



ANNUAL INFORMATION FORM

For the Year Ended December 31, 2017

March 29, 2018

TABLE OF CONTENTS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS	1
STRUCTURE	2
Name, Address and Incorporation	2
Inter-corporate Relationships	2
Business Overview	3
Strategy of the REIT	3
GENERAL DEVELOPMENT OF THE BUSINESS	4
Three Year History	4
Sequence of Property Acquisitions and Dispositions	4
OVERVIEW OF PROPERTY PORTFOLIO	5
Property Descriptions	9
Property Management Arrangements	14
INVESTMENT GUIDELINES AND OPERATING POLICIES	16
RISK FACTORS	19
DISTRIBUTIONS	27
DECLARATION OF TRUST	28
DESCRIPTION OF CAPITAL STRUCTURE	31

DESCRIPTION OF UNITS.....	31
MARKET FOR SECURITIES	36
GOVERNANCE OF THE REIT	38
PROMOTER	47
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	47
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	47
REGISTRAR AND TRANSFER AGENT.....	48
MATERIAL CONTRACTS.....	48
INTEREST OF EXPERTS.....	48
ADDITIONAL INFORMATION	48
GLOSSARY OF TERMS.....	49
SCHEDULE A - AUDIT COMMITTEE CHARTER	

PARTNERS REAL ESTATE INVESTMENT TRUST

ANNUAL INFORMATION FORM

In this Annual Information Form, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and the statistical and financial data are presented as of December 31, 2017.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains “forward-looking statements” to the unitholders within the meaning of applicable securities legislation. These forward-looking statements reflect management’s current beliefs and are based on assumptions and information currently available to management of Partners Real Estate Investment Trust. In some cases, forward-looking statements can be identified by terminology such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “predict”, “estimate”, “outlook”, “potential”, “continue”, “should”, “likely”, or the negative of these terms or other comparable terminology, and are not historical fact. Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the REIT to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information.

In making the forward-looking statements in this AIF, the REIT has applied material assumptions including, but not limited to, the assumption that: (1) commercial real estate markets continue to remain fluid; (2) demand for vacant units at the REIT’s properties remains strong enabling the REIT to generate additional rents and enhance recovery ratios; and (3) the REIT is able to refinance maturing debt at favourable interest rates. Other assumptions are discussed throughout this AIF; in particular under *Risk Factors*

Forward-looking statements include statements related to acquisitions, development and capital expenditure activities, future maintenance and leasing expenditures, financing, the availability of financing sources and income taxes.

Factors that could cause actual results, performance, or achievements to differ materially from those set forth in the forward-looking statements and information include, but are not limited to: general economic conditions, local real estate conditions, including the development of properties in close proximity to the REIT’s properties, timely leasing of newly developed properties and releasing of occupied square footage upon expiration, dependence on tenants’ financial condition, changes in operating costs, government regulations and taxation, the uncertainties of real estate development and acquisition activity, the ability to effectively integrate acquisitions, interest rates, availability of equity and debt financing, the ability of the REIT to maintain stable cash flows and distributions and other risks and factors described from time to time in the documents filed by the REIT. The REIT undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these risks and uncertainties and any corresponding plan to mitigate these risks, where possible, is contained in the REIT’s filings with securities regulators, including the REIT’s most recently filed Financial Statements and Management’s Discussion and Analysis which are available on the REIT’s website at www.partnersreit.com and on at www.sedar.com.

These forward-looking statements are made as of March 29, 2018 and disclosure of this material information is current to that date, unless otherwise noted.

STRUCTURE

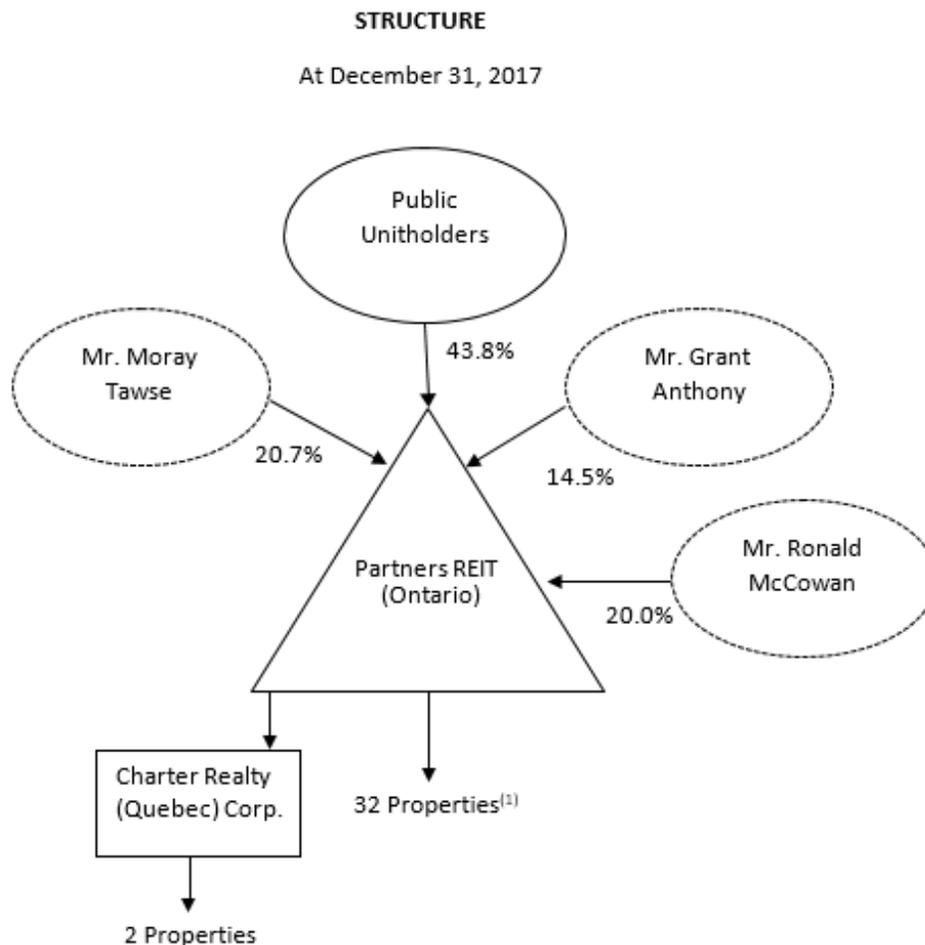
Name, Address and Incorporation

The REIT is an unincorporated open-ended real estate investment trust established by a declaration of trust dated March 27, 2007, as amended and restated on March 23, 2015 and governed by the laws of the Province of Ontario.

Effective November 3, 2010, the REIT changed its name from “Charter Real Estate Investment Trust” to “Partners Real Estate Investment Trust”.

The REIT’s head and registered office is located at 36 Toronto Street, Suite 1160, Toronto, Ontario, M5C 2C5.

Inter-corporate Relationships



Note:

1. These Properties are held through various Nominee Corporations

DESCRIPTION OF THE BUSINESS

Business Overview

Partners REIT is focused on the acquisition and management of a geographically diversified portfolio of necessity based retail and mixed-use retail community and neighbourhood shopping centres. These properties are located in both primary and secondary markets throughout Canada, and are primarily mid-market assets valued at up to approximately \$50 million.

Management is of the view that necessity based retail centres represent attractive investments due to their stable cash flows. The majority of rents at these types of properties are derived from national and regional retailers with multi-year leases in the core businesses of grocery, pharmacy, liquor and other service uses. Management's long-term plans include pursuing opportunities to acquire assets that are accretive on a per unit basis at attractive capitalization rates. As the portfolio develops and becomes increasingly accretive, the REIT aims to steadily implement sustainable increases to its cash distributions.

Currently, the REIT's portfolio consists of 34 properties located in British Columbia, Alberta, Manitoba, Ontario, and Québec. In total, these properties comprise approximately 2.3 million square feet of GLA).

Strategy of the REIT

The REIT's stated mission is to "reward its unitholders with sustainable, long-term returns by developing a retail real estate portfolio that features open-air or standalone properties located in stable primary and secondary markets which are anchored by necessity based retailers. The REIT derives value from this portfolio by prioritizing superior tenant client service, focused leasing activities and active asset management".

Management believes focusing primarily on necessity based retail shopping centres in these markets will provide opportunities for the REIT to obtain high quality, stable retail properties with growth potential through commercial retail unit ("CRU") tenant improvements. These centres are typically up to 250,000 square feet and anchored by, supermarkets, pharmacies and/or liquor retailers. The REIT intends to maximize the value of its centres by remerchandising, redeveloping, or renewing leases wherever possible. The REIT's goal is to own either "institutional-grade" properties or properties that offer the potential to become "institutional-grade" through redevelopment, remerchandising and effective lease management.

On March 21, 2018, the REIT announced its intention to dispose of its assets in western Canada. Management believes that the successful execution of this strategy would enable it to raise capital on an efficient basis, and at the same time afford the opportunity to simplify the operations of the enterprise. If completed as planned, this strategy will provide capital at approximately Net Asset Value, rather than at the discounted levels at which the REIT's equity units presently trade. It will also permit management to align its operations to serve a more geographically concentrated portfolio.

Accretive opportunities in less competitive markets: The REIT applies an acquisition strategy whereby it seeks to acquire high quality properties in less competitive markets. Management believes that focusing upon secondary real estate markets offers the REIT the opportunity to acquire well-tenanted retail properties with strong national and regional retailers at attractive capitalization rates. By combining assets in the secondary market and primary market, management believes that the REIT will generate higher returns with lower risk than if the REIT were to focus exclusively on the secondary market.

Targeting the mid-market: The REIT focuses on acquiring properties or portfolios of properties valued at up to \$50 million, which allows it to minimize competition from large real estate investment trusts, corporations, pension funds and institutions. The REIT also considers larger acquisitions that do not fall into the investment parameters of larger real estate investment trusts or institutions, but still provide accretive investment opportunities.

Stable rents via national and regional tenants: The REIT focuses on acquiring retail properties with national and regional retail tenants. These tenants are most likely to fulfill the lease terms to which they have committed and thus offer a stable source of cash flows

Institutional grade properties: The REIT focuses on acquiring properties that are of “institutional grade”. These properties tend to generate more interest from national and regional retailers, resulting in more stable cash flows. These properties also tend to be more highly sought after and thus offer greater value should the REIT elect to dispose of a particular asset. Finally, focusing on assets that fit this definition allows the REIT to obtain property financing at cost effective market rates.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

In 2014, the REIT acquired three Ontario retail centres in Hamilton, London and Kemptville, from Holyrood Holdings Limited. In October 2014, the three retail centres were returned to Holyrood and the securities issued to Holyrood were returned to the REIT and subsequently cancelled. In relation to the acquisition transaction of the Holyrood Properties, a class action lawsuit was filed against the former Chief Executive Officer certain former trustees of the REIT in the Ontario Superior Court on behalf of Unitholders of record on April 1, 2014. The lawsuit alleged that the acquisition of the Holyrood properties was conducted in a manner that caused harm to the Unitholders. The REIT was not named as a defendant in the legal proceedings. See *Legal Proceedings and Regulatory Actions* in this AIF for more details on this matter.

In May, 2014, the Board of Trustees formed a Special Committee of independent trustees to review strategic alternatives to maximize value for all unitholders. The process led to a potential merger of the REIT with another party on terms that the Board of Trustees believed could be in the best interests of the REIT. The potential transaction was not supported by the REIT's major unitholders and, as a major strategic transaction of this nature was not possible without the approval of a majority of unitholders, the party in discussion with the REIT discontinued the process. The Board of Trustees terminated the process of reviewing strategic alternatives.

Property management operations were internalized at all properties across Canada in 2016 except those in Quebec which were consolidated under a single external property manager.

In June 2017, Sears Canada Inc., a tenant located at Cornwall Square and representing approximately 4.1% of the GLA of the REIT, was granted an order from the Ontario Superior Court of Justice which provided them with protection from creditors under the provisions of the *Companies' Creditors Arrangement Act* (Canada). In January 2018, Sears Canada Inc. terminated its lease.

Subsequent to December 31, 2017, the REIT underwent a reorganization of all property divisions and corporate operations with the aim of maintaining tenant service levels while reducing administrative and property costs.

Potential Western Canada Portfolio Disposition

On March 21, 2018, the REIT announced its intention to dispose of its assets in western Canada. Management believes that the successful execution of this strategy would enable it to raise capital on an efficient basis, and at the same time afford the opportunity to simplify the operations of the enterprise. If completed as planned, this strategy will provide capital at approximately Net Asset Value, rather than at the discounted levels at which the REIT's equity units presently trade. It will also permit management to align its operations to serve a more geographically concentrated portfolio.

Sequence of Property Acquisitions and Dispositions

In the past three years, the REIT has not acquired any properties other than the Holyrood Properties, a transaction that was subsequently rescinded. The REIT has sold three properties in the past three years.

Date	Name and location of property	Disposition proceeds (in millions of \$)
September 2014	Canadian Tire Corp. standalone properties Brockville, Strathroy and Wasaga Beach	\$34.9
December 2016	Washington Park Courtenay, British Columbia	\$12.8
June 2017	Thunder Centre Thunder Bay, Ontario	\$39.8

Changes to the Capital of the REIT

On October 22, 2015, the REIT completed a Rights Offering raising gross proceeds of approximately \$20.6 million. The REIT applied the net proceeds from the Rights Offering along with the proceeds generated from the refinancing of mortgages towards the full redemption of the \$28.8 million Series 1 Debentures.

On July 18, 2017 the REIT closed a Rights Offering raising proceeds of approximately \$35.4 million. The REIT applied the proceeds of the rights offering to redeem the Series 2 Debentures in July and August 2017 and 67% of the Series 3 Debentures in August 2017. Subsequent to December 31, 2017, on January 17, 2018 the REIT repaid the remaining outstanding Series III Debentures. For a complete description of the Series 1, Series 2 and Series 3 Debentures, refer to their respective prospectuses as described below:

Series 1 – \$28,750,000, 8.0% Convertible Unsecured Subordinated Debentures issued February 25, 2011
 Series 2 - \$34,500,000, 6.0% Convertible Unsecured Subordinated Debentures issued August 28, 2012
 Series 3 - \$23,000,000, 5.5% Convertible Unsecured Subordinated Debentures issued March 5, 2013

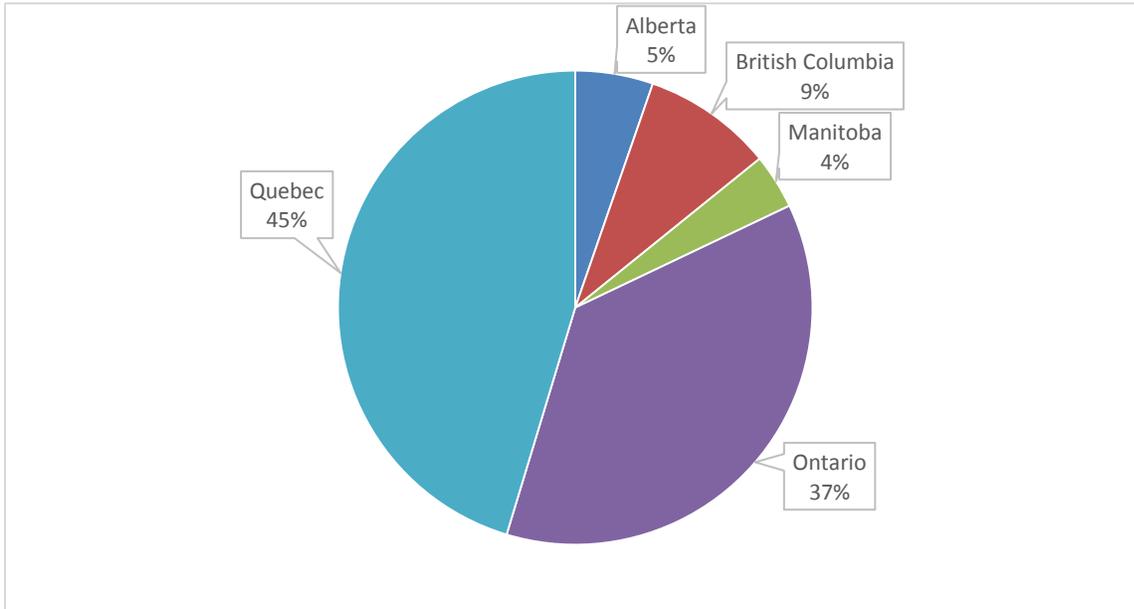
As at December 31, 2017, the REIT had 45,831,979 issued and outstanding units. The REIT has issued distributions on a monthly basis. The REIT has a distribution reinvestment plan which provides subscribers with “bonus units” in an amount equal in value to 3% of each cash distribution.

OVERVIEW OF PROPERTY PORTFOLIO

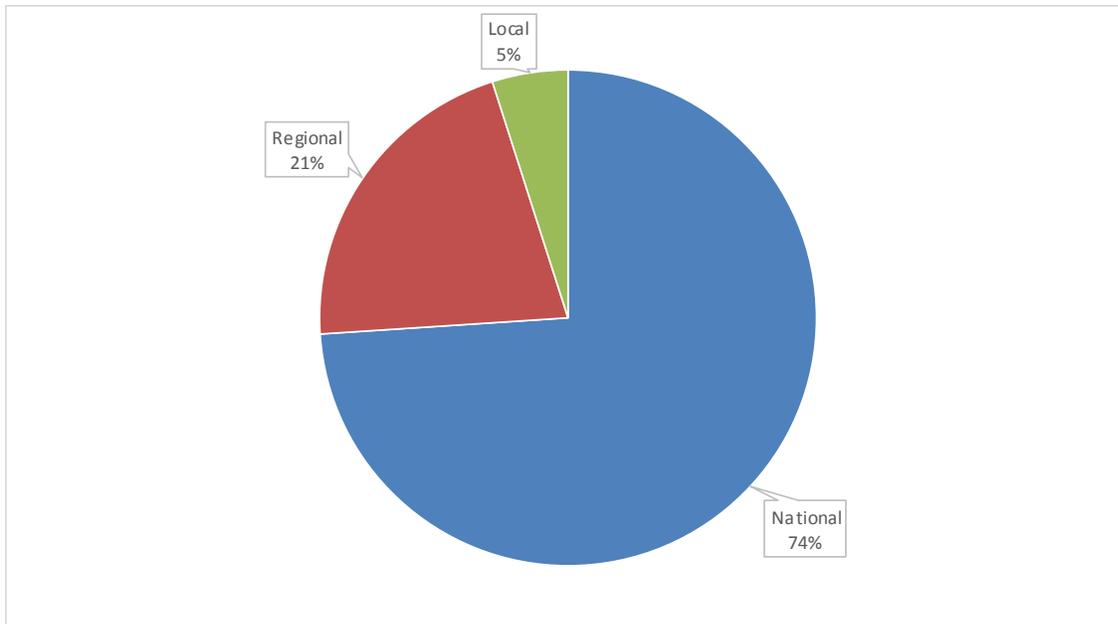
As of December 31, 2017, the property portfolio consisted of 34 properties located in five provinces of Canada. In total, these properties comprise approximately 2.3 million square feet. The REIT received 100% of its revenue of \$52.9 million in 2017 and \$56.8 million in 2016 from its retail properties.

Location	Number of properties
British Columbia	3
Alberta	3
Manitoba	5
Ontario	12
Quebec	11

The geographic diversification of the portfolio by GLA is as follows December 31, 2017:



The REIT has a strong mix of national and regional tenants by square footage as follows:



As at December 31, 2017, the REIT owned 34 retail and mixed use retail properties in British Columbia, Alberta, Manitoba, Ontario and Québec as follows:

Property and location	Property type	Date built /redeveloped	Anchor and shadow anchor tenants	Retail (sq.ft.)⁽¹⁾	Occupancy⁽²⁾ (3)
British Columbia:					
Centuria Urban Village Kelowna, British Columbia	Mixed Use Commercial/ Residential	2007	Nesters Market, Shoppers Drug Mart	32,532	100.0%
Evergreen Shopping Centre Sooke, British Columbia	Retail Strip Centre	1978/2010	Western Foods, Shoppers Drug Mart, BC Liquor	67,703	100.0%
Mariner Square Shopping Centre Campbell River, British Columbia	Retail Strip Centre	2006/2007	Save-On Foods, Starbucks, London Drugs, BC Liquor	106,284	100.0%
Alberta:					
137th Avenue Edmonton, Alberta	Free Standing	2003	Shoppers Drug Mart, PartSource	15,922	100.0%
Cobblestone Shopping Centre Grand Prairie, Alberta	Retail Strip Centre	2006/2007	Shoppers Drug Mart, TD Bank, Starbucks	43,002	100.0%
Manning Crossing Edmonton, Alberta	Retail Strip Centre	1993 - 1996	Safeway, RBC	64,553	98.0%
Manitoba:					
Shoppers Drug Mart Property Brandon, Manitoba	Free Standing	2005	Shoppers Drug Mart	16,986	100.0%
Shoppers Drug Mart Property Selkirk, Manitoba	Free Standing	2005	Shoppers Drug Mart	16,685	100.0%
Shoppers Drug Mart Property Steinbach, Manitoba	Free Standing	2006	Shoppers Drug Mart, Medical Practitioners	20,956	100.0%
Shoppers Drug Mart Property Winnipeg (Pembina), Manitoba	Free Standing	2003	Shoppers Drug Mart	15,780	100.0%
Shoppers Drug Mart Property Winnipeg (Sherbrook), Manitoba	Free Standing	2005	Shoppers Drug Mart	16,839	100.0%
Ontario:					
Cornwall Square Cornwall, Ontario	Enclosed Mall	1979/1989	Shoppers Drug Mart, Dollarama	249,353	81.1%
Crossing Bridge Square Stittsville, Ontario	Retail Strip Centre	1995	Farm Boy, McDonalds, IDA	45,909	95.4%
Grand Bend Town Centre, Grand Bend, Ontario	Retail Strip Centre	2002	Sobey's, Shoppers Drug Mart	41,567	100.0%
King George Square Brantford, Ontario	Retail Strip Centre	1988	Shoppers Drug Mart, Dollarama	66,726	97.5%
Place Val Est Sudbury, Ontario	Retail Strip Centre	1983/1987, 1990, 1998	Metro, LCBO, RBC, Pharmasave	110,599	93.4%
Quinte Crossroads, Belleville, Ontario	Power Centre	2005 - 2007	The Brick, Home Depot Best Buy, BMO	85,232	100.0%
Rona Property Exeter, Ontario	Free Standing	1996/2000	Rona	42,780	100.0%
Rona Property Seaforth, Ontario	Free Standing	1962/2000	Rona	19,622	100.0%
Rona Property Zurich, Ontario	Free Standing	1961/2000	Rona	24,400	100.0%
St. Clair Beach Tecumseh, Ontario	Retail Strip Centre	2004	Shoppers Drug Mart	38,960	100.0%

Property and location	Property type	Date built /redeveloped	Anchor and shadow anchor tenants	Retail (sq.ft.)⁽¹⁾	Occupancy⁽²⁾ (3)
Timmins Power Centre Timmins, Ontario	Retail Strip Centre	2007 - 2009	Michaels, MNP	43,619	89.7%
Wellington Southdale London, Ontario	Retail Strip Centre	1986, 2000, 2004, 2006	Landmark Theatres, Dollarama	86,340	100.0%
Québec:					
Centre Le Village Shopping Centre Nuns Island, Montréal, Québec	Enclosed Mall	1977, 1991, 2001, 2010, 2012	Loblaws, SAQ	96,361	93.2%
Centre Commercial Chateauguay Montréal, Québec	Mixed-use Strip Centre	1970/1994, 2010	Shoppers Drug Mart, Staples, Québec Government	117,048	100.0%
Marcel-Laurin Shopping Centre Saint Laurent, Québec	Retail Strip Centre	2011	Metro, Brunet Pharmacy	119,925	100.0%
Mega Centre Montréal, Québec	Power Centre	1973/1993, 1999, 2000, 2004, 2014	Walmart, Michaels, Brault & Martineau	277,167	99.2%
Place Desormeaux Longueuil, Québec	Enclosed Mall	1971/1998,2009, 2010	Walmart, Metro, Québec Government	254,424	91.9%
Place Elgar Nuns Island, Montréal, Québec	Retail Strip Centre	1969, 1989	Couche Tard	10,121	100.0%
Plaza des Seigneurs Terrebonne, Québec	Retail Strip Centre	1998	Uniprix, SAQ, Banque Nationale	20,833	100.0%
Repentigny Shopping Centre Repentigny, Québec	Mixed Use Strip Centre	1988/2009	Familiprix, Dollarama, Québec Government	48,605	83.7%
Saint-Remi Shopping Centre Saint-Remi, Québec	Retail Strip Centre	2009 - 2011	Sobey's, SAQ, Uniprix, Tim Hortons	62,347	100.0%
Shoppers Drug Mart Property Gatineau, Québec	Free Standing	2007	Shoppers Drug Mart	17,028	100.0%
Sorel Shopping Centre, Sorel, Québec	Retail Strip Centre	2010 - 2012	SAQ, Tim Hortons	31,038	74.9%
Total				2,327,246	95.3%
				Retail (sq.ft.)⁽¹⁾	Occupancy⁽²⁾ (3)
Province					
British Columbia				206,519	100.0%
Alberta				123,477	99.0%
Manitoba				87,246	100.0%
Western Sub-Total				417,242	99.7%
Ontario				855,107	92.7%
Quebec				1,054,897	95.7%
Eastern Sub-Total				1,910,004	94.4%
Total				2,327,246	95.3%

Notes:

- (1) Includes office space in mixed-use retail properties.
- (2) Committed occupancy excluding storage space.
- (3) Includes square footage of all material executed leases, regardless of occupancy date, and excludes square footage of all documented material lease terminations updated through December 31, 2017.
- (4) Represents the weighted average rent for the portfolio.

Tenant Mix

Below are the top ten tenants for the property portfolio as at December 31, 2017, in terms of their percentage contribution to gross rental revenues of the property portfolio:

Tenant	% of Base Rental Revenue
Loblaws / Shoppers Drug Mart	19.0
Quebec Government	5.6
Metro / Super C / Brunet	5.5
Walmart	3.1
Overwaitea Food Group	3.0
Sobeys / IGA	3.0
Dollarama	2.2
Michaels	2.1
Staples	2.0
Leons / The Brick	1.7
Total	47.2

Occupancy Rates

Overall, the property portfolio has experienced high occupancy rates. The REIT measures occupancy on a committed basis, which includes tenants who have committed to leasing a space, but are not yet physically occupying that space and the committed occupancy rate for the property portfolio was 95.3% as at December 31, 2017. Weighted Average remaining lease term: 5.16 years

The following table summarizes the lease maturities for the property portfolio as at December 31, 2017:

Year	SF of space expiring	% of SF expiring
2018	92,191	4.0%
2019	308,342	13.2%
2020	309,533	13.3%
2021	401,059	17.2%
2022	233,289	10.0%
Thereafter	873,970	37.6%
Vacant	108,862	4.7%
Total	2,327,246	100%

Property Descriptions

British Columbia

Centuria Urban Village – 1311 Lawson Avenue, Kelowna, British Columbia

Centuria Urban Village is a mixed use urban development consisting of both commercial and residential units. The REIT owns 4 commercial units or 13% of the total units of Centuria Urban Village. The owned retail units total 32,532 sq. ft. and include designated underground parking locations as limited common property. Tenancies at the centre include Nesters Buy-Low Foods, Shoppers Drug Mart, the British Columbia Nurses Union, and a salon and spa.

Evergreen Shopping Centre – 6660 Sooke Road, Sooke, British Columbia

Evergreen Shopping Centre is a 67,703 sq. ft. neighbourhood retail plaza. The centre has two free standing pads and has two multi-tenant retail strips, one of which had second storey office and/or storage units. The property is anchored by Shoppers Drug Mart. Other major tenants include Western Foods and the BC Liquor Commission store.

In the summer of 2013, a multi-tenanted building on the property was destroyed by fire. The REIT is in the process of developing the excess density of this asset and has executed a lease transaction with the anchor tenant, Tim Hortons.

Mariner Square Shopping Centre – 1400 Dogwood Street, Campbell River, British Columbia

Mariner Square Shopping Centre is a 106,284 sq. ft. open air-retail centre, anchored by a Save-On Foods grocery store, London Drugs and a BC Liquor Commission store. The centre is well situated in downtown Campbell River on the east coast of Vancouver Island about 260 kilometers north of Victoria, British Columbia. In 2017, the REIT began constructing a new pad space on the property and has secured two long term tenants both of which are open for business.

Alberta

137th Avenue – 13010-137th Avenue, Edmonton, Alberta

137th Avenue is a 3.76 acre property with two free standing single tenant buildings comprising 15,922 sq. ft. The two tenants are Shoppers Drug Mart and Part Source.

Cobblestone Lane Shopping Centre – 9910 – 9940 92nd Street, Grand Prairie, Alberta

Cobblestone Shopping Centre is a three-building 43,002 sq. ft. shopping centre located in Grand Prairie, Alberta. Its major tenants include Shoppers Drug Mart, TD Canada Trust and Starbucks. The centre is well situated in the residential area of Grand Prairie, Alberta.

Manning Crossing – 100 – 420 Manning Crossing, Edmonton, Alberta

Manning Crossing is a retail strip with existing restaurant pad developments totalling 64,553 sq. ft. It is shadow anchored by a Safeway grocery store and an Alberta Treasury Branch, occupying a well-exposed location in Northeast Edmonton. Major tenants include a branch of the Royal Bank of Canada, Tim Hortons a significant restaurant and QSR locations.

Manitoba

Shoppers Drug Mart, Brandon - 139 Victoria Avenue East, Brandon, Manitoba

The Brandon Shoppers Drug Mart property is located at 139 Victoria Avenue, Brandon, Manitoba. It was built in 2005 and has 16,986 sq. ft. of rentable area on 1.21 acres. The property occupies a prominent corner along the major arterial route and benefits from high traffic volume and ease of access from the primary market area. The property is in the immediate proximity of Brandon Regional Hospital. It is 100% leased to Shoppers Drug Mart.

Shoppers Drug Mart, Selkirk - 230 Main Street, Winnipeg, Manitoba

The Selkirk Shoppers Drug Mart property is located at 230 Main Street, Selkirk, Manitoba. It was built in 2004 and has 16,685 sq. ft. of rentable area on 1.30 acres. The property is situated along an established retail corridor, in a suburban community approximately 34 kilometres north of Winnipeg. It is 100% leased to Shoppers Drug Mart.

Shoppers Drug Mart, Pembina - 2211 Pembina Highway, Winnipeg, Manitoba

The Pembina Shoppers Drug Mart property is located at 2211 Pembina Highway, Winnipeg, Manitoba. It was built in 2004 and has 15,780 sq. ft. of rentable area. Located at the northwest corner of Pembina Highway and Southpark Drive, the property occupies a prominent corner situated along an established retail corridor in the south portion of the city. It is 100% leased to Shoppers Drug Mart.

Shoppers Drug Mart, Sherbrooke - 790 Sherbrook Street, Winnipeg, Manitoba

The Sherbrook Shoppers Drug Mart property is located at 777 Sherbrook Street, Winnipeg, Manitoba. It was built in 2005 and has 16,839 sq. ft. of rentable area on 1.46 acres. The property is situated along an established retail corridor located northwest of the downtown core and benefits from exposure to a high volume of traffic, proximity to a nearby hospital and ease of access from the primary market area. It is 100% leased to Shoppers Drug Mart.

Shoppers Drug Mart, Steinbach - 382 Main Street, Steinbach, Manitoba

The Steinbach Shoppers Drug Mart property is located at 383 & 390 Main Street Steinbach, Manitoba. It was built in 2006 and has 20,956 sq. ft. of rentable area on 3.27 acres. The property is situated along an established retail corridor, in a suburban community approximately 54 kilometres southeast of Winnipeg. It is 100% leased to two tenants and Shoppers Drug Mart.

Ontario

Cornwall Square Shopping Centre - 1 Water Street East, Cornwall, Ontario

Cornwall Square is a two-level enclosed shopping centre located on One Water Street East in Cornwall, Ontario. Cornwall Square was originally built in 1979 and was expanded in 1989 with the addition of a food court. The property comprises 249,353 sq. ft. of commercial retail units and 1,419 sq. ft. of rentable storage units and administration offices. Cornwall Square is anchored by a Shoppers Drug Mart and a Dollarama. There are approximately 60 additional retail tenants, including six food court users. Non-anchor tenants include Peoples Jewellery, Charm Diamond Centre, Suzy Shier, Cleo, Garage, Coles, Payless Shoes, Bentley Leather, Rogers, Telus, Bell and the Toronto Dominion Bank.

Crossing Bridge - 1250 Main Street, Stittsville, Ontario

Crossing Bridge Square is a 45,909 sq. ft. retail plaza located in the Stittsville neighbourhood of western Ottawa. The plaza is anchored by Farm Boy, an eastern Ontario based grocery chain which occupies a newly renovated and expanded store. Other major tenants include an IDA Pharmacy, Pet Valu Canada, McDonald's Restaurants of Canada, M&M Meats, and the Cooperators' Group.

Grand Bend Towne Centre - 55 Main Street East, Grand Bend, Ontario

Grand Bend Towne Centre is an existing 41,567 sq. ft. shopping centre comprised of a Sobeys grocery store, a Shoppers Drug Mart, a Pet Valu Canada and a shadow anchor LCBO located on Main Street East in downtown Grand Bend, Ontario.

King George Square - 185 King George Road, Brantford, Ontario

King George Square is a 66,726 sq. ft. retail plaza located in Brantford, Ontario. The plaza has two single storey multi-tenant retail buildings. Major tenants include Shoppers Drug Mart, Dollarama, Bulk Barn and Anytime Fitness.

Place Val Est - 3140 Highway 69 North, Val Caron, Ontario

Place Val Est is a 110,599 sq. ft. food-anchored retail strip centre located in the north section of Sudbury (Valley East). The property has the dominant grocery store (Metro) in the area. The property was originally developed in 1983 and has seen many additions over the last 20 years. Tenants include a Metro grocery store, Rossy, Dollar Tree, PharmaSave, Royal Bank of Canada, LCBO, and Tim Hortons.

Quinte Crossroads - 216 Bell Boulevard, Belleville, Ontario

Quinte Crossroads is a 85,232 sq. ft. power centre on 14.26 acres in Belleville, Ontario. Major tenants include Best Buy, The Brick, Mark's Work Wearhouse, PartSource and the centre is shadow anchored by The Home Depot.

RONA Exeter - 265 Main Street North, Exeter, Ontario

The Exeter RONA property is located at 265 Main Street North in Exeter, Ontario (approximately 50 kilometres northwest of London, Ontario), directly across the street from the main shopping complex servicing the local area, which houses a Canadian Tire, Your Independent Grocer and Shoppers Drug Mart, among other retailers. The retail portion of the Exeter Property has 16,000 sq. ft. of finished sales area. Additionally, the Exeter Property includes three enclosed warehouse premises, covering an aggregate of 26,780 sq. ft.

RONA Seaforth - 198 Main Street South, Seaforth, Ontario

The Seaforth RONA property is located at 198 Main Street South in Seaforth, Ontario (approximately 70 kilometres northwest of London, Ontario), just south of the Seaforth "Main Street" retail area. The retail portion of the Seaforth Property has 10,154 sq. ft. of finished sales area, and an additional enclosed warehouse area of 9,468 sq. ft. is attached to the retail building.

RONA Zurich - 42 Main Street, Zurich, Ontario

The Zurich RONA property is located at 72821 Blind Line in Zurich, Ontario (approximately 70 kilometres northwest of London, Ontario), which is just off Highway No. 84, directly east of the Zurich "Main Street" retail area. The retail portion of the Zurich Property has 8,400 sq. ft. of finished sales area. Additionally, two warehouse buildings of 11,560 sq. ft. and 4,440 sq. ft., respectively, are located on the Zurich Property.

St. Clair Beach Town Centre - 500 Manning Road, Tecumseh, Ontario

St. Clair Beach Town Centre is a 39,960 sq. ft. plaza anchored by Shoppers Drug Mart located on Lake St. Clair, Tecumseh, just east of Windsor. Swiss Chalet provides another strong draw to the centre. A doctor's office, a chiropractor and a dentist provide built in clientele for Shoppers Drug Mart.

Timmins West Power Centre - 2125, 2161, 2158 Riverside Drive, Timmins, Ontario

Timmins Power Centre is a 43,619 sq. ft. retail centre in Timmins, Ontario. The Timmins Power Centre is an open-air centre that benefits from the close proximity to the centre of a Canadian Tire store, Home Depot outlet and Timmins Square. The property includes three separate buildings individually occupied by Michaels, Reitmans and MNP LLP.

Wellington Southdale Plaza - 979-995 Wellington Road, London, Ontario

Wellington Southdale is an 86,340 sq. ft., cinema-anchored retail strip centre located on 977-995 Wellington Road South, near the intersection of Wellington Road and Southdale Road. Wellington Road is a major arterial route through London which provides heavy exposure to vehicular traffic in excess of 40,000

vehicles per day. The total size of the property is 6.97 acres with four freestanding buildings. The site benefits from five access points. Tenants include Landmark Theatres, Dollarama, and Chop Steakhouse.

Québec

Centre Le Village Shopping Centre 40-42 rue Place du Commerce, Nun's Island, Québec

Centre Le Village is a 96,631 sq. ft. retail property anchored by a Provigo grocery store and a SAQ store, as well as a branch of the Royal Bank of Canada.

Centre Commercial Châteauguay - 160-180 Anjou Boulevard, Châteauguay, Québec

Centre Commercial Châteauguay is a two-storey, 117,048 square-foot mixed-use retail property located on 160–180 Anjou Boulevard, in Châteauguay (Montréal), Québec. The property contains a total of 69,782 sq. ft. of ground level retail units and 47,266 sq. ft. of second floor office units. Centre Commercial Châteauguay is anchored by Pharma Prix (Shoppers Drug Mart) and Staples on the ground floor, and by two branches of the Québec government on the second floor.

Place Elgar - 270-284 rue Elgar, Nun's Island, Québec

Place Elgar is 10,121 sq. ft. retail centre located in Nun's Island near the Centre Le Village Shopping Centre and is anchored by a Couche-Tard convenience store.

Marcel Laurin - 1605 Boulevard Marcel-Laurin, Saint Laurent, Québec

Marcel Laurin Shopping Centre is a newly-constructed 119,925 sq. ft. open-air retail property, anchored by a Metro and a Brunet. The centre is prominently located in the primary retail node and access roads in Saint Laurent, Québec, a suburb of Montréal.

Méga Centre - 3610-3838 Cote-Vertu Boulevard Saint Laurent, Québec

Méga Centre is located at the intersection of Côte-Vertu Boulevard and Rue Bégin in St. Laurent (Montréal), Québec and is visible from Highway 40. The total size of the Méga Centre property is approximately 19.0 acres, including 277,167 sq. ft. of rentable units and surrounding lands. Méga Centre was built in 1973 and most recently renovated in 2014. Tenants include Walmart, Brault & Martineau, Michaels, Staples, and L'Oreal. A 110,000 sq. ft. RONA store is located adjacent to the property and acts as a shadow anchor, drawing customers to Méga Centre.

Place Desormeaux - 2877 Chemin de Chambly, Longueuil, Québec

Place Desormeaux is an enclosed community shopping centre of 254,424 sq. ft. anchored by Walmart, Super C, the Société de l'assurance automobile du Québec and Société Immobilière Québec. The property includes branches of the Bank of Montreal, the National Bank of Canada, and a Dollarama. Management believes that Place Desormeaux also offers the opportunity to enhance income through the remerchandising of the current uses and the development of new retail pad sites.

Plaza des Seigneurs - 1080-1100 Boulevard des Seigneurs, Terrebonne, Québec

Plaza Des Seigneurs is a three-tenant retail strip centre with a total of 20,833 sq. ft. The three tenants are the SAQ liquor store, a branch of the National Bank of Canada and Uniprix.

Repentigny Shopping Centre - 1124 Iberville Boulevard, Repentigny, Québec

Repentigny Shopping Centre is a 48,605 sq. ft. open-air stabilized retail centre, anchored by a Familiprix, Dollarama and Banque Nationale Du Canada. The centre is well-located on Boulevard Iberville in Repentigny, Québec, a suburb of Montréal.

Saint Remi Shopping Centre - 810 rue Saint-Paul, Saint Remi, Québec

Saint Remi Shopping Centre is a 62,347 sq. ft. open-air retail property, anchored by a Sobeys, a Uniprix, a SAQ and a Tim Hortons. The centre is well-situated in a primarily residential neighbourhood in a prime retail node of Saint Remi, Québec, and located 30 minutes south of downtown Montréal. There are additional development lands which are being actively marketed to retailers.

Shoppers Drug Mart, Gatineau - 465 Boulevard de L'Hopital, Gatineau, Québec

The Gatineau Shopper Drug Mart was built in 2006 and has 17,028 sq. ft. of rentable area on 1.61 acres. The property occupies a prominent corner location with high traffic volume and is in immediate proximity to l'Hôpital du Gatineau and various medical buildings. It is 100% leased to Shoppers Drug Mart.

Sorel Shopping Centre - 340 Boulevard Poliquin, Sorel-Tracy, Québec

Sorel Shopping Centre is a 31,038 sq. ft. open-air property, anchored by an SAQ liquor store and a Tim Hortons. Sorel is located 45 minutes northeast of downtown Montréal. The property is well-positioned and is located adjacent to the busy Highway 30.

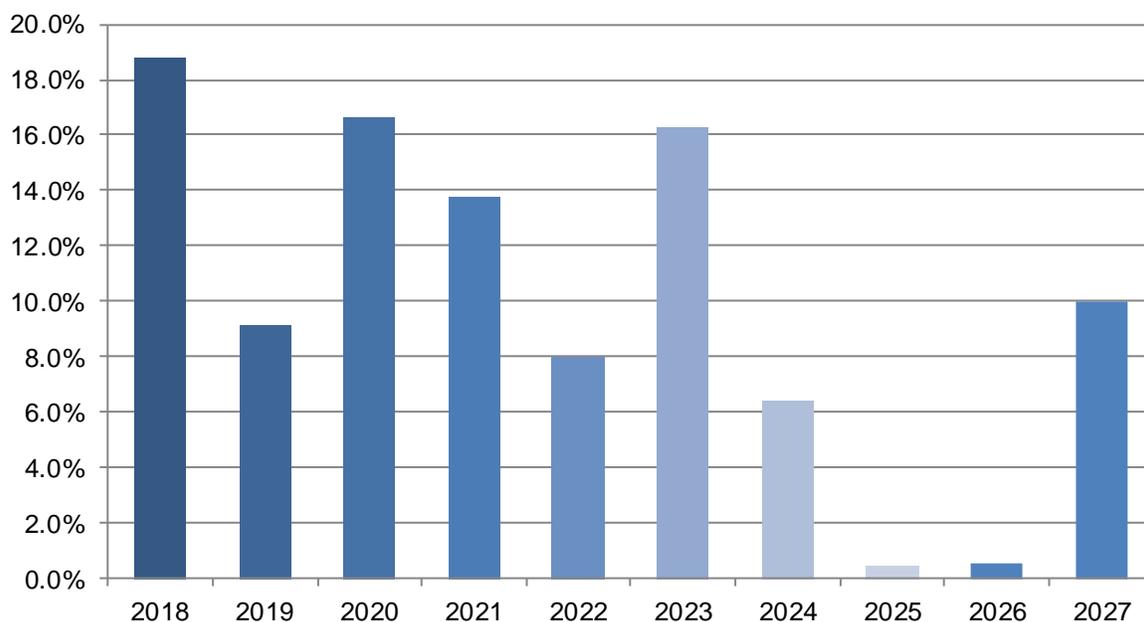
Property Management Arrangements

The following table summarizes the various property management arrangements in place as of December 31, 2017:

Properties Covered	Description of Property Management Arrangements
Centuria Urban Village	The tenants are managed directly by the REIT while the Strata Corporation is managed by Coldwell Banker and the commercial complex is managed by Associated Property Management (2001) Ltd.
Evergreen Shopping Centre, Mariner Square, Cobblestone Shopping Centre, Cornwall Square, Manning Crossing, Crossing Bridge, Grand Bend, King George Square, Place Val Est, Quinte Crossroads, St. Clair Beach, Thunder Centre, Timmins Power Centre, Wellington Southdale Plaza, 137 th Avenue, Manitoba Shoppers Drug Mart Properties (5), Québec Shoppers Drug Mart Property (1), Ontario RONA Properties (3), Crossing Bridge Square, Quinte Crossroads, and Shoppers Drug Mart - Gatineau	Property management services are handled directly by the REIT.
Centre Le Village Shopping Centre, Place Elgar, Marcel Laurin, Place Desormeaux, Repentigny Shopping Centre, St. Remi Shopping Centre, Sorel Shopping Centre, Centre Commercial Châteauguay, Mega Centre, Plaza des Seigneurs	COGIR Real Estate s.e.n.c. provides property management and leasing services for a management fee of 3.75% of gross revenues, and leasing fees ranging from 1.8% to 4% of gross rent annualized and other customary property management fees on market terms.

Mortgages and Other Financing

The following is a debt maturity chart for the REIT's mortgages payable and debentures as at December 31, 2017:



Over the next two years, the REIT has approximately \$56.8 million in mortgages maturing which carry an average contractual interest rate of 4.31%.

Included with 2018 maturities is \$7.6 million owing on Series III debentures which were repaid in January 2018.

Mortgages Payable

The REIT's current weighted average term to maturity on mortgages payable is approximately four years, and the weighted average contractual interest rate at December 31, 2017 was 3.87%.

Year	Principal Installment Payments	Principal Maturing	Total	Contractual Rate on Debt Maturing
2018	\$ 7,464,461	\$ 38,197,668	\$ 45,662,129	4.90%
2019	7,312,271	18,590,780	25,903,051	3.61%
2020	6,159,156	40,937,018	47,096,174	4.04%
2021	5,277,764	33,715,355	38,993,119	3.07%
2022	3,922,626	18,632,356	22,554,982	3.74%
Thereafter	8,429,194	87,102,886	95,532,080	3.83%
Total	\$ 38,565,472	\$ 237,176,063	\$ 275,741,535	3.87%

The REIT's objective in refinancing its property mortgages is to stagger the maturities in order to mitigate the risk of short-term volatilities in the debt markets.

Convertible Debentures

At December 31, 2017, the REIT has \$7.6 million of remaining unsecured convertible debentures. During January 2018, the remaining Series III debentures outstanding were fully repaid.

Credit Facilities

As at December 31, 2017 the Credit Facility had a credit limit of \$10.0 million, with interest at prime plus 3.5% for borrowings up to \$5.0 million and prime plus 5.5% for borrowings in excess of \$5.0 million. The Credit Facility bears a standby fee of 0.25% of the undrawn balance, quarterly in arrears. The Credit Facility was renewed in October 2016 and matures June 1, 2018. Subsequent to the end of 2017, the borrowing limit is reduced by \$8.0, to a \$2.0 million maximum borrowing limit. The Credit Facility is with an institutional lender over which a significant Unitholder of the REIT (with over 20% of the outstanding units as at March 29, 2018), has significant influence.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides for certain restrictions on investments which may be made directly or indirectly by the REIT. The assets of the REIT may be invested directly or indirectly only in accordance with the following investment guidelines:

- (a) subject to the other investment guidelines of the REIT set out below, the REIT may only invest, directly or indirectly, in:
 - (i) interests (including fee ownership and leasehold interest) in income-producing real property;
 - (ii) corporations, trusts, partnerships or other persons which principally have interests (including the ownership of leasehold interests) in income-producing real property (or activities relating or ancillary thereto); and
 - (iii) such other activities, properties or assets as are consistent with the other investment guidelines of the REIT or as may be approved by Unitholders in accordance with the terms of the Declaration of Trust;
- (b) notwithstanding anything in the investment guidelines or operating policies of the REIT, the REIT shall not make any investment, take any action or omit to take any action that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act;
- (c) the REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT; provided that such joint venture arrangement contains terms and conditions which, in the opinion of the Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on transfer and the acquisition and sale of the REIT's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT, such as buy-sell mechanisms and provisions that limit the liability of the REIT to third parties. For purposes of this provision, a joint venture arrangement is an arrangement between the REIT and one or more other persons ("joint venturers") pursuant to which the REIT, directly or indirectly, conducts an undertaking for one or more of the purposes set out above and in respect of which the REIT may hold its interest jointly or in common or in another manner with others either directly or through the ownership of

securities of a corporation or other entity (a "joint venture entity"), including without limitation a general partnership, limited partnership or limited liability company;

- (d) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of Canada or of a province of Canada, short-term government debt securities, or receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule I Canadian bank maturing within one year from the date of issue or except as permitted pursuant to paragraphs (a), (c), (f), (h) and (i) of these investment guidelines, the REIT may not hold securities other than:
 - (i) securities of any issuer referred to in paragraph (a) above;
 - (ii) securities of a joint venture entity;
 - (iii) securities of an entity wholly-owned by the REIT, which has been formed and operated solely for the purpose of holding a particular real property or real properties; and
 - (iv) securities of persons described in paragraph (f) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, the REIT may acquire securities of other real estate investment trusts;
- (e) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (f) notwithstanding the provisions of paragraph (d) above or any other provision of the Declaration of Trust, the REIT may invest in operating businesses which are ancillary to the REIT's ownership of real property or acquire interests in limited partnerships or corporations which may operate businesses related to the REIT's real estate investments, provided that such investments would not result in the REIT failing or ceasing to qualify as a "mutual fund trust" within the meaning of the Tax Act and provided that the REIT shall use its reasonable best efforts not to be a SIFT trust;
- (g) the REIT shall not invest directly in raw land for development and ownership or for other development projects, except:
 - (i) for the purpose of renovating or expanding existing properties or facilities on adjacent properties; or
 - (ii) for the purpose of developing new properties which will be or are expected to be, upon completion, income producing, provided that the aggregate value of investments in raw land for such purpose will not, after giving effect to the proposed investment, exceed 10% of the Adjusted Unitholders' Equity;
- (h) the REIT shall invest in a mortgage or a mortgage bond (including a participating or convertible mortgage) only where:
 - (i) the real property which is security therefor is income-producing real property which otherwise meets the general investment guidelines of the REIT contained in these investment guidelines; and

- (ii) the aggregate value of the investments of the REIT in mortgages and mortgage bonds, after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity;
- (i) notwithstanding any of the provisions of paragraph (h) above, the REIT may invest in any mortgage which is not a first ranking mortgage, including mezzanine financings, for purposes of providing, directly or indirectly, financing in connection with a transaction in which the REIT is the vendor or with the intention of using such mortgage as part of a method for subsequently acquiring an interest in or control of a property or a portfolio of properties that would otherwise meet the investment guidelines of the REIT; provided that the aggregate value of the investments of the REIT in these mortgages, after giving effect to the proposed investments, will not exceed 20% of the Gross Book Value; and
- (j) the REIT may invest, from time to time, an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by the REIT and secured by a mortgage on such property) up to 15% of the Adjusted Unitholders' Equity of the REIT in investments which do not comply with one or more of paragraphs (d) or (g) above.

Operating Policies

The Declaration of Trust provides that the operations and affairs of the REIT shall be conducted in accordance with the following operating policies:

- (a) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof; the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 – *Mutual Funds* adopted by the Canadian Securities Administrators, as amended from time to time;
- (b) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage and (ii) to the extent management of the REIT determines to be practicable, any written instrument which is, in the judgment of management of the REIT, a material obligation, shall contain a provision or be subject to an acknowledgement in the form provided by the Declaration of Trust;
- (c) the REIT may engage (i) in construction or development of real property in order to maintain its real properties in good repair and/or to enhance the income-producing potential of properties in which the REIT has an interest; and (ii) in the development of raw land and/or other development projects; provided that investments by the REIT in such developments are within the investment guidelines;
- (d) title to each real property shall be held by and registered in the name of the REIT, the Trustees or in the name of a corporation or other entity owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers or a corporation which is a nominee of the REIT which holds registered title to such real property pursuant to a nominee agreement with the REIT;
- (e) the REIT may directly or indirectly guarantee indebtedness or liabilities of a third party, provided that such guarantee is related to the direct or indirect ownership or acquisition by the REIT of real property that would otherwise comply with the REIT's investment guidelines and operating policies;
- (f) the REIT will obtain an independent appraisal of each property that it intends to acquire;

- (g) the REIT shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties and the cost of such coverage; and
- (h) the REIT shall obtain or review a Phase I environmental audit of each real property to be acquired by it, dated within twelve months of the proposed date of acquisition and, if the Phase I environmental audit report recommends or recommended a Phase II environmental audit be obtained, the REIT shall obtain or review a Phase II environmental audit, in each case prepared by an independent environmental consultant.

For the purposes of the foregoing investment guidelines and operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate, consolidated basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture entity.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading “Investment Guidelines” and the operating policies contained in subparagraph (b) under the heading “Operating Policies” may be amended only with the approval of at least two-thirds of the votes cast by Voting Unitholders of the REIT at a meeting of Voting Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by holders of Voting Units at a meeting of Voting Unitholders called for such purpose.

RISK FACTORS

The risks described below are not the only ones facing the REIT and Unitholders. Additional risks not currently known to the REIT or that the REIT currently deems immaterial may also impair business operations. The business, financial condition, revenues or profitability of the REIT could be materially adversely affected by any of these risks. The trading price of the Units could decline due to any of these risks. This Annual Information Form contains forward-looking statements that involve risks and uncertainties. The REIT's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the REIT described below and elsewhere in this Annual Information Form. See “Caution Regarding Forward-Looking Statements”.

Risks Relating to the REIT

Debt Financing

The REIT has incurred both unsecured debt and mortgage debt by obtaining loans secured by some or all of the Properties. In addition, the REIT may borrow funds if necessary to make distributions to Unitholders. Future debt may harm its business and operating results by:

- (a) requiring the REIT to use a substantial portion of its cash flow from operations to pay principal and interest, which will reduce the amount available for distributions;
- (b) making the REIT more vulnerable to economic and industry downturns and reducing its flexibility in responding to changing business and economic conditions; and
- (c) limiting the REIT's ability to borrow more money for operating or capital needs or to finance acquisitions in the future.

In addition to the risks discussed above and those normally associated with debt financing, including the risk that the REIT's cash flow will be insufficient to meet required payments of principal and interest, the REIT will also be subject to the risk that it will not be able to refinance the existing indebtedness on its facilities and that the terms of any refinancing it could obtain would not be as favourable as the terms of its existing indebtedness. If the REIT is not successful in refinancing debt when it becomes due, it may be forced to dispose of facilities or assets on disadvantageous terms, which might adversely affect its ability to service other debt and to meet its other obligations.

Retail Real Estate in Canada

The REIT is reliant on the retail shopping centre market in Canada. Fundamentals in retail real estate in Canada are expected to remain steady, however there will be some disruption as a result of the departure from Canada of major retailers, store closures and recent bankruptcies in the retail sector which have created a more cautious environment with retailers. While the REIT does not expect a direct impact from announcements made to date, the ability to attract high quality retailers and maintain a high level of occupancy depends, in part, on the continued popularity of open-concept centres as shopping destinations. The internet and other technologies may play a more significant role in consumer preferences and shopping patterns in the future, which could present a competitive risk to the REIT that is not easily assessed at this time. Significant deterioration of the retail shopping centre market in general as well as any changes in consumer shopping patterns could have an adverse effect on the REIT's business, financial condition or results of operations.

Since January 2015, a number of retailers including, but not limited to Sears Canada Inc., have announced downsizing and closures as a result of restructurings, bankruptcies or other factors. The demise of Sears Canada Inc. has directly impacted occupancy in the REIT's fashion enclosed centre, Cornwall Square, as the tenant announced in June 2017 that it would close their approximately 95,000 square foot location, and they terminated their lease during January 2018. In addition, the downsizing and closure of Sears and other retail stores in markets in which the REIT operates has, in the short-term to medium-term, resulted in an increased supply of vacant retail stores, which will potentially affect both retail rates and leasing fundamentals at those assets. Despite this changing landscape, the REIT believes there is sufficient demand for the majority of its locations due to become vacant during 2018 and 2019. The significant reasons are that the REIT's core assets focus on necessity based retailers who have not had as many challenges as other classes of retail and expiries during 2018 and 2019 are spread geographically and are generally well located at properties with high demand. The REIT has minimal exposure to Alberta with just three properties representing approximately 5% of total GLA and the properties in the province are 99% leased at the end of this quarter. The Alberta properties are anchored by drugstores or grocers, and surrounded by banks and national/regional chains and have historically high occupancy levels.

Occupancy and Rental Rates

Delays in lease renewals of properties and/or units of properties as vacancies arise would reduce the REIT's revenues and could adversely affect its operating performance. In addition, lower than expected rental rates could adversely affect the REIT's rental revenues and impede its growth. At December 31, 2017, the REIT had vacancies of 120,767 square feet. As well, the REIT has 92,191 square feet of lease expiries in 2018 (including those on a month-to-month basis).

Risks Relating to Current Economic Conditions

Canadian real estate investment trusts are subject to risks generally incident to the Canadian real estate, credit, capital, interest rates and financial markets. Global economic conditions and global financial liquidity conditions have resulted in persistent interruptions in the credit and capital markets, devaluations of assets directly or indirectly linked to the Canadian real estate finance markets and the concurrent elimination of long and short-term liquidity from the capital markets. These conditions have had and the REIT expects will continue to have, an adverse effect on the REIT as well as the assets the REIT has invested in.

Sensitivity to the global economic conditions and their impact in Canada, may negatively affect the income received from the REIT's real property assets. Inherent illiquidity may limit the REIT's ability to vary its portfolio in response to changes in the global, national and/or local economic conditions and may ultimately prevent the REIT from implementing its acquisition and investment strategies. Increased vacancy rates and difficulties re-leasing properties, commonly associated with recessionary economic conditions, may occur and may adversely affect the income received from the REIT's real property assets. All of these conditions could have an adverse effect on the REIT including causing an event of default under any of the REIT's mortgage indebtedness and/or credit facilities. Finally, the extent to which the REIT relies on debt or equity financing and the difficulty associated with obtaining such financing increases the likelihood the REIT would be unable to raise equity capital for its ongoing operations, acquisitions, investment strategies, refinance existing indebtedness, or result in the REIT receiving less favourable terms than that of existing financing arrangements.

Restrictive Covenants

Mortgage indebtedness and/or other credit facilities obtained by the REIT will contain covenants, including limitations on the REIT's ability to incur secured and unsecured indebtedness, sell all or substantially all of its assets and engage in mergers and consolidations and various acquisitions. In addition, mortgage indebtedness and other credit facilities will contain limitations on the REIT's ability to transfer or encumber the mortgaged properties without lender consent. These provisions may restrict the REIT's ability to pursue business initiatives or acquisition transactions that may be in its best interest. They also may prevent the REIT from selling properties at times when, due to market conditions, it may be advantageous to do so. In addition, failure to meet any of the covenants could cause an event of default under and/or acceleration of some or all of the REIT's indebtedness, which could have a material adverse effect on the REIT.

Investment Concentration

As at December 31, 2017, Place Desormeaux, Méga Centre, Centre Commercial Châteauguay, Plaza des Seigneurs, Place Elgar, Centre Le Village, Sorel, Saint Remi, Repentigny and Marcel-Laurin accounted for approximately 37% of the REIT's base rental revenues on an annualized basis. As a result, the REIT is particularly susceptible to adverse market conditions in the area of greater Montréal, Québec, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Any adverse economic or real estate developments in the area of greater Montréal, Québec, or in the future in any of the other markets in which the REIT operates, or any decrease in demand for commercial retail real estate space resulting from the local economic or business climate could adversely affect the REIT's rental revenues, which could impair its ability to satisfy its debt service obligations and generate stable positive cash flow from its operations. In addition, because the REIT's investments will consist mainly of commercial retail real estate interests, it will be subject to risks inherent in investments in a single industry and will not benefit from diversification by property type. Demand for commercial retail real estate space could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing properties in an area and the excess amount of commercial retail real estate space in a particular market. In addition, under certain circumstances, some tenants are permitted under the terms of their leases to cease business operations at the premises leased to them provided that they continue to pay the same rent for such premises. While such clauses are not uncommon in leases with key tenants of commercial retail properties, if any key tenant were to cease business operations at the premises leased to them, it could have a material adverse effect on the relevant property. To the extent that any of these conditions occur, they are likely to affect market rents for space, which could cause a decrease in the REIT's rental revenue from any of its properties at the expiry of the initial terms of any leases. Any such decrease could impair the REIT's ability to satisfy any debt service obligations and generate stable positive cash flow from its operations.

Acquisition Strategy

The REIT's long-term business strategy involves expansion of its rental property asset base through acquisitions and, potentially in the future, development of projects for rental purposes. These activities

require the REIT to identify acquisition or development candidates or investment opportunities that meet its criteria and are compatible with its growth strategy. The REIT may not be successful in identifying commercial retail real estate facilities that meet its acquisition or development criteria or in completing acquisitions, developments or investments on satisfactory terms. The REIT may also not be able to raise the funds necessary to complete an acquisition, development or investment. Failure to identify or complete acquisitions or developments will slow the REIT's growth. The REIT could also face significant competition for acquisitions and development opportunities. Some of the REIT's competitors have greater financial resources than the REIT and, accordingly, have a greater ability to borrow or raise funds to acquire properties. These competitors may also be willing and/or able to accept more risk than the REIT can prudently manage, including risks with respect to the geographic concentration of investments and the payment of higher prices to acquire properties. This competition for investments may reduce the number of suitable investment opportunities available to the REIT, may increase acquisition costs and may reduce demand for commercial retail real estate space in certain areas where the REIT's real estate properties are located and, as a result, may adversely affect the REIT's operating results. In addition, even if the REIT were successful in identifying suitable acquisitions or development projects, newly acquired real estate properties may fail to perform as expected and management of the REIT may underestimate the costs associated with the integration of the acquired facilities. In addition, any property expansions the REIT undertakes in the future are subject to a number of risks, including, but not limited to, construction delays or cost overruns that may increase project costs, financing risks, the failure to meet anticipated occupancy or rent levels, failure to receive required zoning, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. If any of these problems occur, expansion costs for a project will increase and there may be significant costs incurred for projects that are not completed. In deciding whether to acquire or expand a particular property, the REIT will make certain assumptions regarding the expected future performance of that property. If the REIT's acquisition or expansion facilities fail to perform as expected or incur significant increases in projected costs, the REIT's rental revenues could be lower and its operating expenses higher, than expected.

Potential Conflicts of Interest

The REIT has a Line of Credit with a subsidiary of First National Financial which, as of March 30, 2018, the REIT had drawn upon. The REIT has also retained mortgage brokerage services and has various property mortgages with subsidiaries of First National Financial. Mr. Moray Tawse, a significant unitholder of the REIT, has an interest in First National Financial.

Competition

The REIT competes with numerous developers, owners and operators in the commercial retail real estate industry, some of which own or may in the future own facilities that compete directly with the REIT's properties and some of which may have greater capital resources. Over the past several years the level of competition has increased significantly. If the REIT's competitors build new facilities that compete with the REIT's properties or offer space at rental rates below current market rates or below the rental rates the REIT charges its tenants, the REIT may lose existing and potential tenants and it may be pressured to discount its rental rates below those it would otherwise charge in order to retain tenants. As a result, the REIT's rental revenues may decrease, which could impair the REIT's ability to satisfy its debt service obligations and to pay distributions to Unitholders. In addition, increased competition for tenants may require the REIT to make capital improvements to facilities that it would not have otherwise made. Any unbudgeted capital improvement the REIT undertakes may reduce cash available for distributions to Unitholders.

Losses of Key Personnel May Affect Our Ability to Operate Effectively

Our operations are dependent upon the participation of our key executives. While we believe that we could find replacements for these key executives, the loss of their services and the REIT's inability to attract and retain qualified and experienced personnel may materially affect our ability to operate and expand.

Litigation

In addition to the litigation claims described under *Legal Proceedings And Regulatory Actions* class action, the REIT may become subject to disputes with tenants or other commercial parties with whom it maintains relationships or other parties with whom it does business. Any such dispute could result in litigation between the REIT and the other parties. Whether or not any dispute actually proceeds to litigation, the REIT may be required to devote significant resources, including management time and attention, to its successful resolution (through litigation, settlement or otherwise), which would detract from management's ability to focus on the REIT's business. Any such resolution could involve the payment of damages or expenses by the REIT, which may be significant. In addition, any such resolution could involve the REIT's agreement to certain settlement terms that restrict the operation of its business.

Tax Risks Related to the REIT's Tax Status

If the REIT does not qualify or ceases to qualify as a "mutual fund trust" under the Tax Act, adverse consequences may arise including that: (i) the REIT may become liable to pay certain additional tax liabilities (with the result that the amount of cash available for distribution by the REIT would be reduced and Unitholders may otherwise be adversely affected) and, (ii) if at such time the Units are also not listed or cease to be listed on the TSX (or other prescribed stock exchange), the Units may not be or may cease to be qualified investments for Plans (with the result that a Plan or its annuitants may become liable to pay additional tax or penalties or may be otherwise adversely affected).

The Tax Act contains SIFT Rules, which tax certain publicly-traded or listed trusts and partnerships in a manner similar to corporations and which tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation. The REIT will not be considered a SIFT trust, and therefore will not be subject to tax under the SIFT Rules, for a taxation year if it satisfies the REIT Exception for that year. The REIT's qualification for the REIT Exception under the SIFT Rules will depend upon the REIT's ability to meet and the REIT meeting, through actual annual operating results, the various REIT conditions imposed by the SIFT Rules. If the REIT does not qualify or ceases to qualify as a "real estate investment trust" under the REIT Exception, adverse consequences could arise including that a non-deductible distributions amount would be taxable to the REIT (with the result that the amount of cash available for distribution by the REIT would be reduced) and such amount would also be included in the income of Unitholders for purposes of the Tax Act as taxable dividends.

There can be no assurances that Canadian federal income tax laws respecting the treatment of mutual fund trusts and of REITs will not be changed, or that administrative and assessing practices of the CRA will not change or develop, in a manner which adversely affects the REIT or its Unitholders.

Other Tax Related Risks

The tax treatment of investment and real estate activities has a material effect on the advisability of an investment in the Units.

The after-tax return from an investment in Units to Unitholders who are subject to Canadian income tax can be made up of both a return on and a return of capital and will depend, in part, on the composition for tax purposes of distributions paid by the REIT (portions of which may be fully or partially taxable or may be tax deferred). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders. Subject to the SIFT Rules and the REIT qualifying for the REIT Exception, income (i.e. return on capital) is generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Amounts in excess of the income of the REIT that are paid or payable by the REIT to a Unitholder (i.e. returns of capital) are generally non-taxable to a Unitholder (and reduce the Unitholder's cost base in the Unit for tax purposes). The extent to which distributions will be tax deferred in the future as returns of capital will depend on the extent to which the REIT can shelter its taxable income by claiming capital cost allowances and other available deductions. Unitholders are advised to consult their own tax advisers with respect to the implications of the foregoing in their own circumstances.

As the Declaration of Trust provides that the REIT shall, subject to the Trustees resolving otherwise, distribute to Unitholders in each year an amount of net income and net realized capital gains in order to eliminate the REIT's liability for tax under Part I of the Tax Act, where the amount of net income and net realized capital gains of the REIT in a Taxation Year (as defined in the Tax Act) exceeds the cash available for distribution in the year, such excess net income and net realized capital gains may be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, notwithstanding that they do not directly receive a cash distribution.

There can be no assurances that Canadian federal income tax laws relevant to the REIT and its investors will not be changed, or that administrative and assessing practices of the CRA will not change or develop, in a manner which adversely affects the REIT or its investors.

Investors should consult their own professional advisors as to the tax consequences to them of making an investment in and of holding, Units.

Risks Related to the Structure of the REIT

Reliance on External Sources of Capital

Because the REIT expects to make regular cash distributions, it may not be able to fund all of its future capital needs, including capital for acquisitions and property development, with income from operations. The REIT therefore will have to rely on third-party sources of capital, which may or may not be available on favourable terms, if at all. The REIT's access to third-party sources of capital depends on a number of things, including the current state of capital markets, the market's perception of the REIT and its current and potential future earnings. If the REIT is unable to obtain third-party sources of capital, it may not be able to acquire or develop assets when strategic opportunities exist, satisfy its debt obligations or make regular distributions to Unitholders.

Interest Rate Risk and Financing Risk

The REIT attempts to stagger the maturities of its debt portfolio evenly over a ten year time horizon in order to effectively manage both interest rate and liquidity risks. The REIT has an on-going obligation to access debt markets to refinance maturing debt as it becomes due. There is a risk that lenders will not refinance such maturing debt on terms and conditions that are acceptable to the REIT or on any terms at all. The REIT's strategy of staggering the maturities of its debt portfolio attempts to limit the exposure to excessive amounts of debt maturing in any one year.

There is interest rate risk associated with two of the REIT's variable rate mortgages and the Line of Credit since the interest rate is impacted by changes in the bank rate. There is also interest rate risk associated with the REIT's fixed interest rate and term mortgages due to the expected requirement to refinance such debts in their year of maturity.

The REIT's strategy to mitigate interest rate price risk for its fixed rate mortgages is to enter into interest rate swap arrangements when deemed necessary. As of the date of this Annual Information Form, the REIT has three mortgages whereby the applicable lender has imbedded swap agreements to fix the interest rate. The REIT does not use swaps for speculative purposes.

If the debt of the REIT cannot be extended, renewed or refinanced on favourable terms as it becomes due, this would have a material adverse effect on the REIT.

Cash Distributions Are Not Guaranteed and May Fluctuate with the REIT's Performance

Although the REIT currently intends, to the extent possible, to make equal monthly cash distributions of income to the Unitholders, such cash distributions are not guaranteed and may fluctuate with its performance. The REIT will depend on revenue generated from its properties to make such distributions. There can be no assurance regarding the amount of revenue that will be generated by its properties. The amount of distributions may exceed actual cash available to the REIT from time to time and will depend upon numerous factors, including the profitability of its properties, funds used to fund the REIT's growth initiatives, fluctuations in working capital, interest rates, capital expenditures, principal repayments, redemption of Units, if any and other factors which may be beyond the control of the REIT. The REIT may be required to borrow funds in order to accommodate any such items, including distributions. If the Trustees determine that it would be in the best interests of the REIT, they may reduce for any period, the distributions to be made to the Unitholders.

Structural Subordination of Units

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the REIT and those subsidiaries before any assets are made available for distribution to the Unitholders. The Units will be effectively subordinated to most of the indebtedness and other liabilities of the REIT and its subsidiaries. Neither the REIT nor any of its subsidiaries will be limited in its ability to incur additional secured or unsecured indebtedness.

Unitholder Liability

The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with a holding of Units. However, in certain jurisdictions, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Declaration of Trust to the contrary, for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. The affairs of the REIT are conducted to minimize such risk wherever possible, but we cannot assure you that Unitholders may not be liable.

Dilution

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

Limited Public Market

The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market will be maintained or, if maintained, that such a market will be sustained. A publicly traded REIT will not necessarily trade at values determined solely by reference to the underlying value of its assets.

Restriction on Ownership of Units

Pursuant to the terms of the Declaration of Trust, the REIT must not be established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. These restrictions may limit or remove the rights of certain Unitholders, including Non-Residents. As a result, these restrictions may limit the demand for Units from certain holders and thereby adversely affect the liquidity and market value of the Units.

Risks Relating to Real Property Ownership

General

The REIT is subject to risks generally incident to the ownership of real property. The underlying value of its properties and the REIT's income and ability to make distributions to Unitholders will depend on the ability of the REIT to maintain or increase revenues from its properties and to generate income in excess of operating expenses. Income from the REIT's properties may be adversely affected by changes in national or local economic conditions, changes in interest rates and in the availability, cost and terms of mortgage financing, the impact of present or future environmental legislation and compliance with environmental laws, the ongoing need for capital improvements, particularly in older structures, changes in real estate assessed values and taxes payable on such values (including as a result of possible increased assessments caused by the acquisition of properties by the REIT) and other operating expenses, changes in governmental laws, regulations, rules and fiscal policies, changes in zoning laws, civil unrest, acts of God, including earthquakes and other natural disasters and acts of terrorism or war (which may result in uninsured losses). Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing income. In addition, a significant number of leases require payment by the tenant of operating costs at a fixed rate with an annual fixed adjustment or an annual adjustment for changes in the Consumer Price Index. Actual increases or decreases in operating costs may vary significantly from the amounts recoverable in respect thereof and could result in operating the property at a loss.

When interest rates increase, the cost of acquiring, developing, expanding or renovating real property increases and real property values may decrease as the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult to both acquire and to sell real property. Finally, governments can expropriate or take real property for less compensation than an owner believes a property is worth. Almost all of these factors are beyond the REIT's control.

Government Regulation and Environmental Matters

The REIT is subject to federal, provincial and local environmental regulations that apply generally to the ownership of real property. If it fails to comply with those laws, the REIT could be subject to significant fines or other governmental sanctions. Under various federal, provincial and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with contamination. Such liability may be imposed whether or not the owner or operator knew of, or was responsible for, the presence of these hazardous or toxic substances. The cost of investigation, remediation or removal of such substances may be substantial and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In addition, in connection with the ownership, operation and management of real properties, the REIT could potentially be liable for property damage or injuries to persons and property.

In order to assess the potential for liabilities arising from the environmental condition at its properties, the REIT is required to obtain or examine environmental assessments prepared by environmental consulting firms. The environmental assessments received in respect of the Properties did not reveal, nor is the REIT aware of, any environmental liability that the REIT believes will have a material adverse effect on it. However, the REIT cannot assure Unitholders that any environmental assessments performed have identified or will identify all material environmental conditions, that any prior owner of any property did not create a material environmental condition not known to the REIT or that a material environmental condition does not or will not otherwise exist with respect to its Properties.

Illiquidity

Real estate investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to need to sell a property, the proceeds to the REIT might be significantly less than the aggregate carrying value of such property.

Uninsured Losses

The Declaration of Trust requires that the REIT obtain and maintain at all times insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars, acts of terrorism or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the REIT could lose its investment in and anticipated profits and cash flows from, the affected property, but the REIT would continue to be obliged to repay any recourse mortgage indebtedness on such property. There can be no assurance that a claim in excess of the insurance coverage or claims not covered by insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the insurance coverage could have a material adverse effect on the REIT's business, financial condition or results of operations and distributions.

DISTRIBUTIONS

Distribution Policy

The amount of the REIT's cash distributions is determined by, or in accordance with, guidelines established from time to time by the Trustees. It is the intention of the Trustees that the aggregate amount of cash distributions made in respect of a calendar year not be less than the amount necessary to ensure that the REIT will not be liable to pay income tax under Part I of the Tax Act for such year. The Trustees of the REIT have discretion in declaring distributions and review these distributions on a regular basis. Distributions are paid monthly in the month following declaration.

For the financial year ended December 31, 2017, the REIT declared distributions to Unitholders totalling \$0.24996 per Unit. The monthly distributions declared by the REIT in each month during the fiscal years 2015, 2016 and 2017 are shown below.

Period	2015 (\$/unit)	2016 (\$/unit)	2017 (\$/unit)
Monthly	\$0.02083	\$0.02083	\$0.02083
Annualized	\$0.224996	\$0.224996	\$0.224996

Distribution Reinvestment and Optional Unit Purchase Plan

The REIT has a distribution reinvestment plan to permit eligible Unitholders to reinvest monthly Distributions in additional Units. To the extent permitted by applicable law and regulatory rulings, a participating Unitholder also has the option to purchase Units with additional cash payments, provided that Optional Cash Payments by any Plan Participant shall not be less than \$1,000 per Distribution Payment Date and not more than \$12,000 per calendar year. Plan Units will be issued directly from the treasury of the REIT at a price based on the volume-weighted average of the closing price for the 20 trading days immediately preceding the relevant distribution date. Plan Participants receive "bonus units" in an amount equal in value to 3% of each cash distribution.

To enrol in the DRIP, beneficial Unitholders must contact their broker who is a CDS participant and who holds the Unitholder's uncertificated Units. Registered Unitholders must contact Computershare Trust Company of Canada. Once enrolled, participation in the DRIP will continue automatically unless terminated. At this time Non-Residents are not eligible. Subject to any relevant agreement governing the account in which Units are held, participation in the DRIP may be terminated at any time prior to the CDS cut-off date in respect of a Distribution.

DECLARATION OF TRUST

The REIT is an unincorporated open-ended real estate investment trust established by a declaration of trust dated March 27, 2007, as amended and restated on March 23, 2015 and governed by the laws of the Province of Ontario. Although the REIT qualifies as a "mutual fund trust" as defined in the Tax Act, the REIT is not a "mutual fund" as defined by applicable securities legislation. The following summary does not purport to be complete with respect to the attributes of the Units and certain provisions of the Declaration of Trust. The following summary is qualified by reference to the terms of the Declaration of Trust, which has been filed with the Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com and on the REIT's website at www.partnersreit.com.

Rights of Unitholders

The rights of the Unitholders are established by the Declaration of Trust. Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies an investor would have as a shareholder of a corporation governed by the OBCA, significant differences exist, some of which are described below. Many OBCA requirements relating to the governance and management of a corporation have been incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of an OBCA corporation and to elect the Trustees and appoint the auditors of the REIT. The Declaration of Trust also includes provisions comparable to those of the OBCA dealing with the calling and holding of meetings of Voting Unitholders and Trustees and procedures at such meetings and the right of Voting Unitholders to participate in the decision-making process when certain fundamental actions are proposed. The matters in respect of which Voting Unitholder approval is required under the Declaration of Trust are generally less extensive than the rights conferred on shareholders of an OBCA corporation. Such Voting Unitholder approval rights are supplemented by securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or listed on the Exchange.

The Declaration of Trust contains "conflicts of interest" provisions similar to those contained in the OBCA that serve to protect Unitholders without creating undue limitations on the REIT. See "Trustees and Officers — Board of Trustees — Conflict of Interest Restrictions and Provisions". Unitholders do not have recourse to dissent rights under which shareholders of an OBCA corporation are entitled to receive the fair value of their shares if certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the REIT are entitled to receive, subject to certain conditions and limitations, their pro rata share of the REIT's net assets through the exercise of the redemption rights provided by the Declaration of Trust as described under "Redemption Right" below. Unitholders similarly do not have recourse to the statutory oppression remedy available to shareholders of an OBCA corporation where a corporation's actions are oppressive, unfairly prejudicial or disregard the interests of securityholders and certain other parties. Shareholders of an OBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in such circumstances, whereas Unitholders may rely only on the general provisions of the Declaration of Trust, which permit the dissolution of the REIT pursuant to a special resolution. Shareholders of an OBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of a corporation and its affiliates is carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not allow Unitholders to pass resolutions appointing

an inspector to investigate the Trustees' performance of their responsibilities and duties. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the REIT.

Meetings of Voting Unitholders

The Declaration of Trust provides that meetings of Voting Unitholders will be required to be called and held annually on a day on or before June 30 in each year, at a time and at a place in Canada set by the Trustees, for the purpose of (a) presenting the audited financial statements of the REIT for the immediately preceding fiscal year; (b) appointing Trustees; (c) appointing auditors of the REIT; and (d) transacting such other business as the Trustees may determine or as may be properly brought before the meeting.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the Voting Unitholders representing not less than 10% of the votes attached to all outstanding Voting Units.

Voting Unitholders may attend and vote at all meetings of the Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attached to all outstanding Voting Units shall constitute a quorum for the transaction of business at all such meetings.

Advance Notice Provisions

The Declaration of Trust includes certain advance notice provisions (the "Advance Notice Provisions"), which will facilitate orderly and efficient annual or special meetings, ensure that Unitholders receive adequate notice of trustee nominations and sufficient information with respect to all nominees and to allow Unitholders to register an informed vote.

Only persons who are nominated in accordance with the Advance Notice Provisions and otherwise in accordance with the other provisions of the Declaration of Trust shall be eligible for election as trustees of the REIT. Nominations of persons for election as trustees of the REIT may be made at any annual meeting of unitholders (or at any special meeting of unitholders if one of the purposes for which the special meeting was called was the election of trustees) only as follows: (i) by or at the direction of the Trustees, including pursuant to a notice of meeting; (ii) by or at the direction or request of one or more Unitholders pursuant to subsection 12.1(3) of the Declaration of Trust; or (iii) by any person (a "Nominating Unitholder"): (A) who, at the close of business on the date of the giving of the notice provided for the Advance Notice Provisions and on the record date for notice of such meeting, is entered in the securities register of the REIT as a holder of one or more Units carrying the right to vote at such meeting or who beneficially owns units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in the Advance Notice Provisions.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written in accordance with the Advance Notice Provisions.

To be timely, a Nominating Unitholder's notice to the chairman of the REIT must be made: (a) in the case of an annual meeting of unitholders, not less than 30 days prior to the date of the annual meeting of unitholders; provided, however, that in the event that the annual meeting of unitholders is called for a date that is less than 50 days after the date on which the first public announcement (as defined below) of the date of the annual meeting was made (the "Notice Date"), notice by the Nominating Unitholder may be made not later than the close of business on the tenth (10th) day following the later of (i) the Notice Date and (ii) the first public announcement of the amendment to the Declaration of Trust pursuant to which the Advance Notice Provisions became part of the Declaration of Trust; and (b) in the case of a special meeting (which is not also an annual meeting) of unitholders called for the purpose of electing trustees (whether or

not called for other purposes), notice by the Nominating Unitholder may be made not later than the close of business on the fifteenth (15th) day following the later of (i) the day on which the first public announcement of the date of the special meeting of unitholders was made and (ii) the first public announcement of the amendment to the Declaration of Trust pursuant to which the Advance Notice Provisions became part of the Declaration of Trust.

The chairman of the REIT shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the Advance Notice Provisions and, if any proposed nomination is not in compliance with such Advance Notice Provisions, to declare that such defective nomination shall be disregarded. In such event the chairman will provide prompt notice to the Nominating Unitholder.

Notwithstanding any of the Advance Notice Provisions, the Trustees may, in their sole discretion, waive any requirement of the Advance Notice Provisions.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by special resolution at a meeting of the Voting Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast in respect of the amendment at a meeting of the Voting Unitholders called for such purpose. The Trustees may, without the approval of the Voting Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) the Trustees or the REIT, (ii) the status of the REIT as a “mutual fund trust” under the Tax Act, or (iii) the distribution of Voting Units and to the extent reasonably practicable, ensuring the REIT will not be a SIFT Trust for the purposes of the SIFT Rules or any final legislation implementing the SIFT Rules;
- (b) which, in the opinion of the Trustees, provide additional protection or added benefits for the Voting Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;
- (e) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to issue Units for which the purchase price is payable on an instalment basis; or
- (f) for any purpose (except one in respect of which a vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Voting Unitholders and is necessary or desirable.

In no event will the Trustees amend the Declaration of Trust if such amendment would amend Voting Unitholders' voting rights, cause the REIT to fail to qualify as a “mutual fund trust”, “real estate investment trust” or “unit trust” under the Tax Act and use its best efforts not to be a SIFT Trust except where the Trustees determine that the Trust's status as a SIFT Trust would be temporary in nature and would not have adverse tax consequences to holders of Units.

DESCRIPTION OF CAPITAL STRUCTURE

At December 31, 2017, the REIT's capital structure is comprised of Units and Special Voting Units and the Debentures, each of which is described below.

Capital

The REIT's capital consists of debt and equity capital. Real estate is a capital intensive industry and as a result, debt capital, in particular, is a very important aspect of managing the business. In addition, financial leverage is used to enhance returns from acquired real estate. Given the importance of debt capital, the REIT monitors its debt regularly for compliance with debt covenants contained in its loan agreements.

The following table shows the REIT's capital as at December 31, 2017:

As at	Dec 31, 2017
Mortgages payable	\$ 273,843,200
Debentures ⁽¹⁾	7,563,686
Unitholders' equity	183,347,418
Total capital	\$ 464,754,304

⁽¹⁾ These debentures were fully redeemed in January 2018

DESCRIPTION OF UNITS

Units and Special Voting Units

As of December 31, 2017, there were 45,831,979 issued and outstanding Units and no issued and outstanding Special Voting Units.

The beneficial interests in the REIT are divided into interests of two classes, described and designated as "Units" and "Special Voting Units", respectively. An unlimited number of Units and Special Voting Units are issuable pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in the REIT, in any distributions from the REIT whether of net income, net realized capital gains or other amounts and in the net assets of the REIT in the event of a termination or winding-up of the REIT. Units are not subject to future calls or assessments and entitle a holder thereof to one vote for each whole Unit held at all meetings of Voting Unitholders or in respect of any written resolution of Voting Unitholders. Except as set out under "Redemption Right" below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Special Voting Units may only be issued in connection with or in relation to securities exchangeable, directly or indirectly, for Units in each case for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Currently, there are no Special Voting Units outstanding. However, if the Trustees so determine, Special Voting Units may be issued in the future in conjunction with and will be attached to Exchangeable Securities to which they relate and will be evidenced only by the certificates representing such Exchangeable Securities. Special Voting Units will not be transferable separately from the Exchangeable Securities to which they are attached. Each Special Voting Unit will entitle the holder thereof to that number of votes at any meeting of Voting Unitholders that is equal to the number of Units that may be obtained upon the exchange (direct or indirect) of the Exchangeable Security to which it is attached. Upon the exchange, redemption or conversion of an Exchangeable Security for Units, the Special Voting Unit that is attached to such Exchangeable Security will immediately be cancelled without any further action of the Trustees and the former holder of such Special Voting Unit will cease to have any rights with

respect thereto. Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees without the approval of Voting Unitholders. Any exchange agreement entered into in respect of Special Voting Units will be subject to the requirements of the TSX.

Fractions of Units may be issued, including pursuant to distributions of additional Units to all Unitholders. No certificates will be issued for fractional Units. Fractional Units shall not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holder thereof to notice of, or to attend or to vote at meetings of Unitholders. Subject to the foregoing, fractions of Units will carry the rights and be subject to the provisions hereof applicable to whole Units in the proportion that they bear to one Unit. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Purchases of Units

The REIT may from time to time purchase Units (or other securities of the REIT which may be issued and outstanding from time to time) for cancellation in accordance with the requirements of applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies.

Redemption Right

Units are redeemable at any time on demand by the Unitholders thereof upon delivery to the REIT of a duly completed and properly executed notice requesting redemption in a form approved by the Trustees specifying the number of Units to be redeemed.

Issuance of Units

Subject to the investment guidelines and operating policies of the REIT, the REIT may issue new Units and other securities of the REIT (including Special Voting Units issued in conjunction with the issuance of Exchangeable Securities) from time to time, in such manner, for such consideration and to such person, persons or class of persons as the Trustees shall determine. Unitholders do not have any pre-emptive rights whereby securities proposed to be issued are first offered to existing Unitholders.

Any income of the REIT that is unavailable for cash distribution will, to the extent necessary to ensure that the REIT does not have any income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder's share of the distribution as described below). In this case, the number of Units held by a Unitholder prior to the non-cash distribution will be deemed to represent the same number of Units held by the Unitholder after the non-cash distribution and the consolidation. Where amounts so distributed represent income, Non-Resident Unitholders will be subject to withholding tax and the consolidation will not result in such Non-Resident Unitholders holding the same number of Units.

Limitation on Ownership

The REIT will not be considered a “mutual fund trust” under the Tax Act if, among other things, it is established or maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act unless all or substantially all of its property is property other than “taxable Canadian property” as defined in the Tax Act. Accordingly, the Declaration of Trust and the Indenture provide that the Trustees may require

declarations as to the jurisdictions in which beneficial owners of Units are resident. The Trustees may require the REIT to refuse to accept a subscription for securities of the REIT (including Units) from a beneficial owner or require beneficial owners to sell Units, or issue or register a transfer of securities of the REIT unless the person provides a declaration that the securities of the REIT are not owned by a Non-Resident.

Information and Reports

The REIT will furnish to Voting Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Voting Unitholders' tax returns under the Tax Act and equivalent provincial legislation. Prior to each annual or special meeting of Voting Unitholders, the Trustees will provide the Voting Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the OBCA. In preparing its management's discussion and analysis of financial results, the REIT will provide, to the extent possible, comparative financial information.

Transfer and Exchange of Units

Transfers of beneficial ownership of Units represented by Global Unit Certificates will be effected through records maintained by the depository for such Global Unit Certificates or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver definitive Unit certificates, Beneficial Owners who are not participants in the depository's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Unit Certificates, may do so only through participants in the depository's system.

The ability of a Beneficial Owner of an interest in a Unit represented by a Global Unit Certificate to pledge the Unit or otherwise take action with respect to such owner's interest in the Unit represented by a Global Unit Certificate (other than through a participant) may be limited due to the lack of a physical certificate.

DESCRIPTION OF DEBENTURES AND INDENTURE

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to the Indenture.

Debentures

General

The Debentures were issued under and pursuant to the provisions of the Indenture. The REIT may, from time to time, without the consent of the holders of the outstanding debentures of the REIT, issue additional debentures.

The principal amount of the Debentures and the interest on the Debentures is payable in cash or by the issuance of Units as further described under "Description of Debentures and Indenture – Debentures — Payment upon Redemption or Maturity". The interest on the Debentures is paid on a semi-annual basis in March and September of each year.

The Debentures are direct obligations of the REIT and are not secured. The Indenture does not restrict the REIT from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Privilege

At a specified conversion price per Unit, the Debentures are convertible at the holder's option into fully paid and non-assessable Units at any time prior to the close of business on the earlier of the day the Debentures mature and the business day immediately preceding the date specified by the REIT for redemption of the Debentures, subject to adjustment upon the occurrence of certain events in accordance with the provisions of the Indenture.

Redemption and Purchase

The Debentures are redeemable at the option of the REIT in certain circumstances. In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable.

Provided that the REIT is not in default under the Indenture, the REIT will have the right to purchase Debentures in the market, by tender or by private contract.

Payment upon Redemption or Maturity

On the date of redemption or maturity, the REIT will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, together with accrued and unpaid interest thereon. The REIT may elect to satisfy its obligation to pay the principal amount of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on maturity, as the case may be, by issuing freely tradeable Units to the holders of the Debentures.

No fractional Units will be issued on redemption or maturity but in lieu thereof the REIT shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Cancellation

All Debentures converted, redeemed or purchased will be cancelled and may not be reissued or resold.

Subordination

The payment of the principal of and interest on, the Debentures is subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness.

The Debentures are also effectively subordinate to claims of creditors of the REIT and the REIT's subsidiaries relating to all indebtedness, liabilities and obligations of the REIT or its subsidiaries for the payment of which the REIT is responsible or liable, whether absolutely or contingently. Specifically, the Debentures are subordinated and postponed in right of payment to the prior payment in full of all indebtedness under any credit facility of the REIT.

Change of Control of the REIT

Within 30 days following the occurrence of a Change of Control, the REIT will be required to make an offer in writing to purchase all of the Debentures then outstanding (the "Debenture Offer"), at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon (the "Debenture Offer Price"). A "Change of Control" is defined in the Indenture as the acquisition by any Person, or group of Persons acting jointly or in concert, of voting control or direction over an aggregate of 66-2/3% or more of the outstanding Units of the REIT or securities convertible into or carrying the right to acquire Units of the REIT.

Events of Default

The Indenture describes the events which could precipitate default in respect of the Debentures. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion and shall, upon request of holders of not less than 25% in principal amount of the debentures issued under the Indenture, declare the principal of and interest on all outstanding debentures issued under the Indenture to be immediately due and payable.

Offers for Debentures

The Indenture contains provisions to the effect that if an offer is made for Debentures which would be a take-over bid for Debentures within the meaning of MI 62-104 if Debentures were considered equity securities and not less than 90% of the debentures issued under the Indenture (other than debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the debentures issued under the Indenture held by the holders of debentures issued under the Indenture who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture contains certain provisions which will make binding on all Debentureholders resolutions passed at meetings of the holders of debentures by votes cast thereat by holders of debentures representing not less than 66 $\frac{2}{3}$ % of the principal amount of the debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of debentures of each affected series.

Book-Entry System for Debentures

Except as in situations described in the Indenture, the Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS (a "Participant"). The Debenture Trustee will cause the Debentures to be delivered to CDS and registered in the name of its nominee.

Reports to Holders of Debentures

The REIT shall file with the Debenture Trustee, within 15 days after the filing thereof with the securities commission or securities regulatory authority in the provinces and territories in which the REIT is a reporting issuer (the "Securities Commissions"), copies of the REIT's information, documents and other reports that the REIT is required to file with the Securities Commissions and deliver to Unitholders.

Governing Law

Each of the Indenture and the Debentures are governed by and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein applicable to contracts executed and to be performed entirely in such Province.

Terms of Outstanding Debentures

There are no outstanding debentures as of the date of this AIF.

MARKET FOR SECURITIES

The Units are listed and posted for trading on the TSX under the symbol "PAR.UN". The following table sets forth, for the periods indicated, the reported high and low closing trading prices and aggregate volume of trading of the Units on the TSX.

Period	High (\$)	Low (\$)	Volume (#)
2017			
January	3.50	3.35	288,847
February	3.67	3.35	228,640
March	3.76	3.45	246,487
April	3.70	3.52	202,686
May	3.62	3.21	492,748
June	3.46	3.10	856,348
July	3.24	3.10	803,796
August	3.22	3.11	382,769
September	3.18	3.05	445,934
October	3.15	3.01	437,960
November	3.15	2.98	555,738
December	3.05	2.90	668,994

The Series 2 Debentures were listed and posted for trading on the TSX under the symbol "PAR.DB.A". The following table sets forth, for the periods indicated, the reported high and low closing trading prices and aggregate volume of trading of the Series 2 Debentures on the TSX. The REIT redeemed the outstanding Series 2 Debentures on August 18, 2017.

Period	High (\$)	Low(\$)	Volume(#)
2017			
January	100.51	100.00	131,000
February	100.75	100.00	365,000
March	100.41	99.30	1,535,000
April	100.10	99.80	1,329,000
May	100.15	99.37	859,000
June	100.50	100.00	762,000
July	100.75	99.02	666,000
August 1-18	101.09	100.00	271,500

On March 12, 2013, the Series 3 Debentures were listed and posted for trading on the TSX under the symbol "PAR.DB.B". The following table sets forth, for the periods indicated, the reported high and low closing trading prices and aggregate volume of trading of the Series 3 Debentures on the TSX. The REIT redeemed the outstanding Series 3 Debentures subsequent to 2017 year end on January 22, 2018.

Period	High (\$)	Low (\$)	Volume (#)
2017			
January	101.51	98.52	252,000
February	101.00	99.05	316,000
March	101.01	100.00	562,000
April	100.17	99.50	1,063,000
May	101.00	99.50	326,000
June	100.75	99.16	315,000
July	101.00	99.16	351,000
August	102.00	100.01	628,000
September	101.99	100.01	205,000
October	101.00	100.25	109,000
November	101.00	100.85	70,000
December	101.00	100.25	73,000

GOVERNANCE OF THE REIT

Board of Trustees

General

The investment guidelines and operating policies of the REIT are subject to the control and direction of the Board of Trustees, a majority of whom must be resident Canadians and a majority of whom must be Independent Trustees.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on directors of a corporation governed by the OBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the REIT and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the OBCA, that require each Trustee to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to (i) his or her remuneration as a Trustee, director or officer of the REIT or a subsidiary thereof, or (ii) insurance or indemnity.

Mandate of the Board of Trustees

The role of the REIT's Board of Trustees is one of stewardship and oversight of the REIT and its business. The Board of Trustees is responsible for overseeing management and approving major decisions. In fulfilling its mandate, the Board of Trustees is responsible, among other things, for: (i) participating in the development of and approving the strategy of the REIT; (ii) identifying and managing risk exposure; (iii) ensuring the integrity and adequacy of the REIT's internal controls and management information systems; (iv) defining the roles and responsibilities of management; (v) reviewing and approving the business and investment objectives to be met by management of the REIT; (vi) assessing the performance of management; (vii) reviewing the REIT's debt management strategy; (viii) succession planning; (ix) ensuring effective and adequate communication with the Unitholders and other stakeholders as well as the public at large; and (x) establishing committees of the Board of Trustees, where required or prudent and defining their mandate.

Relationship of the Board of Trustees and Management

The REIT's Board of Trustees has in place appropriate structures to ensure that it can function independently of management, including the requirement that all committees, with the exception of the Audit Committee, be comprised of a majority of Independent Trustees. The Audit Committee is comprised entirely of Independent Trustees.

The responsibilities of the Chair of the Board of Trustees includes overseeing the Board of Trustee’s discharge of its responsibilities. The Chair’s role and responsibility is to manage the affairs of the Board of Trustees and monitor its effectiveness.

Management’s responsibilities are determined by the REIT’s Board of Trustees. All major policy decisions relating to the business of the REIT are made by the Board of Trustees or a committee thereof.

Governance Committee

The REIT’s Governance Committee is currently comprised of three Independent Trustees. The Governance Committee consists of Simon Nyilassy, Allan Kimberley and C. Ian Ross, with Mr. Nyilassy serving as Chair. The Governance Committee is responsible for assessing the effectiveness of the Board of Trustees, each of its committees and individual Trustees, assessing the performance of management and overseeing the recruitment and selection of candidates.

Audit Committee

The REIT’s Audit Committee is currently comprised of three Independent Trustees. The Audit Committee consists of C. Ian Ross, Allan Kimberley and Simon Nyilassy, 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 holders of Voting Units. The Audit Committee charter is set out in Schedule A to this AIF.

Audit Committee member	Relevant Education and Experience
Allan Kimberley	<ul style="list-style-type: none"> • Bachelor of Commerce from McMaster University and a Masters of Business Administration degree from University of Toronto • Audit committee member of other entities and previous Vice-Chair and Managing Director at CIBC World Markets Inc.
Simon Nyilassy	<ul style="list-style-type: none"> • Honours Bachelor of Engineering Science degree from the University of Warwick • Chartered Professional Accountant • Former CEO of Regal Lifestyle Communities Inc. and Calloway Real Estate Investment Trust.
C. Ian Ross	<ul style="list-style-type: none"> • Senior Director, Administration at the Richard Ivey School of Business at the University of Western Ontario from 1997 to September 2003 • Audit committee member with various entities including currently serving as the Chair of the Audit Finance and Risk Committee of the Nuclear Waste Management Organisation until June 30, 2017.

The Board has determined that each member of the Audit Committee is “independent” and “financially literate” as defined in Multilateral Instrument 52-110 – *Audit Committees*.

Reliance on Certain Exemptions

At no time since May 10, 2007 (the date of formation of the REIT) has the REIT relied on any exemptions set forth in National Instrument 52-110 — *Audit Committees*.

Pre-approval Policies and Procedures

The Audit Committee approves, on a case by case basis, all non-audit services provided to the REIT thereof by the REIT's external auditors.

External Auditor Service Fees (By Category)

The fees paid or payable by the REIT to KPMG LLP, the REIT's current external auditors, for the periods noted below for audit and non-audit services were as follows:

	<u>2017</u>	<u>2016</u>
KPMG LLP		
Audit Fees ⁽¹⁾	\$198,570	\$191,900
Audit-Related Fees ⁽²⁾	\$114,367	110,528
Tax Fees ⁽³⁾	\$47,036	55,192
All Other Fees ⁽⁴⁾	\$10,000	11,300
Subtotal	\$369,973	\$368,920
	<u>2017</u>	<u>2016</u>
Grant Thornton LLP		
Audit Fees ⁽¹⁾	\$0	\$0
Audit-Related Fees ⁽²⁾	\$68,182	47,095
Tax Fees ⁽³⁾	\$0	\$0
All Other Fees ⁽⁴⁾	\$0	\$0
Subtotal	\$68,182	\$47,095
	<u>2017</u>	<u>2016</u>
Total Audit Fees	\$438,154	\$416,015

Notes:

- (1) This category is intended to capture all fees in respect of services performed in order to comply with Canadian generally accepted auditing standards ("GAAS"). In some cases, these may include an appropriate allocation of fees for tax services or accounting consultations, to the extent such services were necessary to comply with GAAS.
- (2) This category generally consists of fees in respect of assurance and related services reasonably related to the performance of the audit or review of the financial statements not reported under "audit fees". Included are such things as employee benefit plan audits, due diligence relating to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards.
- (3) This category includes all fees in respect of services performed by the auditors' tax professionals, except those services required in order to comply with GAAS which are included under "audit fees".
- (4) This category captures fees in respect of all services not falling under any of the foregoing three categories. Included are amounts incurred with regard to common area maintenance audits for properties owned by the REIT.

Investment Committee

The REIT's Investment Committee is currently comprised of two independent Trustees, Allan Kimberley and Grant Anthony as well as one management Trustee, Jane Domenico, with Mr. Kimberley serving as Chair. The Investment Committee is responsible for assessing the investment and strategic options of the REIT.

Trustees and Officers

The following table sets forth the name of each Trustee and executive officer of the REIT as of the date of this Annual Information Form, their province or state and country of residence, their position(s) with the REIT, their principal occupation during the preceding five years, the date they first became a trustee and the number of Securities held, directly or indirectly, by such Trustee or officer of the REIT.

<u>Name and Residence and Position(s) with the REIT</u>	<u>Principal Occupation During Past Five Years</u>	<u>Trustee⁽¹⁾/ Officer Since</u>	<u>Number of Securities Owned/ Controlled</u> (as March 29, 2018)
Allan Kimberley ⁽²⁾⁽³⁾⁽⁴⁾⁽⁸⁾ Toronto, Ontario Trustee	Mr. Kimberley is a director of First Capital Realty Inc. and of Orlando Corporation and a member of the board of the Ontario Science Centre. He was previously Vice Chairman and Managing Director of Investment Banking, Real Estate at CIBC World Markets Inc., where he worked from 1996 to 2014.	Trustee since June 2015	64,741 Units
Simon Nyilassy ⁽²⁾⁽³⁾⁽⁶⁾⁽⁷⁾ Toronto, Ontario Trustee	Mr. Simon Nyilassy is the founder and CEO of privately-held Marigold & Associates Inc. He was the President and Chief Executive Officer of Regal Lifestyle Communities Inc. from 2011 to 2015. From 2005 to 2011, Mr. Nyilassy served as President and Chief Executive Officer (and as a trustee from 2003 to 2011) of Calloway Real Estate Investment Trust.	Trustee since June 2015	65,826 Units
C. Ian Ross ⁽²⁾⁽³⁾⁽⁵⁾ Collingwood, Ontario Trustee	Mr. Ross is a corporate director and currently serves as a director and chairman of Cathay Forest Product Corp., GrowthWorks Canadian Fund Ltd. and GrowthWorks Commercialization Fund Ltd. Mr. Ross also serves as a director of Clearford Water Systems Inc. and the Nuclear Waste Management Organization until June 30, 2017. Mr. Ross served as a director Ontario Power Generation from December 2003 to April 2014.	Trustee since June 2015	13,333 Units
Grant Anthony ⁽⁴⁾ Port McNicoll, Ontario Trustee	Mr. 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 also been a licenced commercial realtor focussed on diversified investment properties across Southern Ontario.	Trustee since March 2017	7,128,726 Units

Name and Residence and Position(s) with the REIT	Principal Occupation During Past Five Years	Trustee⁽¹⁾/ Officer Since	Number of Securities Owned/ Controlled (as March 29, 2018)
Jane Domenico ⁽⁴⁾ Toronto, Ontario Trustee, President and Chief Executive Officer	Ms. Domenico has served as the REIT's President and Chief Executive Officer since July 2015. Prior to this appointment, 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 was Vice President, Asset Management Triovest Realty Advisors Inc. and its predecessor company, Redcliff Realty Advisors Inc. from 2008 to 2012.	Trustee since May 2016, CEO since July 2015; prior to that acting CEO since May 2014 and COO since February 2014	23,589 Units
Derrick W. West Oakville, Ontario Chief Financial Officer and Corporate Secretary	Mr. West has served as the REIT's CFO and Corporate Secretary since February 2014. Mr. West acted as an independent financial consultant to junior mining companies from June 2012 to January 2014. Prior to that, Mr. West was the Chief Financial Officer of Landrill International Inc. March 2008 to June 2012.	CFO since February 2014	Nil
Paul Harrs Toronto, Ontario Chief Operating Officer	Mr. Harrs most recently served as the President of Paul Harrs Real Estate Brokerage. Former partner with MHG Property Management Inc., from January 2012 to February 2014. Senior Vice President National Leasing for Ivanhoe Cambridge from 2002 to September 2011.	COO since January 2016 (resigned subsequent to year end on February 9, 2018)	6,000 Units

Notes:

- ¹ Under the Declaration of Trust, each Trustee holds office until the next annual meeting of Unitholders.
- ² Member of the Board of Trustees' Audit Committee.
- ³ Member of the Board of Trustees' Governance Committee.
- ⁴ Member of the Board of Trustees' Investment Committee.
- ⁵ Chair of the Board of Trustees.
- ⁶ Chair of the Board of Trustees' Audit Committee.
- ⁷ Chair of the Board of Trustees' Governance Committee.
- ⁸ Chair of the Board of Trustees' Investment Committee.

As of March 29, 2018, the Trustees and officers of the REIT as a group, directly or indirectly, beneficially own or exercise voting control over 7,294,289 Units, representing approximately 15.9% of the issued and outstanding Units.

Minimum Unitholding Expectations for Trustees and Officers

To align the interests of Trustees and senior management with the interests of Unitholders, the REIT has adopted unit ownership guidelines whereby each non-employee trustee is required within five years following his or her commencement date as a trustee (or the effective date of the guidelines), to have Units or Deferred Units having an aggregate value at least equal to 3 times the amount of the annual Board retainer and each officer must hold 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.

Trustees' and Officers' Liability Insurance and Indemnification

Under the REIT's trustees', directors' and officers' insurance coverage, the REIT will be reimbursed for payments made under indemnity provisions on behalf of their respective Trustees, directors and officers contained in its and its subsidiaries' respective constating documents, subject to a deductible for each loss. Individual Trustees, directors and officers will also be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the REIT, subject to a deductible that will be paid by the REIT. The Declaration of Trust also provides for the indemnification in certain circumstances of Trustees, directors and officers and persons serving in an equivalent capacity from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office. The Trustees and officers have also entered into contractual indemnities with regard to the above indemnification obligations.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as follows, no Trustee or executive officer of the REIT 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 Trustee or executive officer 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 Trustee or executive officer 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 follows, no Trustee or executive officer of the REIT nor, to the knowledge of the REIT, any Unitholder holding a sufficient number of securities of the REIT to affect materially the control of the REIT (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 trustee, director, executive officer or securityholder.

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

Mr. West, the REIT's Chief Financial Officer, was previously the Chief Financial Officer of Landdrill International Inc. ("Landdrill") from March, 2008 to June 4, 2012. Landdrill's common shares are listed on the TSX Venture Exchange. Subsequent to Mr. West's resignation, a secured creditor of Landdrill provided notice of default to Landdrill. Landdrill sought protection from the secured creditor under the *Companies' Creditors Arrangement Act* (Canada) in August, 2012.

No Trustee or executive officer of the REIT nor, to the knowledge of the REIT, any Unitholder holding a sufficient number of securities of the REIT to affect materially the control of the REIT, 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 making an investment decision.

Unit Option Plan

The REIT's Unit Option Plan authorizes the REIT to grant Unit Options to any employee, officer, Trustee, director or consultant of the REIT, its subsidiaries and/or the Manager to whom Unit Options can be granted in reliance on a prospectus and registration exemption under applicable securities laws ("Eligible Persons" and each such person holding Unit Options and participating in the Unit Option Plan is hereinafter referred to as an "Optionee"). The number of Unit Options issuable under the Unit Option Plan is subject to the following restrictions:

- (a) No single Optionee may be granted Unit Options to purchase a number of Units equalling more than 5% of the issued Units in any one 12-month period;
- (b) Unit Options shall not be granted if the exercise thereof could result in the issuance of more than 2% of the issued Units in any one 12-month period to any one consultant of the REIT or its subsidiaries;
- (c) Unit Options shall not be granted if the exercise thereof could result in the issuance of more than 2% of the issued Units in any one 12-month period to persons employed to provide "Investor Relations Activities" (as such terms are defined in the policies of the applicable stock exchange) for the REIT. Unit Options granted to consultants performing Investor Relations Activities for the REIT will contain vesting provisions such that vesting occurs over at least 12 months with no more than 25% of the options vesting in any three month period; and
- (d) The number of Units reserved for issuance under the Unit Option Plan to Eligible Persons, at any time, cannot exceed 10% of the then issued and outstanding Units when combined with all of the REIT's other security based compensation arrangements (including the Deferred Unit Plan).

The Unit Option Plan provides that the terms of the Unit Options granted and the Unit Option prices shall be fixed by the Trustees subject to the price and other restrictions imposed by the relevant regulatory authorities, but shall not be less than the market price per Unit at the time of grant less the permissible discount permitted by the rules of any stock exchange or other regulatory body having jurisdiction. Unit Options granted under the Unit Option Plan are not transferable or assignable. Unit Options granted under the Unit Option Plan shall be for a term determined by the Trustees but in any event must be exercisable for a period not in excess of five years. Unit Options granted under the Unit Option Plan shall vest in such a manner as determined by the Trustees and the exercise price must be paid in full upon exercise of the Unit Option. The administration and operation of the Unit Option Plan may be delegated by the Board of Trustees to a committee of the Trustees, any officer of the REIT or to a duly appointed manager of the affairs of the REIT.

If an Optionee ceases to be an Eligible Person for any reason other than death, retirement or permanent disability, the Optionee will have a period not in excess of 90 days from the date the person ceased to be an Eligible Person to exercise Unit Options held to the extent that the Optionee was entitled to exercise the Unit Options at the date of such cessation. In the event of death of the Optionee, Unit Options previously granted are exercisable for a period not in excess of 180 days next succeeding such death to the extent that the Optionee was entitled to exercise the Unit Option at the date of death. In the event of termination of employment by reason of retirement or disability, the Optionee will have a period not in excess of 90 days from the date the person ceased to be an Eligible Person to exercise the Unit Options held to the extent that the Optionee was entitled to exercise the Unit Options at the date of such cessation, provided that if the Optionee dies during such period, then such period shall be extended for 90 days following death. Notwithstanding the foregoing, Unit Options granted to an Optionee engaged or employed by the REIT in investor relations must expire within 30 days after the Optionee ceases to be engaged or employed by the REIT to provide investor relations activities. The Board of Trustees may at any time discontinue the Unit Option Plan and, subject to applicable regulatory approval, may amend the terms of the Unit Option Plan,

provided that no amendment may be made without the consent of an Optionee, if it in any manner adversely affects an Optionee's rights under any option previously granted to such Optionee under the Unit Option Plan.

As at March 29, 2018, the REIT has no Unit Options outstanding, leaving unallocated Unit Options with respect to an aggregate of 4,380,363 Units available for future grants (representing approximately 10% of the issued and outstanding Units), based on the number of currently outstanding Units, however, the total number of securities available for grant for all security based compensation arrangements in the aggregate (including the Deferred Unit Plan) cannot exceed 10% of the REIT's total issued and outstanding Units.

Deferred Unit Plan

At the June 17, 2015 Annual and Special Meeting, Unitholders approved a deferred unit plan for non-employee Trustees ("Trustee Participants"). The deferred unit plan was amended and restated as of November 1, 2016 to also allow for the participation by officers of the REIT ("Officer Participants").

The Deferred Unit Plan is overseen by the Board and the Governance Committee. Trustee Participants and Officer Participants may be awarded deferred units, each of which are economically equivalent to one Unit ("Deferred Units"), from time to time at the discretion of the Board on recommendation of the Governance Committee ("Granted DUs"), subject to a maximum amount of Granted DUs per year for each participant not to exceed that number which is \$100,000 divided by the Average Market Price of a Unit (defined below) on the award date. The maximum number of Deferred Units issuable pursuant to the Deferred Unit Plan will, in the aggregate, not exceed 1% of the total number of issued and outstanding Units, on a fully-diluted basis, however, the total number of securities available for grant for all security based compensation arrangements in the aggregate (including the Option Plan) cannot exceed 10% of the REIT's total issued and outstanding Units. Trustee Participants may also, subject to the terms of the Deferred Unit Plan, elect to receive up to 100% of his or her annual retainer (including fees for serving as Chair of the Board or a committee of the Board) and meeting fees for a calendar year otherwise payable in cash ("Trustee Fees") in the form of Deferred Units. Officer Participants may also, subject to the terms of the Deferred Unit Plan, elect to receive up to 100% of his or her annual bonus, if any, for a calendar year otherwise payable in cash ("Officer Bonus") in the form of Deferred Units.

The number of Deferred Units (including fractional Deferred Units) granted at any particular time pursuant to the Deferred Unit Plan will be equal to (i) the elected amount in respect of Trustee Fees, as determined by a Trustee, and Officer Bonuses, as elected by an Officer, divided by the Average Market Price of a Unit on the award date, plus (ii) the Granted DUs, if any, granted to such Trustee. "Average Market Price" 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 as determined by the Board in its sole discretion.

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 as set out below) or rights on liquidation. One (1) Deferred Unit is economically equivalent to one (1) Unit. Fractional Units are permitted under the Deferred Unit Plan.

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 Trust's Distribution Reinvestment Plan, by dividing the amount which is equal to the aggregate distributions that would have been paid to such participant on the Deferred Units in the participant's Deferred Unit Account had such Deferred Units been Units, divided by the Average Market Price on the distribution payment date. Such additional Deferred Units shall vest on the same basis as the initial Deferred Units granted from the date of grant.

Deferred Units credited to a participant shall count towards ownership requirements as prescribed from time to time by the Board.

Deferred Units granted to Trustees pursuant to the terms of the Deferred Unit Plan will vest immediately upon grant. The Deferred Units shall be redeemable by the participant (or, where the participant has died, by his or her estate) on or after the date on which the participant ceases to be a Trustee, provided that any such redemption date is not later than two (2) years following the date the participant ceased to be a Trustee. For greater certainty, in the event that a participant (or his or her estate) has not redeemed his or her Deferred Units prior to the date that is two years following the date the participant ceases to be a Trustee, such Deferred Units shall be automatically redeemed on the date that is two years following the date the participant ceases to be a Trustee without any action required on the part of the participant (or his or her estate).

For participants that are Canadian residents and are not U.S. taxpayers, the Deferred Units credited to a participant's Deferred Unit account may be redeemed in whole or in part for Units issued from treasury or, to the extent elected by the participant in his or her sole discretion, for cash, on the date on which the participant files a written notice of redemption with the Chief Financial Officer of the Trust.

The maximum number of Units reserved for issuance under the Deferred Unit Plan at any time shall be 1.0% of the Trust's outstanding Units. 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 Deferred Unit Plan to increase such limit without notice to participants subject to unitholder approval. If any Deferred Unit granted under this Deferred Unit Plan is terminated, expired 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 the Deferred Unit Plan.

The administration of the Deferred Unit Plan shall be subject to and be 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 Board, in its sole discretion, determine that it is not desirable or feasible to provide for the redemption of Deferred Units into Units, 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 obligation be satisfied by means of a cash payment by the Trust equal to the Average Market Price 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 Trust with any and all information and undertakings, as may be required to ensure compliance therewith.

The Deferred Unit Plan provides that Unitholder approval is not required for any amendment to the plan except for any amendment or modification that:

- a) results in any increase in the number of Deferred Units issuable under the plan; or
- b) permit Deferred Units granted under the plan to be transferable or assignable other than for normal estate settlement purposes.

Without limiting the general amendment powers described above and for greater certainty, Unitholder approval is not required for amendments to the Deferred Unit Plan to do the following:

- a) for the purpose of making formal, minor or technical modifications to any of the provisions of the plan, including amendments of a "housekeeping" nature;
- b) to correct any ambiguity, defective provisions, error or omission in the provisions of the plan;
- c) to amend the vesting provisions of the Deferred Units;

- d) to change the termination provisions of the Deferred Units of the plan; or
- e) any other amendment that does not require unitholder approval under applicable laws or the rules of the TSX,

provided, however, that no such act shall diminish any rights accrued in respect of grants of Deferred Units made prior to the effective date of such amendment.

PROMOTER

There were no promoters of the REIT within the three years immediately preceding the date of this Annual Information Form.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The REIT and its subsidiaries may be subject to certain claims and lawsuits from time to time in the course of carrying on business. Other than noted below, management is not aware of any material litigation or regulatory actions outstanding, threatened or pending as of the date of this Annual Information Form by or against the REIT.

Holyrood Acquisition and Rescission

On April 22, 2014, the REIT closed the acquisition of three properties in the Province of Ontario (the "April Transaction") which included a mixed use urban property in Hamilton, a multi-tenanted retail property in London and a multi-tenanted retail property in Kemptville (together, the "Holyrood Properties").

In May 2014, the Board of Trustees obtained material new information that persuaded the Board of Trustees that Mr. Ron McCowan, the Interim Chief Executive Officer of the REIT, had a close business relationship with Ms. Laura Philp, the owner of Holyrood, sufficient that they should have been considered as acting together under applicable regulation. If the Board of Trustees had been aware of the extent of the dealings between Mr. McCowan and Ms. Philp, they would have required that the April Transaction be submitted to the Unitholders for their approval.

On June 6, 2014 the REIT and Holyrood entered into an agreement to rescind and unwind the April Transaction which occurred in October 2014.

On October 2, 2014 the REIT announced that it had received an order from the Ontario Superior Court and had completed the rescission of the April Transaction.

On December 4, 2014, the REIT announced that it had been notified that a statement of claim dated November 28, 2014 had been issued in the Ontario Superior Court seeking certification of a class action on behalf of persons who held Units of the REIT on April 1, 2014 against certain parties, including a former Officer and former Trustees of the REIT. The class action was certified on November 8, 2016. The REIT itself has not been named as a defendant in the legal proceedings which allege that the conduct of the defendants in connection with the April Transaction caused harm to the plaintiffs. The REIT has certain indemnity obligations to its former Officer and former Trustees with respect to this claim, subject to exceptions including where it is determined that there has been a failure to act honestly and in good faith. The REIT has insurance which it expects to be applicable in these circumstances. Given that the REIT has not been named in the litigation and the REIT has insurance in place, the REIT does not believe it will be material to its business and affairs.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The REIT has a Line of Credit financing arrangement with a subsidiary of First National Financial. The REIT also has various property mortgages and mortgage broker engagements with subsidiaries of First

National Financial. Mr. Moray Tawse, a significant unitholder of the REIT, has an interest in First National Financial.

Other than as described in the preceding paragraphs and elsewhere in this Annual Information Form, no Trustee, executive officer or Unitholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued securities of the REIT, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect the REIT within the three years preceding the date of this Annual Information Form.

REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar for the Units is Computershare at its principal offices located in Toronto, Canada. The transfer agent for the Debentures is Computershare at its principal offices located in Toronto, Canada.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts which the REIT has entered into since the beginning of the most recently completed financial year, or before the most recently completed financial year but still in effect, are as follows:

- (a) the Declaration of Trust (see “Declaration of Trust and Description of Units”).

Copies of the foregoing may be inspected at the head office of the REIT during normal business hours upon reasonable prior notice.

INTEREST OF EXPERTS

KPMG LLP of Vancouver, British Columbia are the REIT’s auditors. KPMG LLP were appointed as the REIT’s auditors in 2012. KPMG LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the REIT may be found on the System for Electronic Document Analysis and Retrieval which can be accessed at www.sedar.com. Additional information, Trustees’ and officers’ remuneration and indebtedness, principal holders of Units and securities authorized for issuance under equity compensation plans, if applicable, will be contained in the REIT’s information circular for its annual meeting of Unitholders anticipated to be held June 21, 2018. Additional financial information is also provided in the REIT’s financial statements and management’s discussion and analysis for the year ended December 31, 2017 and its on-going filing with securities regulators.

GLOSSARY OF TERMS

The following terms used in this Annual Information Form have the meanings set out below:

Adjusted Unitholders' Equity means, at any time, the aggregate of Unitholders' equity and the amount of accumulated depreciation and amortization recorded on the books and records of the REIT in respect of its properties and assets, calculated in accordance with IFRS;

"affiliate" has the meaning ascribed thereto for the purposes of Part XX of the *Securities Act* (Ontario);

"April Transaction" has the meaning ascribed to such term under "Legal Proceedings And Regulatory Actions";

"AIF" means Annual Information Form

"Audit Committee" means the audit committee of the Board of Trustees;

"Beneficial Owner" has the meaning ascribed to such term under "Declaration of Trust and Description of Units – Debentures – Book-Based System";

"Board of Trustees" means the board of Trustees of the REIT;

"Business Day" means any day except a Saturday, Sunday or statutory holiday in the City of Toronto, Ontario;

"CDS" means CDS Clearing and Depository Services Inc.;

"Closing Market Price" has the meaning ascribed to such term under "Declaration of Trust and Description of Units – Redemption Right";

"Computershare" means Computershare Trust Company of Canada;

"Control" means any change resulting in one entity or a number of commonly controlled entities acquiring 50% or more of the units of the REIT;

"Consumer Price Index" means the consumer price index as published by Statistics Canada monthly;

"CRA" means the Canada Revenue Agency;

"Current Market Price", at any date, means the volume-weighted average trading price for the Units on the TSX for the 20 consecutive trading days ending five trading days prior to the applicable date;

"Debentureholder" means a holder of Debentures;

"Debentures" means the Series 2 Debentures and the Series 3 Debentures;

"Declaration of Trust" means the REIT's declaration of trust dated March 27, 2007, as amended and restated on with effect as of June 4, 2010 and as further amended and restated with effect as of November 3, 2010, December 15, 2011, March 29, 2012, May 11, 2012, April 8, 2013, May 28, 2014 and March 23, 2015;

"Deferred Unit Plan" means the amended and restated deferred unit plan of the REIT dated November 1, 2016;

"Distribution" has the meaning ascribed to such term under "Distributions – Distribution Reinvestment and Optional Unit Purchase Plan";

“Distribution Payment Date” means, in respect of a Distribution Period, any date that a distribution is paid to Unitholders in respect of such period, generally being the 15th calendar day of each month (or if such day is not a Business Day, on the next Business Day thereafter) following the Distribution Period;

“Distribution Period” means each calendar month, or as otherwise determined by the Trustees;

“DRIP” means the REIT’s Amended and Restated Distribution Reinvestment Plan dated January 1, 2008, amended as effective March 1, 2016;

“Eligible Persons” has the meaning ascribed to such term under “Trustees and Officers – Unit Option Plan”;

“Exchangeable Securities” has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Units and Special Voting Units”;

“Fiscal Year” means the financial reporting year of the REIT commencing January 1 and ending on December 31 in each calendar year and any other 12 month reporting period adopted by the Trustees from time to time;

“GLA” means gross leaseable area;

“Global Unit Certificates” has the meaning ascribed to such terms under “Declaration of Trust and Description of Units – Book-Based System”;

“Governance Committee” means the governance, compensation and nominating Committee of the Board of Trustees;

“Gross Book Value” means the purchase cost of an acquired property (for greater certainty whether paid in cash, by the assumption of any mortgage or other indebtedness, the issuance of debt or equity, or in any other manner), including all out-of-pocket costs incurred by the REIT or its Subsidiaries in connection with the acquisition, including legal fees and disbursements, registration and filing fees, land transfer and sales taxes, all calculated and as may be adjusted from time to time, in accordance with IFRS applicable to the real estate industry, applied on a consistent basis, plus all capital expenditures relating to such Properties since the date of acquisition;

“Holyrood” Holyrood Holdings Limited;

“Holyrood Properties” means the three Ontario retail centres located in Hamilton, London and Kemptonville that were acquired by the REIT in a transaction in April 2014 from Holyrood Holdings Limited; the transaction being subsequently rescinded in October 2014.

“IFRS” means International Financial Reporting Standards;

“Indenture” means the trust indenture entered into between the REIT and Computershare Trust Company of Canada dated March 8, 2011, as amended by a first supplemental indenture dated March 29, 2012, a second supplemental indenture dated September 5, 2012 and a third supplemental indenture dated March 12, 2013;

“Independent Trustee” means a Trustee of the REIT who is “independent” (as defined in Multilateral Instrument 52-110 — *Audit Committee* as in effect on the date hereof and as amended from time to time);

“Investment Committee” means the investment committee of the Board of Trustees;

“Line of Credit” has the meaning ascribed to such term under “General Development of the Business – Property Financings and Credit Facilities – Renewal of Line of Credit with First National”;

“Market Price” has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Redemption Right”;

“MI 62-104” means Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

“Net Asset Value” is a measure of the REIT’s total assets less its liabilities, and is represented on the balance sheet as unitholders’ equity;

“Non-Resident” includes, in the case of a Person other than a partnership, a Person who is not resident in Canada for purposes of the Tax Act and, in the case of a partnership, a partnership that is not a “Canadian partnership” for purposes of the Tax Act;

“OBCA” means the *Business Corporations Act* (Ontario);

“Officer Participant” has the meaning ascribed to such term under “Trustees and Officers – Deferred Unit Plan”;

“Optional Cash Payment” has the meaning ascribed to such term under “Distributions – Distribution Reinvestment and Optional Unit Purchase Plan”;

“Optionee” has the meaning ascribed to such term under “Trustees and Officers – Unit Option Plan”;

“Participant” has the meaning ascribed to such term under “Description of Debentures and Indenture – Debentures – Book-Entry System for Debentures”;

“Person” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status and whether acting in an individual, fiduciary or other capacity;

“Plan Participant” has the meaning ascribed to such term under “Distributions – Distribution Reinvestment and Optional Unit Purchase Plan”;

“Plans” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts, each as defined in the Tax Act and **“Plan”** means any of them;

“Properties” means the properties owned, directly or indirectly, by the REIT;

“Redemption Price” has the meaning ascribed to such term under “Declaration of Trust and Description of Units – Redemption Right”;

“REIT” means Partners Real Estate Investment Trust, a trust formed under the Declaration of Trust, including where the context requires, the REIT’s subsidiaries and means Charter Real Estate Investment Trust prior to the name change described under “General Development of the Business – Name Change”;

“REIT Exception” means the exception from the application of the tax regime under the SIFT Rules, which exception applies to real estate investment trusts that meet a series of conditions relating to the nature of their revenue and investments;

“Rights Offering” means an offering under which a unitholder of the REIT is entitled to subscribe for additional units of the REIT in proportion to their existing holdings upon payment of the subscription price, the terms of which are defined in a prospectus.

“Securities” means any security of the REIT and, for greater certainty, includes Units, Unit Options and Debentures;

“**Series 2 Debentures**” means the 6.0% convertible unsecured subordinated debentures of the REIT offered by way of short form prospectus dated August 28, 2012 maturing on September 30, 2017;

“**Series 3 Debentures**” means the 5.5% convertible unsecured subordinated debentures of the REIT offered by way of short form prospectus dated March 5, 2013 maturing on March 31, 2018;

“**SF**” means square feet;

“**shadow anchors**” means anchor tenants that are adjacent to the owned REIT asset but not on the REIT owned assets’ land(s);

“**SIFT**” means, in connection with the SIFT Rules, a “specified investment flow-through”;

“**SIFT Rules**” has the meaning ascribed to such term under “Risk Factors – Risks Relating to the REIT – Tax Risks Related to have REIT’s Tax Status”;

“**Special Voting Unit(s)**” means non-participating special voting unit(s) of the REIT and, for greater certainty, does not mean Unit(s);

“**Subsidiaries**” means any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by the REIT;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder;

“**Trustee**” means a trustee of the REIT and “**Trustees**” means all of the trustees of the REIT;

“**Trustee Participant**” has the meaning ascribed to such term under “Trustees and Officers – Deferred Unit Plan”;

“**Trustee Fees**” has the meaning ascribed to such term under “Trustees and Officers – Deferred Unit Plan”;

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

“**Unit**” means ordinary participating voting unit(s) of the REIT and, for greater certainty, does not mean Special Voting Unit(s);

“**Unitholder(s)**” means the holder(s) of Units;

“**Unit Interest Payment Election**” has the meaning ascribed to such term under “Description of Debentures and Indenture – Debentures – Interest Payment Option”;

“**Unit Option Plan**” means the plan adopted by the REIT that authorizes the REIT to grant Unit Options;

“**Unit Options**” means options for the purchase of Units under the Unit Option Plan;

“**Voting Unitholders**” means the holders of Units and Special Voting Units; and

“**Voting Units**” means collectively, the Units and Special Voting Units.

SCHEDULE A

Updated November 8, 2017

AUDIT COMMITTEE CHARTER

The Audit Committee (the “**Committee**”) of the Board of Trustees (the “**Board**”) of Partners Real Estate Investment Trust (the “**Trust**”) shall, in accordance with the responsibilities and duties set out in this Charter, assist the Board in discharging the Board’s responsibilities relating to oversight of the financial reporting process for the Trust. This Charter is subject to and shall be interpreted in a manner consistent with the Trust’s Declaration of Trust and with any applicable law.

PART I COMPOSITION OF AUDIT COMMITTEE AND APPOINTMENT OF CHAIR

COMPOSITION AND TERM

The Committee shall be composed of members of the Board in such number as is determined by the Board with regard to the Declaration of Trust, applicable laws, rules and regulations and any other relevant consideration, subject to a minimum requirement of three members. The members of the Committee shall be appointed annually by the Board, having considered the recommendation of the Governance, Compensation and Nominating Committee, and shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three Trustees.

INDEPENDENCE OF MEMBERS

The members of the Committee shall be independent within the meaning of the provisions of National Instrument 52-110 – *Audit Committees*, as may be amended from time to time (“**NI 52110**”).

QUALIFICATION AND FINANCIAL LITERACY OF MEMBERS

In addition to the qualities set out in the Declaration of Trust and in the Policy of Practices for Trustees appended to the Mandate of the Board of Trustees of the Trust, all members of the Committee should be financially literate or be willing and able to acquire the necessary knowledge within a reasonable period of time following appointment. While the Board shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand 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 the Trust’s financial statements.

Committee members will enhance their familiarity with the Trust’s business as well as with financial, accounting and other areas relevant to their responsibilities by participating in educational sessions or other opportunities for development provided by the Board.

APPOINTMENT OF COMMITTEE CHAIR

A chair of the Committee (the “**Chair**”) will be appointed by the Board upon recommendation of the Governance, Compensation and Nominating Committee from among the independent Trustees failing which the members of the Committee may designate a Chair by majority vote of the full Committee membership. The Committee may from time to time delegate to its Chair certain powers or responsibilities

that the Committee itself may have hereunder. The Chair will have the responsibilities described in Part 4 hereto.

PART 2
AUDIT COMMITTEE PROCEDURE AND AUTHORITY

FREQUENCY OF MEETINGS

The Committee shall meet at least once per quarter, or more frequently as necessary to carry out its duties and responsibilities.

QUORUM

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. Unless otherwise set by the Board, a majority of members of the Committee, present in person, by teleconferencing, or by videoconferencing will constitute a quorum.

CALLING OF MEETINGS

The Chair, any member of the Committee, the chair of the Board, the Chief Executive Officer, the Chief Financial Officer, or the external auditor may call a meeting of the Committee by notifying the Chair of the Committee who will notify the members of the Committee. The Chair shall chair all Committee meetings that he or she attends, and in the absence of the Chair, the members of the Committee present may appoint a chair from their number for a meeting.

PROCEDURE

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be in compliance with the Declaration of Trust.

ATTENDANCE OF NON-MEMBERS

The Committee may invite any trustee, officer or employee of the Trust, the Trust's counsel, the external auditor or any other person, as appropriate, to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee but who shall not vote. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities. The Committee will meet at the end of each meeting with only members of the Committee present.

ACCESS TO MANAGEMENT

In fulfilling the responsibilities set out in this Charter, the Committee has the authority to conduct any investigation and access any officer, employee or agent of the Trust appropriate to fulfilling its responsibilities, including the external auditor.

OUTSIDE ADVISORS

The Committee may at any time retain any external legal, accounting or other advisor, at the expense of the Trust, to assist it in fulfilling its responsibilities and in that regard, may set the compensation of such advisor. The Committee shall inform the Chairman of the Board of the retention of an advisor.

MINUTES

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held.

REPORTING

The Chair shall report to the Board on all material matters considered by the Committee at the first Board meeting after the Committee's meeting. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

The Chair of the Committee shall report annually to the Board on Audit Committee compliance with the charter.

COMMITTEE DECISIONS

Decisions at the meetings of the Committee shall be determined by a vote of the majority of those present and eligible to vote. The Chair of the meeting shall not have a second or casting vote. Any decision or recommendation of the Committee shall not become effective as a decision of the Board until such decision or recommendation is either confirmed or otherwise extended or amended by the Board, unless the Board has expressly delegated a particular matter to be finalized by the Committee without requiring the subsequent confirmation by the Board. The Committee shall submit all its decisions for approval to the next meeting of the Board.

PART 3 MANDATE OF AUDIT COMMITTEE

DUTIES AND RESPONSIBILITIES

The Committee shall have the duties and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and the Trust's Declaration of Trust. In addition to these functions and responsibilities, the Committee shall perform the duties required of it by any exchange upon which securities of the Trust are traded, or any governmental or regulatory body exercising authority over the Trust, as are in effect from time to time.

(A) FINANCIAL REPORTING AND DISCLOSURE

- (i) Audited Annual Financial Statements: Review the audited annual financial statements, all related MD&A, and profit or loss press releases for submission to the Board for approval.
- (ii) Quarterly Review: Following their review by the external auditor, review the quarterly financial statements, the related management discussion and analysis ("MD&A"), and profit or loss press releases for submission to the Board for approval.
- (iii) Significant Accounting Principles and Disclosure Issues: Review with management and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, the existence and substance of significant accruals, estimates and valuation of investment property, highly

judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This shall be undertaken with a view to understanding their impact on the financial statements, and to gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly the Trust's financial position and the results of its operations in accordance with Canadian GAAP.

- (iv) Off-Balance-Sheet Transactions: Discuss with management the effect of any off-balance-sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Trust's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses.
- (v) Treasury Updates: Review quarterly treasury updates and approve key treasury matters including financing plans.
- (vi) Certification: Review the certification processes and procedures followed by the Trust's senior officers in relation to financial statement certification. Review and discuss with the Chief Executive Officer and Chief Financial Officer their readiness to certify the quarterly and annual financial statements and related disclosure material as required under Canadian securities legislation.
- (vii) Annual Information Form: Review the Annual Information Form and make a recommendation for approval thereof to the Board.
- (viii) Other Disclosures: Satisfy itself that adequate procedures are in place for the review of the Trust's public disclosure of financial information, other than the public disclosure of the information referred to in subsections (i) and (ii) above, and periodically assess the adequacy of those procedures.

(B) OVERSIGHT OF INTERNAL CONTROLS

- (i) Review and Assessment: Review and assess with management:
 - A. the Trust's guidelines and policies with respect to risk assessment;
 - B. the adequacy and effectiveness of the Trust's system of internal control and management information systems, including through discussions with the external auditor;
 - C. the Trust's major financial risk exposures and the steps management has taken to monitor and control such exposures; and
 - D. all related party transactions and the development of policies and procedures related to those transactions.
- (ii) Oversight: Oversee system of internal control, by:
 - A. monitoring and reviewing policies and procedures for internal accounting, internal audit, financial control and management information;

- B. consulting with the external auditor regarding the adequacy of the Trust's internal controls;
 - C. reviewing with management its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response;
 - D. obtaining from management adequate assurances that all statutory payments and withholdings have been made; and
 - E. reviewing the adequacy of insurance coverage maintained by the Trust.
- (iii) Fraud: Oversee investigations of alleged fraud and illegality relating to the Trust's finances.
- (iv) Complaints: Review the Trust's Policy for Receipt of Complaints and Whistleblower Protection Policy with management to ensure appropriate procedures exist for the receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.

(C) OVERSIGHT OF EXTERNAL AUDITOR

- (i) Appointment or Replacement: Recommend the appointment or replacement of the external auditor to the Board, who will consider the recommendation prior to submitting the nomination to the shareholders for their approval.
- (ii) Compensation: Review with management, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Trust, and the extent of internal audit and other support provided by the Trust to the external auditor.
- (iii) Reporting Relationships: The external auditor will report directly to the Committee.
- (iv) Performance: Review with management, on a regular basis, the terms of the external auditor's engagement, accountability, experience, qualifications and performance. Evaluate the experience and qualifications of the senior members of the external auditor's team. Evaluate the performance of the external auditor.
- (v) Transition: Review management's plans for an orderly transition to a new external auditor, if required.
- (vi) Audit Plan: Review the audit plan and scope of the external audit with the external auditor and management, and consider whether the nature and scope of the planned audit procedures can be relied upon to detect weaknesses in internal controls, frauds or other illegal acts.
- (vii) Audit Plan Changes: Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of

any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.

- (viii) Review of Results: Review, in the absence of management, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, assumptions about materiality, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.
- (ix) Disagreements with Management: Resolve any disagreements between management and the external auditor regarding financial reporting.
- (x) Material Written Communications: Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.
- (xi) Interim Financial Statements: Engage the external auditor to review all interim financial statements and review, in the absence of management, the results of the auditor's review of the interim financial statements and the auditor's review of the related MD&A.
- (xii) Other audit matters: Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.
- (xiii) Meeting with External Auditor: Meet with the external auditor in the absence of management at least quarterly to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.
- (xiv) Correspondence: Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Trust's financial statements or accounting policies.
- (xv) Independence: At least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Trust, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Trust, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner more frequently than every five years, as is required under the rules of the Canadian Public Accountability Board.

- (xvi) Non-Audit/Audit Services: Pre-approve any non-audit services to be provided to the Trust or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor's independence.
- (xvii) Hiring Policies: Review and approve the policies of the Trust regarding the hiring of partners, employees and former partners and employees of the present and former external auditor.

(D) **COMPLIANCE WITH LAWS**

- (i) Compliance with Laws: Review regular reports from management and the Auditor with respect to compliance with laws and regulations having a material impact on the financial statements;
- (ii) Taxation matters: Review on a periodic basis, the status of taxation matters;
- (iii) Covenants: Review on a periodic basis, assurances of compliance with covenants in trust deeds or loan agreements;
- (iv) Code of Business Conduct: Approve a Code of Business Conduct that is comprised of standards reasonably designed to promote integrity and review reports from management, the Auditor and/or other committees' chairmen on their review of compliance with the Code of Business Conduct;
- (v) Compliance: Confirm through discussions with management that Canadian GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with,
- (vi) Legal Events: Review any actual or anticipated litigation or other contingency, including tax assessments, which could have a material current or future effect on the Trust's financial statements, and the manner in which these have been disclosed in the financial statements,
- (vii) Environment: Review compliance with environmental legislation.
- (viii) Declaration of Trust: Review the Declaration of Trust as required and at least on a biennial basis to ensure its compliance with applicable laws and serves the requirements of the REIT and its Unitholders. Recommend proposed amendments to the Board for approval.

(E) **BOARD RELATIONSHIP AND REPORTING**

- (i) Performance: Review the Committee's performance annually and propose recommended changes to the Board.
- (ii) Adequacy of Charter: Review and assess the adequacy of this charter annually, taking into account all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Bank has a reporting relationship, and submit such amendments as the Committee proposes to the Governance, Compensation and Nominating Committee.

- (iii) Disclosure: Oversee appropriate disclosure of the Committee's charter, and other information required to be disclosed by applicable legislation, in the Trust's Annual Information Form and all other applicable disclosure documents.
- (iv) Reporting: Report regularly to the Board on Committee activities, issues and related recommendations.

(F) **COMPUTERIZED SYSTEMS**

- (i) Quality, Accuracy Protection: Review procedures and reports from Management related to computerized accounting systems with respect to quality and accuracy, Material Changes: Oversee material changes to enterprise resource product systems;
- (ii) Material changes: Review any material changes to information technology systems;
- (iii) Reliability: Review periodically enterprise-wide information technology systems reliability; and
- (iv) Security: Review periodically enterprise-wide information technology security and disaster recovery plans, the adequacy of the protection against damage and disruption, and security of confidential information through information systems reporting.

**PART 4
RESPONSIBILITIES OF COMMITTEE CHAIR**

RESPONSIBILITIES OF THE CHAIR

1. The role and responsibilities of the Chair are set out below:
 - (a) attend and preside over Committee meetings;
 - (b) provide direction with respect to the dates, locations and frequencies of Committee meetings;
 - (c) coordinate with the chair of the Board to enhance the overall functioning of the Board;
 - (d) liaise with the Trust's officers, as appropriate, to information relevant to the Committees duties and responsibilities and to communicate decisions and conclusions of the Committee;
 - (e) liaise with the external auditor, appointed actuaries, and representatives of the Trust's regulators, as appropriate;
 - (f) set the agenda for Committee meetings with, where required, input from the chair of the Board, other members of the Committee, the Trust's officers or other persons whose input is necessary to discharge to duties and responsibilities of the committee;

- (g) distribute an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed;
- (h) set the tone for meetings, focus discussion on agenda topics and provide effective leadership to the Committee in the execution of its obligations and responsibilities with a goal of building consensus among Committee members;
- (i) lead the Committee in determining areas for focus from time to time and satisfy himself or herself that the Committee is provided with appropriate information and access to resources (in particular timely and relevant information) in order to effectively complete a review of any such topic;
- (j) report to the Board on material matters considered by the Committee (a member of the Committee may be designated as the liaison member to report on the deliberations of the Committee to the Board as a result of the inability of the Chair to perform such task);
- (k) lead the Committee in annually reviewing and assessing the adequacy of its charter, and evaluating its contribution and effectiveness in fulfilling its charter; as well as leading it in a constructive discussion of any resulting action plans;
- (l) work with the chair of the Board and any persons assigned by the Board to assist the Committee to lead the Committee in keeping up-to-date on governance and other matters relevant to it, and in determining education sessions to be held from time to time;
- (m) meet with any new trustee appointed to serve on the Committee as part of his or her overall orientation session;
- (n) work with the chair of the Board to provide input on succession planning in respect of the Committee Chair position and membership of the Committee generally;
- (o) co-ordinate with the other committee chairs to discuss issues in common including ongoing efforts to further enhance board and committee processes;
- (p) designate a secretary of the Committee; and
- (q) monitor Committee activities to ensure the work is undertaken is consistent with this charter and does not interfere with management's responsibilities.