where cause is defined in the employment agreement of a Participant;
- (i) **“Deferred Unit”** means a bookkeeping entry, equivalent in value to a Unit, credited to a Participant’s Deferred Unit Account in accordance with the terms and conditions of the Plan;
- (j) **“Deferred Unit Account”** has the meaning ascribed thereto in Section 9.03;
- (k) **“Distribution Reinvestment Plan”** means the amended and restated distribution reinvestment plan of the REIT dated January 1, 2008, as amended effective March 1, 2016, as may be amended or restated from time to time;
- (l) **“Elected Amount”** in respect of a payment of (i) the Trustee Fees, shall be an amount, as elected by the Trustee, in accordance with the terms hereof and applicable tax law, between 0% and 100% of the Trustee Fees otherwise payable, or (ii) the Officer Bonus, shall be an amount, as elected by the Officer, in accordance with the terms hereof and applicable tax law, between 0% and 100% of the Officer Bonus otherwise payable;
- (m) **“Electing Person”** means a person who is a Trustee or Officer on the applicable Election Date;
- (n) **“Election Date”** means the date on which the Electing Person files an Election Notice in accordance with Section 6.02 or Section 7.02, as applicable;
- (o) **“Election Notice”** has the meaning ascribed thereto in Section 6.02 and 7.02, as applicable;
- (p) **“Governance Committee”** means the Governance, Compensation and Nominating Committee of the Board;
- (q) **“Insider”** has the meaning given to such term in the TSX Company Manual, as such manual may be amended, supplemented or replaced from time to time;
- (r) **“Market Value”** of a Unit means the volume weighted average price of all Units traded on the TSX for the five trading days immediately preceding such date (or, if such Units are not listed and posted for trading on the TSX, on such stock exchange on which such Units are listed and posted for trading as may be selected for such purpose by the Board). In the event that the Units are not listed and posted for trading on any stock exchange, the market value shall be the

fair market value of the Units expressed in Canadian dollars as determined by the Board in its sole discretion;

- (s) **“Officer Bonus”** means any annual cash bonus awarded to an Officer by the Governance Committee;
- (t) **“Officer”** means an officer of the REIT appointed pursuant to the REIT’s declaration of trust, as amended from time to time, and as designated by the Governance Committee;
- (u) **“Participant”** has the meaning ascribed thereto in Section 5.01;
- (v) **“Person”** means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof;
- (w) **“Plan”** means this Deferred Unit Plan;
- (x) **“Redemption Date”** has the meaning ascribed thereto in Section 11.02;
- (y) **“Security Based Compensation Arrangement”** means an option, option plan, employee unit purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Units to one or more directors, Trustees or officers of the REIT or any Subsidiary, current or past full-time or part-time employees of the REIT or any Subsidiary, Insiders or service providers or consultants of the REIT or any Subsidiary including a Unit purchase from treasury by one or more Trustees, officers or directors of any Subsidiary, current or past full-time or part-time employees of the REIT or any Subsidiary, Insiders or service providers or consultants of the REIT or any Subsidiary which is financially assisted by the REIT or any Subsidiary by way of a loan, guarantee or otherwise;
- (z) **“Subsidiary”** means any entity controlled by the REIT;
- (aa) **“Trustee”** means a trustee of the REIT;
- (bb) **“Trustee Fees”** means the Annual Retainer, meeting fees and additional compensation paid by the REIT to a Trustee in a calendar year for service on the Board expressed in Canadian dollars;
- (cc) **“TSX”** means the Toronto Stock Exchange;
- (dd) **“Unit”** means units of the REIT; and
- (ee) **“Unitholder”** means a holder of Units.

### **ARTICLE 3– CONSTRUCTION AND INTERPRETATION**

3.01 The effective date of the Plan is November 1, 2016.

3.02 The Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

3.03 If any provision of the Plan or part hereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part hereof.

3.04 In the Plan, references to any gender include all genders; reference to the singular shall include the plural and vice versa, as the context shall require.

3.05 Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained.

### **ARTICLE 4 – ADMINISTRATION**

4.01 The Plan shall be administered by the Board and the Governance Committee.

4.02 The Governance Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan, and to make determinations and take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each determination or action made or taken pursuant to the Plan, including interpretation of the Plan, shall be final and conclusive for all purposes and binding on all parties, absent manifest error.

4.03 The REIT will be responsible for all costs relating to the administration of the Plan.

4.04 The Governance Committee may review and confirm the terms of the Plan from time to time and may, subject to applicable stock exchange rules, amend or suspend the Plan in whole or in part as well as terminate the Plan without prior notice as it deems appropriate; provided, however, that any amendment to the Plan that would, among other things, result in any increase in the number of Deferred Units issuable under the Plan or permit Deferred Units granted under the plan to be transferable or assignable other than for normal estate settlement purposes will be subject to the approval of Unitholders. Without limitation, the Governance Committee may, without obtaining the approval of Unitholders, but subject to the rules of the TSX, make changes: (a) to correct errors, immaterial inconsistencies or ambiguities in the Plan; (b) necessary or desirable to comply with applicable laws or regulatory requirements, rules or policies (including stock exchange requirements); (c) to the vesting provisions applicable to Deferred Units issued under the Plan; (d) to add a provision permitting the REIT to match a percentage of the Elected Amount for each Participant such that the aggregate number of Deferred Units issued to each such Participant annually shall be increased by such percentage; and (e) any other amendment that does not require unitholder approval under applicable laws or rules of the TSX. However, subject to the terms of the Plan, no amendment may adversely affect the Deferred Units previously granted under the Plan without the consent of the affected Participant.

4.05 If the Governance Committee terminates the Plan, Deferred Units previously credited to Participants shall remain outstanding and in effect and shall be settled subject to and in accordance with the applicable terms and conditions of the Plan in effect immediately prior to the termination.

4.06 Unless otherwise determined by the Governance Committee, the Plan shall remain an unfunded obligation of the REIT and the rights of Participants under the Plan shall be general unsecured obligations of the REIT.

4.07 A Participant shall be solely responsible for all federal, provincial, state and local taxes resulting from his or her participation in the Plan. In this regard, the REIT shall be able to deduct from any payments hereunder (whether in the form of securities or cash) or from any other remuneration otherwise payable to a Participant all Applicable Withholding Taxes or to require the Participant, as a condition to receiving entitlements under the Plan, to make arrangements satisfactory to the REIT to enable the REIT to satisfy its withholding obligations. Each Participant agrees to indemnify and save the REIT harmless from any and all amounts payable or incurred by the REIT or any of its Subsidiaries if it is subsequently determined that any greater amount should have been withheld in respect of taxes or any other statutory withholding.

#### **ARTICLE 5 – ELIGIBILITY**

5.01 Officers and Trustees of the REIT are eligible to participate in the Plan (“**Participants**”).

5.02 Nothing herein contained shall be deemed to give any person the right to be retained as a Trustee or Officer of the REIT or its Subsidiaries.

#### **ARTICLE 6 – ELECTIONS BY TRUSTEES**

6.01 Each Trustee is given, subject to the conditions stated herein, the right to elect in accordance with Section 6.02 to participate in the Plan and receive their Elected Amount in the form of Deferred Units.

The “**Elected Amount**” in respect of a payment of the Trustee Fees, shall be an amount, as elected by the Trustee, in accordance with applicable tax law, between 0% and 100% of the Trustee Fees otherwise payable.

6.02 Each Electing Person who elects to participate in the Plan and receive their Elected Amount in the form of Deferred Units will be required to file a notice of election in the form of Schedule A-1 hereto (the “**Election Notice**”) with the Chief Financial Officer of the REIT: (i) in the case of an existing Electing Person, by December 31<sup>st</sup> in the year prior to the year to which such election is to apply; and (ii) in the case of a newly appointed Electing Person, within 30 days of such appointment with respect to compensation paid for services to be performed after such date. If no election is made within the foregoing time frames, the Electing Person shall be deemed to have elected to be paid the entire amount of his or her Trustee Fees in cash. The portion of any entitlement in excess of the Elected Amount will be payable in cash.

6.03 Subject to Section 6.04, the election of an Electing Person under Section 6.02 shall be deemed to apply to all of the Trustee Fees paid subsequent to the filing of the Election Notice, and such Electing Person is not required to file another Election Notice for subsequent calendar years.

6.04 Each Electing Person participating in the Plan is entitled once per calendar year to terminate his or her participation in the Plan by filing with the Chief Financial Officer of the REIT a notice in the form of Schedule A-2 hereto electing to terminate the receipt of additional Deferred Units. Such termination shall be effective immediately upon receipt. Thereafter, any portion of such Electing Person’s Trustee Fees payable or paid in the same calendar year and, subject to complying with Section 6.02, in all subsequent calendar years shall be paid in cash. For greater certainty, to the extent an Electing Person terminates his or her election under

this Article 6, he or she will only be entitled to file a new Election Notice pursuant to Section 6.02 which will be applicable for the calendar year following the year in which the termination notice is delivered.

6.05 Any Deferred Units granted under the Plan prior to the delivery of a termination notice pursuant to Section 6.04 shall remain in the Plan following such termination and will be redeemable only in accordance with the terms of the Plan.

#### **ARTICLE 7 – ELECTION BY OFFICERS**

7.01 Each Officer is given, subject to the conditions stated herein, the right to elect in accordance with Section 7.02 to participate in the Plan and receive their Elected Amount in the form of Deferred Units.

The “**Elected Amount**” in respect of a payment of an Officer Bonus, shall be an amount, as elected by the Officer, in accordance with applicable tax law, between 0% and 100% of the Officer Bonus otherwise payable.

7.02 Each Electing Person who elects to participate in the Plan and receive their Elected Amount in the form of Deferred Units will be required to file a notice of election in the form of Schedule A-1 hereto (the “**Election Notice**”) with the Chief Financial Officer of the REIT: (i) in the case of an existing Electing Person, by December 31<sup>st</sup> in the year prior to the year to which such election is to apply; and (ii) in the case of a newly appointed Electing Person (including any person who is an Officer on the Effective Date of the Plan), within 30 days of such appointment with respect to compensation paid for services to be performed after such date. If no election is made within the foregoing time frames, the Electing Person shall be deemed to have elected to be paid the entire amount of his or her Officer Bonus in cash. The portion of any entitlement in excess of the Elected Amount will be payable in cash.

7.03 Subject to Section 7.04, the election of an Electing Person under Section 7.02 shall be deemed to apply to all of the Officer Bonus paid subsequent to the filing of the Election Notice, and such Electing Person is not required to file another Election Notice for subsequent calendar years.

7.04 Each Electing Person participating in the Plan is entitled once per calendar year to terminate his or her participation in the Plan by filing with the Chief Financial Officer of the REIT a notice in the form of Schedule A-2 hereto electing to terminate the receipt of additional Deferred Units. Such termination shall be effective immediately upon receipt. Thereafter, any portion of such Electing Person’s Officer Bonus payable or paid in the same calendar year and, subject to complying with Section 7.02, in all subsequent calendar years shall be paid in cash. For greater certainty, to the extent an Electing Person terminates his or her election under this Article 7, Article 6, he or she will only be entitled to file a new Election Notice pursuant to Section 7.02 which will be applicable for the calendar year following the year in which the termination notice is delivered.

7.05 Any Deferred Units granted under the Plan prior to the delivery of a termination notice pursuant to Section 7.04 shall remain in the Plan following such termination and will be redeemable only in accordance with the terms of the Plan.

#### **ARTICLE 8 - DEFERRED UNITS**

8.01 Under no circumstances shall Deferred Units be considered Units nor entitle a Participant to any rights as a Unitholder, including, without limitation, voting rights, distribution entitlements (other than in

accordance herewith) or rights on liquidation.

8.02 One (1) Deferred Unit is economically equivalent to one (1) Unit. Fractional Deferred Units are permitted under the Plan.

8.03 Deferred Units granted to Electing Persons further to their Elected Amount will vest immediately upon grant, including Additional Deferred Units credited to a Participant's account in connection with cash distributions pursuant to Section 9.04 shall vest on the same schedule as their corresponding Deferred Units and are considered issued on the same date as the Deferred Units in respect of which they were credited. Deferred Units shall be documented in the form of Schedule A-4, as amended from time to time to reflect Additional Deferred Units and as recorded in the Participant's Account.

#### **ARTICLE 9 – DEFERRED UNIT GRANTS AND ACCOUNTS**

9.01 The number of Deferred Units (including fractional Deferred Units) granted at any particular time pursuant to this Plan will be calculated by dividing (a) the Elected Amount, as determined by an Electing Person, or such other amount as allocated to the Participant by the Board or Governance Committee in accordance with Section 9.02, by (b) the Market Value of a Unit on the Award Date.

9.02 In addition to the foregoing, Deferred Units may be granted from time to time to Participants at the discretion of the Board or the Governance Committee. For any Deferred Units issued under this Section

9.03, the Governance Committee has full discretion to establish the terms of such issuance, including any vesting terms that may apply to the grant. Such Deferred Units will be documented in accordance with Section 8.03.

9.04 An account, to be known as a “**Deferred Unit Account**” shall be maintained by the REIT for each Participant and will be credited with notional grants of Deferred Units received by a Participant from time to time.

9.05 Whenever cash distributions are paid on the Units, additional Deferred Units will be credited to the Participant's Deferred Unit Account (“**Additional Deferred Units**”). The number of such Additional Deferred Units to be credited to a Participant's Deferred Unit Account in respect of a cash distribution paid on the Units shall be calculated in a manner consistent with the REIT's Distribution Reinvestment Plan by dividing (i) the amount determined by multiplying (a) the aggregate number of Deferred Units held on the relevant distribution record date by (b) the amount of distributions paid by the REIT on each Unit, by (ii) the Additional Deferred Unit Market Value per Unit on the distribution payment date.

9.06 For greater certainty, the number of Deferred Units credited to a Participant's Deferred Unit Account shall count towards that Participant's ownership requirements as prescribed from time to time by the Board.

#### **ARTICLE 10 – ADJUSTMENTS**

10.01 In the event of any Unit distribution, Unit split, combination or exchange of Units, merger, consolidation, spin-off or other distribution of the REIT's assets to the Unitholders (other than normal cash distributions), or any other similar change affecting the Units, the account of each Participant and the Deferred Units outstanding under the Plan shall be adjusted in such manner, if any, as the Governance Committee may in its discretion deem appropriate to reflect the event. However, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional

Deferred Units will be granted to such Participant to compensate for a downward fluctuation in the price of the Units, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

#### **ARTICLE 11 – REDEMPTION AND TERMINATION OF DEFERRED UNITS**

11.01 The Deferred Units shall be redeemable by the Participant (or, where the Participant has died, his or her estate) (i) on or after the date on which the Participant ceases to be a Trustee or Officer, provided any such redemption date is not later than two years following the date the Participant ceases to be a Trustee or Officer, or (ii) upon a change of control of the REIT as determined by the Governance Committee, (each, a “**Termination Date**”); provided, however, in the event an Officer ceases to be an officer of the REIT due to termination for Cause, any and all Additional Deferred Units and/or discretionary Deferred Units granted pursuant to Section 9.02 which have been credited to such Officer’s Deferred Unit Account and have not vested will automatically be cancelled effective immediately upon such termination for Cause.

11.02 The Deferred Units credited to a Participant’s Deferred Unit Account may be redeemed after the Termination Date in whole or in part for Units of the REIT issued from treasury or, when so elected by the Participant and subject to the approval of the Governance Committee, cash, on the date on which the Participant files a written notice of redemption in the form of Schedule A-3 hereto with the Chief Financial Officer of the REIT (the “**Redemption Date**”).

11.03 In the event Deferred Units are redeemed for Units pursuant to this Article 11 subject to (i) the provisions of the Plan, and (ii) the receipt by CDS Clearing and Depository Services Inc. of the Participant’s brokerage account information from his or her securities broker, the Participant shall receive, within five Business Days after the applicable Redemption Date, such number of Units from the REIT equal to the number of Deferred Units then being redeemed from the Participant’s Deferred Unit Account rounded down to the nearest whole number of Units, net of any Applicable Withholding Taxes and subject to Section 4.07.

11.04 In the event Deferred Units are redeemed for cash pursuant to this Article 11, subject to the provisions of the Plan, the REIT shall make, within five Business Days after the Redemption Date, a cash payment, net of any Applicable Withholding Taxes, to the Participant, calculated by multiplying (i) the number of Deferred Units to be redeemed by (ii) the Market Value of a Unit on the applicable Redemption Date.

11.05 Following the satisfaction of the redemption price for the Deferred Units per Section 11.03 or 11.04, the relevant Deferred Units shall be cancelled.

#### **ARTICLE 12 – NUMBER OF UNITS**

12.01 The maximum number of Units reserved for issuance under this Plan is 1% of the total Units then outstanding. Notwithstanding the above, subject to applicable law or the requirements of the TSX or any other stock exchange upon which the Units are listed and any Unitholder or other approval which may be required, the Board may, in its discretion, amend this Plan to increase such limit without notice to Participants. If any Deferred Unit granted under this Plan is redeemed, terminated, expires or is cancelled, new Deferred Units may thereafter be granted covering such Units, subject to any required prior approval by the TSX or other stock exchange upon which the Units are listed. At all times, the REIT will reserve and keep available a sufficient number of Units to satisfy the requirements of all outstanding Deferred Units granted under this Plan.

12.02 The maximum value of the aggregate number of Units that may be subject to grants of Deferred Units

under this Plan to any one Participant during any financial year of the REIT shall be no greater than \$100,000.00 (with the value of any grant being determined by reference to the Market Value of a Unit on the applicable Award Date).

12.03 The maximum aggregate number of Units issuable under this Plan to Insiders at any time, including those Units issuable under any other Security Based Compensation Arrangement, shall not exceed 10% of the issued and outstanding Units on a non-diluted basis as of the Award Date of such Deferred Units and the maximum aggregate number of Units that may be issued pursuant to Deferred Units to such Insiders during any 12-month period, including those Units issuable under any other Security Based Compensation Arrangement, shall not exceed 10% of the issued and outstanding Units on a non-diluted basis.

12.04 No Deferred Unit may be granted if such grant would have the effect of causing the total number of Units subject to Deferred Units to exceed the total number of Units reserved for issuance pursuant to the exercise of Deferred Units and set forth in Section 12.01.

### **ARTICLE 13 – ASSIGNMENT**

13.01 In no event may the rights or interests of a Participant under the Plan be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or as required by law.

13.02 Rights and obligations under the Plan may be assigned by the REIT to a successor in the business of the REIT.

### **ARTICLE 14 – COMPLIANCE WITH APPLICABLE LAWS**

14.01 The administration of the Plan shall be subject to and performed in conformity with all applicable laws, regulations, orders of governmental or regulatory authorities and the requirements of any stock exchange on which the Units are listed. Should the Governance Committee, in its sole discretion, determine that it is not desirable or feasible to provide for the redemption of Deferred Units for Units pursuant to the provisions of Article 11, including by reason of any such laws, regulations, rules, orders or requirements, it shall notify the Participants of such determination and on receipt of such notice each Participant shall have the option of electing that such redemption obligations be satisfied by means of a cash payment by the REIT equal to the Market Value of the Units that would otherwise be delivered to a Participant in settlement of Deferred Units on the Redemption Date (less any Applicable Withholding Taxes). Each Participant shall comply with all such laws, regulations, rules, orders and requirements, and shall furnish the REIT with any and all information and undertakings, as may be required to ensure compliance therewith.

## ELECTION NOTICE

*All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.*

Pursuant to the Plan, I hereby elect to participate in the Plan and to receive [\_\_\_\_\_% of my aggregate Trustee Fees/ \_\_\_\_\_% of my Officer Bonus] accrued after the date hereof in the form of Deferred Units.

I confirm that:

- (a) I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.
- (b) I recognize that when Deferred Units credited pursuant to this election are redeemed in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time. Upon redemption of the Deferred Units, the REIT will make all appropriate withholdings as required by law at that time.
- (c) The value of Deferred Units is based on the value of the Units of the REIT and therefore is not guaranteed.

The foregoing is only a brief outline of certain key provisions of the Plan. For more complete information, reference should be made to the Plan's text.

Date:

(Name of Participant)

(Signature of Participant)

## ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DEFERRED UNITS

*All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.*

Notwithstanding my previous election in the form of Schedule A-1 to the Plan, I hereby elect that no portion of the [Trustee Fees / Officer Bonus] [**Note: Select the appropriate option(s)**] accrued after the date hereof shall be paid in Deferred Units in accordance with the terms of the Plan.

I understand that the Deferred Units already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

Date:

(Name of Participant)

(Signature of Participant)

**Note:** An election to terminate receipt of additional Deferred Units can only be made by a Participant once in a calendar year.

## REDEMPTION NOTICE FOR CANADIAN RESIDENTS

*All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.*

I hereby advise Partners Real Estate Investment Trust (the “**REIT**”) that I wish to redeem the Deferred Units credited to my account under the Plan in accordance with the terms of the Plan in the form of [Units of the REIT/cash] [**Note: Select either Units or cash**].

Date:

(Name of Participant)

(Signature of Participant)

**Note:** If the Redemption Notice is signed by a beneficiary or legal representative, documents providing the authority of such signature should accompany this notice.

**DEFERRED UNIT CERTIFICATE**

To: (Name of Participant)

You have been granted [ ] Deferred Units under the terms of the Plan representing a right to acquire Units (or cash) in accordance with the terms of the Plan.

Date:

**PARTNERS REAL ESTATE INVESTMENT TRUST**

Per:

\_\_\_\_\_  
[Name]  
[Title]

I acknowledge receipt of this Deferred Unit Certificate.

Per:

\_\_\_\_\_  
[Name of Participant]

**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,
- (k) including those regarding regularity and conduct of Board meetings, managing and reporting information and other policies relating to the Board's business;
- (l) the Chair shall provide leadership to ensure that the Board works as a cohesive team;
- (m) the Chair shall convene Board meetings as often as necessary for the trustees to carry out their duties and responsibilities effectively;
- (n) 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;
- (o) 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;
- (p) the Chair shall work closely with the Governance and Compensation Committee to develop strategic criteria for the recruitment of trustees and succession planning;
- (q) 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;
- (r) 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
- (s) 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 may result in significant time commitments or a change in the trustee's relationship to the Issuer.

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