



**GOVERNANCE COMPENSATION AND
NOMINATING COMMITTEE CHARTER**

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



PARTNERS REAL ESTATE INVESTMENT TRUST

GOVERNANCE, COMPENSATION AND NOMINATING COMMITTEE CHARTER

Adopted by the Board of Trustees on March 23, 2015

The Governance, Compensation and Nominating 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 oversight responsibilities relating to the governance, compensation and nominating policies of 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 GOVERNANCE, COMPENSATION AND NOMINATING COMMITTEE

1. 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 this 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.

2. Independence of Members

Members of the Committee must qualify as “independent”, as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as replaced or amended from time to time (including any successor rule or policy thereto).

3. Qualification of Members

In addition to the qualities set out in the Declaration of the Trust and the Policy of Practices for Trustees appended to the Mandate of the Board of Trustees of the Trust, all members of the Committee should have an understanding of issues related to corporate governance and executive compensation or be willing and able to acquire the necessary knowledge of such issues in a timely manner.

4. Appointment of Committee Chair

A chair of the Committee (the “**Chair**”) will be appointed by the Board upon recommendation of this Committee from among the independent trustees of the Board, failing which the members of this 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
GOVERNANCE, COMPENSATION AND NOMINATING COMMITTEE PROCEDURE AND AUTHORITY

5. Frequency of Meetings

The Committee shall meet as many times per year as necessary to carry out its duties and responsibilities.

6. 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.

7. Calling of Meetings

The Chair, any member of the Committee, the chair of the Board, the Chief Executive Officer or the Chief Financial Officer 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.

8. Procedure

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

9. Attendance of Non-Members

The Committee may invite any trustee, officer or employee of the Trust, the Trust’s counsel 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.

10. Access to Management

The Committee shall have unrestricted access to the Trust's management and employees and the books and records of the Trust as necessary to carry out the duties and responsibilities of the Committee.

11. **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.

12. **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. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. The Chair shall also 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.

13. **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 GOVERNANCE, COMPENSATION AND NOMINATING COMMITTEE

14. **Duties and Responsibilities - General**

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.

15. **Duties and Responsibilities – Governance Matters**

To fulfill its duties and responsibilities relating to governance, the Committee shall:

(a) **Policies, Mandates and Charters**

- (i) at least annually, review and assess the mandate adopted by the Board and recommend any amendments to the Board;
 - (ii) at least annually, review the committee charter of each Board committee, in consultation with such Board committee, and recommend any amendments to the Board;
 - (iii) annually review all key Trust governance policies and procedures and recommend any amendments to the Board;
 - (iv) review and monitor compliance with key Trust governance policies and procedures,
 - (v) Code of Business Conduct and Ethics:
 - A. at least annually, report to the Board on compliance with, or material deficiencies from, the Code of Business Conduct and Ethics and recommend any amendments of such Code to the Board;
 - B. report to the Board, when determined necessary by the Committee, on investigations and any resolutions of complaints received under the Code of Business Conduct and Ethics;
 - (vi) annually review the position descriptions of the Chairman of the Board, the chairs of each Board committee and the Chief Executive Officer and recommend any amendments to the Board;
 - (vii) oversee the establishment of and monitoring an orientation program for new trustees and continuing education for trustees and serve as a resource for ongoing education about trustees' duties and responsibilities;
- (b) **Ongoing Monitoring**
- (i) review and monitor compliance with regulatory rules, procedures or guidelines instituted by regulatory authorities having jurisdiction over the Trust, relating to governance;
 - (ii) monitor relationships between senior management and the Board, and recommend procedures to allow trustees to have more effective access to, and a greater dynamic relationship with, senior management;
 - (iii) be available as a forum for addressing the concerns of individual trustees;
 - (iv) work with senior management of the Trust to foster a healthy governance structure within the Trust;
 - (v) review and approve public disclosure related to governance contained in the annual management proxy circular or other disclosure documents and publications;

- (vi) review and approve the Trust's overall communications and disclosure policies and practices, including those specified in the Trust's Disclosure and Insider Trading Policy, and oversee the Trust so that it communicates effectively with its unitholders, other interested parties and the public in accordance with all applicable laws or regulations to which the Trust is subject;
- (vii) ensure that any issues relating to governance which are identified by the trustees are raised with senior management; and
- (viii) undertake such other initiatives as are necessary or desirable to provide effective governance for the Trust.

16. **Duties and Responsibilities – Nominating Matters**

To fulfill its duties and responsibilities relating to Nominating, the Committee shall:

(a) **Trustees**

- (i) regularly assess what characteristics, competencies and skills the Board and its Committees should possess in light of the opportunities and risks facing the Trust, other Board succession planning considerations and other needs of the Board and its Committees, which shall include the goal of having representation of women on the Board;
- (ii) recommend criteria for the selection of new trustees based on these assessments;
- (iii) regularly assess the characteristics, competencies and skills of existing trustees and potential candidates for membership on the Board;
- (iv) based on the above assessments, identify candidates for membership on the Board and review their qualifications and consider, among other things, representation of women on the board, as well as each candidate's independence, Canadian residency, and whether the candidate can devote sufficient time and resources to his or her duties as a Board member;
- (v) engage independent consultants, where appropriate, to help identify candidates who meet the qualifications being sought;
- (vi) recommend the trustee candidates to be nominated for election at each annual meeting, and recommend candidates to fill vacancies on the Board that occur between annual meetings (resulting from either departures of trustees or increases in the number of trustees);
- (vii) recommend to the Board criteria for the tenure of trustees such as retirement age, health and assumption of responsibilities incompatible with trusteeship;
- (viii) recommending the removal of a trustee in extraordinary circumstances;

(b) Committees

- (i) recommend to the Board each year the allocation of Board members to each of the Board committees, and where a vacancy occurs at any time in the membership of any Committee, recommend to the Board a member to fill such vacancy;
- (ii) recommend to the Board the appointment of committee chairs having regard to such attributes including independence, competence, dedication and leadership skills essential to effective chairmanship;

(c) CEO

- (i) assist the Board in evaluating and nominating potential successors to the Chief Executive Officer subject to any constraints resulting from existing contractual arrangements involving the Trust;
- (i) recommend to the Board remedial action concerning the CEO where necessary;

(b) Other Officers

- (i) review and recommend to the Board the appointment, reassignment, terms of employment and termination of all other officers of the Trust other than the CEO;
- (ii) review, at least annually with the CEO, the performance and development of as well as succession plans for the Officers and report thereon to the Board;

17. Duties and Responsibilities – Compensation Matters

To fulfill its duties and responsibilities relating to compensation, the Committee shall:

(c) Compensation Approach

- (i) at least annually, report to the Board on the Trust's approach to human resource management and executive compensation;

(d) Senior Management Selection, Retention and Succession Planning

- (i) periodically review the Trust's organizational structure (including headcount and aggregate employee costs), consider policies and principles for the selection and retention of senior management and succession planning for senior management;

(e) Management Development

- (i) review retention programs for members of senior management, review and monitor the practices used to evaluate members of senior management, and review the Chief Executive Officer's recommendations

and/or discussions with respect to the recruitment, promotion, transfer and termination of other members of senior management;

- (ii) consider the establishment of an appropriate comparator group for purposes of setting future compensation of senior management and considering grants under incentive compensation plans;

(f) **Evaluation, Compensation and Succession of the Chief Executive Officer**

- (i) on an annual basis, review and approve the goals and objectives that are relevant to the Chief Executive Officer's compensation;
- (ii) evaluate the Chief Executive Officer's performance in meeting his or her annual goals and objectives;
- (iii) determine, or if such determination is not feasible due to existing contractual arrangements involving the Trust, provide its opinion on, the Chief Executive Officer's compensation based on the evaluation referred to above and such other factors as the Committee considers relevant;

(g) **Compensation of Other Officers**

- (i) after obtaining and considering the recommendation of the Chief Executive Officer, make recommendations to the Board concerning the compensation of the officers (other than the CEO) and senior management;
- (ii) the Committee will assess the compensation of members of senior management in light of the Trust's performance, unitholder returns, compensation paid to senior management in comparable organizations and such other factors as the Committee considers relevant from time to time. In addition, in assessing the compensation of the Chief Financial Officer, the Committee will consider any input from the Audit Committee regarding his or her competence and performance;

(h) **Compensation of Trustees**

- (i) review and make recommendations to the Board regarding the adequacy and terms of compensation of trustees. The review and recommendations shall consider, among other things, the amount, frequency and form of such compensation;

(i) **Incentive Compensation**

- (i) make recommendations to the Board with respect to the adoption and amendment of incentive compensation plans, including equity-based plans for the Trust and its subsidiaries subject to unitholder approval, as appropriate;

- (ii) administer, and approve all grants under, any incentive compensation plans adopted by the Trust;
 - (iii) make recommendations to the Board with respect to all annual incentive bonus plans and long-term incentive bonus plans for senior management;
- (j) **Benefit Plans and Perquisites**
- (i) review the employee benefit plans and discuss with senior management any questions or concerns the Committee may have regarding such plans;
 - (ii) review and make recommendations to the Board with respect to all benefit plans designed primarily for members of senior management and any other special or significant perquisites granted only to members of senior management;
- (k) **Employment Agreements and Severance Arrangements**
- (i) review, monitor and make recommendations to the Board with respect to employment agreements, severance arrangements and any changes to contractual agreements and provisions, including pension arrangements (if any), for all members of senior management, subject to any constraints resulting from existing contractual arrangements involving the Trust;
- (l) **Performance of Service Providers**
- (i) assess the performance of all service providers pursuant to deliverables and obligations set out in the applicable contractual arrangements;
- (m) **Disclosure Document Review**
- (i) review and approved public disclosure related to executive compensation contained in the annual management proxy circular or other disclosure documents and publications;
- (n) **Equity Ownership**
- (i) review annually and make recommendations to the Board as to the minimum equity ownership positions by trustees and senior management;

**PART 4
RESPONSIBILITIES OF COMMITTEE CHAIR**

18. Responsibilities of the Chair

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) 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;;
- (f) 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.
- (g) 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;
- (h) 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;
- (i) 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);
- (j) 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;
- (k) 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;
- (l) meet with any new trustee appointed to serve on the Committee as part of his or her overall orientation session;
- (m) 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;

- (n) co-ordinate with the other committee chairs to discuss issues in common including ongoing efforts to further enhance board and committee processes;
- (o) designate a secretary of the Committee (the "**Secretary**") who will maintain the minutes of all Committee meetings and deliberations. In the event the Secretary is unable to attend a meeting, the Chair may designate a person (who need not be a committee member) to act as secretary of the meeting; and
- (p) monitor Committee activities to ensure the work is undertaken is consistent with this charter and does not interfere with management's responsibilities.