



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

Annual and Special Meeting of Unitholders

To be held on May 25, 2016

April 20, 2016

PARTNERS REAL ESTATE INVESTMENT TRUST

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

TO BE HELD ON MAY 25, 2016

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “Meeting”) of the Unitholders of Partners Real Estate Investment Trust (the “REIT”, “we”, “us” and similar expressions) will be held at the offices of McCarthy Tétrault LLP, TD Bank Tower, Toronto Dominion Centre, 53rd Floor, Toronto, Ontario at 9:30 a.m. (Toronto time) on May 25, 2016, for the following purposes, namely:

- (a) to receive the consolidated financial statements of the REIT for the year ended December 31, 2015, together with the report of the auditors thereon;
- (b) to elect trustees of the REIT for the ensuing year;
- (c) to appoint KPMG LLP as auditor for the ensuing year and, based on the recommendation of the audit committee (the “Audit Committee”) of the Board, to authorize the Trustees to fix their remuneration;
- (d) to consider, and if thought advisable, to pass an ordinary resolution to reconfirm the REIT’s consolidated amended and restated unitholder rights plan agreement for a term of three years, or, alternatively, to rescind the outstanding rights and terminate the consolidated amended and restated unitholder rights plan agreement; and
- (e) transact such further and other business as may be properly brought before the Meeting or any adjournments or postponements thereof.

Only Unitholders of record of the REIT at the close of business on April 15, 2016 are entitled to notice and to vote at the Meeting or any adjournments or postponements thereof.

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

Unitholders who hold Units through a bank, broker or other intermediary should carefully follow the voting instructions found on their voting instruction form.

The Circular relating to the business to be conducted at the Meeting accompanies this Notice. Unitholders of the REIT may obtain the most recent annual financial statements, interim financial statements, annual information form and other additional information relating to the REIT at no cost by either accessing our website at www.partnersreit.com, or the SEDAR website at www.sedar.com or you can write to the following address and request copies: Jane Domenico, President and Chief Executive Officer, 249 Saunders Road, Unit #3, Barrie, Ontario, L4N 9A3, or send an email to info@partnersreit.com. The contents of our website and our SEDAR filings are expressly not incorporated by reference into this notice.

DATED at Toronto, Ontario this 20th day of April, 2016.

BY ORDER OF THE BOARD OF TRUSTEES,

(signed) “Dexter John”

Dexter John
Chair of the Board of Trustees

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “Circular”) is furnished to Unitholders of the REIT in connection with the solicitation by and on behalf of the management and the Board of Trustees (the “Board”) of the REIT of proxies to be used at the Meeting to be held at the offices of McCarthy Tétrault LLP, TD Bank Tower, Toronto Dominion Centre, 53rd Floor, Toronto, Ontario on May 25, 2016, commencing at 9:30 a.m. (Toronto time), and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the attached notice of annual and special meeting of Unitholders (the “Notice”).

This Circular, the Notice and the accompanying form(s) of proxy are being mailed to Unitholders of record as of the close of business on April 15, 2016. The REIT will bear all costs associated with the preparation and mailing of this Notice, and the accompanying form(s) of proxy, as well as the cost of the solicitation of proxies. Banks, brokerage houses and other custodians and nominees or fiduciaries will be requested to forward proxy solicitation material to their principals and to obtain authorizations for the execution of proxies and will be reimbursed for their reasonable expenses in doing so.

A copy of the REIT’s audited financial statements (the “Financial Statements”) for the fiscal year ended December 31, 2015 and management’s discussion & analysis of financial results (the “MD&A”) for the fiscal year ended December 31, 2015 were recently mailed to each Unitholder who requested that a copy be mailed to it. Copies of the Financial Statements and MD&A are also available on our website (www.partnersreit.com), from the SEDAR website (www.sedar.com) or you can write to the following address and request a copy: Jane Domenico, President and Chief Executive Officer, 249 Saunders Road, Unit #3, Barrie, Ontario, L4N 9A3, or send an email to info@partnersreit.com. The contents of our website and our SEDAR filings are expressly not incorporated by reference into this Circular.

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APPOINTMENT AND REVOCATION OF PROXIES

Registered Holders

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

A Unitholder who has submitted a proxy, in addition to revocation in any other manner permitted by applicable law, may revoke the proxy within the time periods described in this Circular by an instrument in writing executed by the Unitholder or by his/her attorney authorized in writing or, if the Unitholder is a body corporate, by a duly authorized officer or attorney thereof.

To be valid, proxies or instructions must be returned by:

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

such that the proxies or instructions so returned arrive no later than 9:30 a.m. (Toronto time) on May 20, 2016 or if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned Meeting. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair's discretion without notice.

Non-Registered Holders

Only registered holders, or the persons that they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Units beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- (a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the Units, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of registered plans; or
- (b) in the name of a depository (such as CDS Clearing and Depository Services Inc.) of which the intermediary is a participant.

In accordance with applicable Canadian securities laws, the REIT will be distributing copies of the meeting materials to the depository and intermediaries for further distribution to Non-Registered Holders. Intermediaries are required to forward the meeting materials to Non-Registered Holders and receive voting instructions from them unless a Non-Registered Holder has waived the right to receive the meeting materials. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the meeting materials will either:

- (a) be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions set out on the voting instruction form (which may, in some cases, permit the completion of the voting instruction form by telephone); or

- (b) less typically, be given a proxy which has already been signed by the intermediary (usually by way of a facsimile, stamped signature) which is restricted as to the number of Units beneficially owned by the Non-Registered Holder, but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit the proxy should otherwise properly complete and deposit it with Computershare.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Units which they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy or voting instruction form and insert the name of the Non-Registered Holder (or such other person) in the blank space provided and return the same in accordance with the instructions provided by their Intermediary well in advance of the Meeting.

VOTING OF PROXIES

The Units represented by any valid proxy in the accompanying form(s) of proxy will be voted for, against or withheld from voting on:

- the election of trustees;
- the appointment of KPMG LLP as auditor and, based on the recommendation of the audit committee (the "Audit Committee") of the Board, to authorize the Trustee to fix the remuneration of the auditor;
- to consider, and if thought advisable, to pass an ordinary resolution to reconfirm the REIT's consolidated amended and restated unitholder rights plan agreement for a term of three years, or, alternatively, to rescind the outstanding rights and terminate the consolidated amended and restated unitholder rights plan agreement,

all in accordance with the instructions of the Unitholder on any ballot that may be called for, and if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. **In the absence of any such specific instructions, such Units will be voted FOR the matters set forth in the proxy other than with respect to the termination of the Rights Plan and will be voted AGAINST the termination of the Rights Plan.**

The accompanying form(s) of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to such other business or matters which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof. As of the date of this Circular, the REIT is not aware of any such amendments or variations or any other matters to be addressed at the Meeting.

QUORUM

At any meeting of Unitholders, a quorum will consist of two or more persons present in person either holding personally or representing as proxies in the aggregate at least 10% of the votes attached to all outstanding Units. In the event of such quorum not being present at the appointed place on the date for which the Meeting is called within 30 minutes after the time fixed for the holding of such Meeting, the Meeting will stand adjourned to a day not less than seven days later and to such place and time as may be appointed by the Chair of the Meeting.

RECORD DATE

The trustees of the REIT ("Trustees") have fixed the close of business on April 15, 2016 as the record date (the "Record Date") for the Meeting. Pursuant to Section 12.8 of the declaration of trust of the REIT dated March 27, 2007, as amended and restated 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 (the "Declaration of Trust"), only Unitholders of record at the close of business on the Record Date are entitled to receive notice of and to attend and vote at the Meeting or any adjournment thereof or to be

treated as a voting Unitholder for purposes of such other action even though the Unitholder has since that time disposed of their Units.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of this Circular, there were 33,597,339 issued and outstanding units (“Units”) of the REIT. A holder of Units is entitled to one vote for each Unit held.

To the knowledge of the Board, as of the date of this Circular, Mr. Ronald Anthony McCowan beneficially owns or exercises control or direction over 6,298,935 Units carrying approximately 18.7% of the votes attached to the outstanding Units. Those Units are held by McCowan and Associates Ltd., (“McCowan”) a company controlled by Mr. McCowan.

To the knowledge of the Board, as of the date of this Circular, Mr. Moray Tawse beneficially owns or exercises control or direction over 5,270,755 Units carrying approximately 15.7% of the votes attached to the outstanding Units.

To the knowledge of the Board, as of the date of this Circular, Mr. Grant Anthony beneficially owns or exercises control or direction over 4,571,736 Units carrying approximately 13.6% of the votes attached to the outstanding Units.

MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements and Auditor’s Report

The Trustees will present to the Unitholders at the Meeting the Financial Statements, together with the auditor’s report thereon, but no vote by the Unitholders with respect thereto is required or proposed to be taken. Unitholders who requested that a copy be mailed to them were mailed a copy in April of 2016. A copy of the Financial Statements and MD&A are also available on our website (www.partnersreit.com), from the SEDAR website (www.sedar.com) or you can write to the following address and request a copy: Jane Domenico, President and Chief Executive Officer, 249 Saunders Road, Unit #3, Barrie, Ontario, L4N 9A3, or send an email to info@partnersreit.com. The contents of our website and our SEDAR filings are expressly not incorporated by reference into this Circular.

Election of Trustees

Number and Term of Office

The operations of the REIT are subject to the control and direction of the Board, a majority of whom must be resident Canadians and a majority of whom must be independent within the meaning of applicable securities laws. The Board currently consists of five Trustees, all of whom are Independent Trustees (within the meaning of the Declaration of Trust).

The Board is authorized to determine from time to time, by resolution, the number of Trustees and the number of Trustees to be elected at the annual and special meeting of the Unitholders of the REIT, such number being a minimum of three trustees and a maximum of eleven trustees as set out in the Declaration of Trust. A copy of the Declaration of Trust may be found at www.sedar.com.

The Board has increased the number of Trustees to be elected at the Meeting to six. As of the date of this Circular, the Board consists of Marc Charlebois, Dexter John, Allan Kimberley, Simon Nyilassy and C. Ian Ross. The REIT’s President and Chief Executive Officer, Ms. Jane Domenico, is being proposed as a new Trustee nominee at the Meeting. The term of office of each Trustee expires at the time of the Meeting unless successors are not elected, in which case the Trustees remain in office until their successors are elected or appointed in accordance with applicable law and the Declaration of Trust.

The Trustees propose to nominate, and the persons named in the accompanying form of proxy will vote for (in absence of specifications or instructions to vote against on the proxy), the election of each of the six persons whose names are set forth below under “Nominees”, but will not vote for a greater number of persons than the number of nominees named in the form of proxy. Based on the recommendation of the Governance, Compensation and Nominating Committee (the “GC Committee”), other than Ms. Jane Domenico, the REIT’s President and Chief Executive Officer, each of the proposed nominees, if elected, will be considered an Independent Trustee (within the meaning of the Declaration of Trust). The Trustees do not contemplate that any of the nominees will be unable to serve as a Trustee. If, as a result of circumstances not now contemplated, any nominee is unavailable to serve as a Trustee, the proxy will be voted for the election of such other person or persons as the Trustees may select. Each Trustee elected will hold office until the next annual meeting of Unitholders, or until his/her respective successor is elected or appointed in accordance with applicable law and the Declaration of Trust.

Majority Voting Policy

The Trustees have adopted a majority voting policy providing for clarification around voting for Trustees at Unitholder meetings. Pursuant to this policy, Unitholders are able to vote in favour of, or withhold from voting, separately for each nominee and, in an uncontested election of trustees, any nominee for trustee who receives a greater number of votes “withheld” from his or her election than votes “for” such election (a “Majority Withheld Vote”) shall immediately tender his or her resignation to the Chair of the Board following the meeting or to each member of the GC Committee if the affected trustee is such Chair. Any resignation received by the Chair of the Board shall be promptly referred to the GC Committee for consideration. An “uncontested election” means an election where the number of nominees for Trustees is equal to the number of trustees to be elected as determined by the Board (other than in a circumstance where additional trustees are nominated solely at the Unitholders meeting and for which a dissident proxy circular is not prepared), including as a result of a proxy contest. In any election of Trustees other than an uncontested election, this policy shall not apply.

The GC Committee shall promptly consider any resignation offer from a Trustee who has received a Majority Withheld Vote within thirty days of such trustee providing the resignation and recommend to the Board whether or not to accept the resignation. The GC Committee is expected to accept the resignation except in situations where extenuating circumstances would warrant the applicable trustee to continue to serve on the Board. In considering whether or not to accept a tendered resignation, the GC Committee will consider all factors deemed relevant by members of the GC Committee including, without limitation, any stated reasons why Unitholders “withheld” votes from the election of that Trustee, the length of service, if any, and the qualifications of the trustee whose resignation has been tendered, such trustee’s contributions to the Board and its committees, the REIT’s governance policies, and the effect of such resignation on the REIT’s compliance with any law, rule, regulation, stock exchange listing standards or contractual obligations.

The Board shall consider the GC Committee’s recommendation within 60 days following receipt of the GC Committee’s recommendation. In considering the latter, the Board will consider the factors considered by the GC Committee and such additional information and factors that the Board considers to be relevant. Following the Board’s decision on the resignation, the Board shall promptly disclose, via press release, its decision whether to accept the trustee’s resignation offer. If a resignation is accepted, the Board may, in accordance with the provisions of applicable law and the Declaration of Trust, (i) leave the resultant vacancy in the Board unfilled until the next annual meeting of Unitholders of the REIT, (ii) appoint a new Independent Trustee (within the meaning of the Declaration of Trust) to fill the vacancy created by such resignation, (iii) reduce the size of the Board, or (iv) call a special meeting of Unitholders at which there will be presented a new candidate to fill the vacant position(s).

At the Meeting, the persons nominated for election as a Trustee will be voted on individually and the voting results for each nominee will be publicly disclosed in a news release filed on SEDAR at www.sedar.com.

Advance Notice Policy

Appendix A to the Declaration of Trust contains advance notice requirements in connection with Unitholders intending to nominate Trustees in certain circumstances (the “Advance Notice Policy”) which was approved by Unitholders on June 17, 2015. In conjunction with its adoption, the Declaration of Trust was also amended to

provide that a person is disqualified from being a Trustee, and is not eligible for election as a Trustee, unless that person is nominated in accordance with the procedures stipulated in the Advance Notice Policy.

The Advance Notice Policy requires advance notice to the REIT by any Unitholder who intends to nominate any person for election as Trustee. Among other things, the Advance Notice Policy sets a deadline by which such Unitholders must notify the REIT in writing of an intention to nominate Trustees prior to any meeting of Unitholders at which Trustees are to be elected and sets forth the information that the Unitholder must include in the notice for it to be valid.

In the case of an annual meeting of Unitholders, notice to the REIT must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following the Notice Date. With respect to the Meeting, the first public announcement of the date of the Meeting was made on February 22, 2016.

The Trustees believe that, in accordance with the Advance Notice Policy, notice of any nominations by a nominating Unitholder must have been validly made no later than April 25, 2016. As of April 20, 2016, no such notice had been received by the REIT.

Nominees

The persons named below have established their eligibility and willingness to serve as Trustees. The nominees comprise experienced business professionals with a diverse background in real estate, management, corporate finance and corporate governance. Each nominee, other than Jane Domenico, will be an Independent Trustee, within the meaning of the Declaration of Trust and Canadian securities laws. The following tables set forth information relating to the nominees as Trustees as of the date of the Circular:

<p>MARC CHARLEBOIS</p> <p>Toronto, Ontario, Canada</p> <p>Age: 55</p> <p><i>Independent Trustee of the REIT since February 14, 2014.</i></p>	<p>Marc Charlebois is an Independent Trustee. Mr. Charlebois possesses more than 25 years of experience in the real estate industry and has operated a consulting company from November 2013 to present providing real estate advisory services. He is presently a member of the Town of Oakville's Committee of Adjustment. He has also served as the Chief Executive Officer of Rodenbury Investments Limited, a private company investing in commercial real estate and as the Chief Operating Officer of what was then Calloway Real Estate Investment Trust, one of Canada's leading publicly traded retail real estate investment trusts (now SmartREIT). Mr. Charlebois is a past serving officer in the Canadian Armed Forces. He holds a Bachelor of Engineering degree from the Royal Military College of Canada and an MBA specializing in finance and marketing from Queen's University.</p>
Securities Owned/Controlled⁽⁵⁾	
Units	5,093
Unit Options/Deferred Units	Nil
Debentures	Nil
Board and Committees	
<p>Board</p> <p>Audit Committee</p> <p>Governance, Compensation and Nominating Committee</p> <p>Investment Committee</p>	

<i>MARC CHARLEBOIS continued</i>	
Other Public Board Directorships over Past Five Years	Other Board Committee Memberships of Public Entities over Past Five Years
None	None

<p>JANE DOMENICO</p> <p>Toronto, Ontario, Canada</p> <p>Age: 47</p> <p><i>New nominee Trustee of the REIT. Previously a Trustee of the REIT from July 15, 2014 to June 17, 2015.</i></p>	<p>Jane Domenico is the President and Chief Executive Officer of the REIT. Ms. Domenico was appointed President and Chief Executive Officer in July 2015. Prior to such 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 possesses more than 20 years of experience in the real estate industry. This experience includes management of more than \$13 billion in retail assets, as well as responsibility for more than \$1.5 billion in development capital investments and more than \$500 million in operating capital expenditures. Ms. Domenico has significant experience with Canada's largest pension fund developers working for Ivanhoe Cambridge and Oxford Properties. While with Ivanhoe Cambridge, Ms. Domenico was the company's representatives for joint venture projects with Cadillac Fairview and Oxford. While with Oxford, Ms. Domenico performed asset management for Primaris REIT. She has also worked as a third party advisor alongside some of the nation's largest pension fund real estate investors, notably the Canada Pension Plan Investment Board and Greystone Management. Ms. Domenico holds a Bachelor of Commerce Degree from McMaster University.</p>
Securities Owned/Controlled⁽⁵⁾	
Units	13,378
Unit Options/Deferred Units	Nil
Debentures	Nil
Board and Committees	
-	
Other Public Board Directorships over Past Five Years	Other Board Committee Memberships of Public Entities over Past Five Years
None	None

<p>DEXTER D.S. JOHN⁽¹⁾⁽²⁾ Whitby, Ontario, Canada Age: 46 <i>Independent Trustee of the REIT since June 10, 2014.</i></p>	<p>Dexter John is an Independent Trustee and Chairman of the board of Trustees. Mr. John is an Executive Vice President with D.F. King & Co, a proxy solicitation firm and has been in such position since July 1, 2014. Prior to that, Mr. John was Senior Vice President of CST Phoenix Advisors, a predecessor of D.F. King & Co., since August 2010 where, among other responsibilities, he managed its corporate governance services platform. He has over 15 years of experience in the capital markets and spent six years in structured finance where he executed over \$4 billion in transactions including \$1 billion in Commercial and Residential Mortgage Backed Securities. Mr. John previously served as Executive Vice President & General Counsel at a proxy services provider and as counsel at a large Canadian law firm. He serves as a director of Augustine Ventures Inc. and holds a Bachelor of Arts, a LL.B. designation and the ICD designation from the Institute of Corporate Directors. Mr. John is chair of the REIT's Governance, Compensation and Nominating Committee.</p>
Securities Owned/Controlled⁽⁵⁾	
Units	1,250
Unit Options/Deferred Units	Nil
Debentures	Nil
Board and Committees	
Board (Chair) Governance, Compensation and Nominating Committee (Chair)	
Other Public Board Directorships over Past Five Years	Other Board Committee Memberships of Public Entities over Past Five Years
Augustine Ventures Inc. (January 2012 to present)	Chair of Governance, Compensation and Nominating Committee and Member of Audit Committee

<p>ALLAN KIMBERLEY⁽³⁾ Toronto, Ontario, Canada Age: 60 <i>Independent Trustee of the REIT since June 17, 2015.</i></p>	<p>Mr. Kimberley recently retired from his position as Vice Chairman and Managing Director of Investment Banking, Real Estate at CIBC World Markets Inc. During his tenure with CIBC from 1996 to 2014, Mr. Kimberley worked predominantly with the CIBC real estate investment banking team and accumulated extensive experience in transactional activities which included debt and equity capital markets origination and execution and mergers and acquisitions advisory services. Mr. Kimberley is a Corporate Director. He is a Director of First Capital Realty Inc. (Audit and Compensation & Governance Committees) and of Orlando Corporation (Audit, Investment and Workplace Safety Committees). Mr. Kimberley also serves on the board of the Ontario Science Centre (Development and Government Relations Committees). He also served on the board of the Toronto Symphony Orchestra for 10 years until 2015, including a term as board chair. Mr. Kimberley graduated from McMaster University with a Bachelor of Commerce degree and from University of Toronto with a Masters, Business Administration degree.</p>
Securities Owned/Controlled⁽⁵⁾	
Units	48,556
Unit Options/Deferred Units	Nil
Debentures	\$31,000 (face value of 6.0% convertible unsecured subordinated debentures due September 2017)

<i>ALLAN KIMBERLEY continued</i>	
Board and Committees	
Governance, Compensation and Nominating Committee Investment Committee (Chair)	
Other Public Board Directorships over Past Five Years	Other Board Committee Memberships of Public Entities over Past Five Years
First Capital Realty Inc (May 2014 to present)	Audit Committee Compensation and Corporate Governance Committee

SIMON NYILASSY	Mr. Simon Nyilassy was President and Chief Executive Officer of Regal Lifestyle Communities Inc. from 2011 until October 2015. Mr. Nyilassy has extensive experience as a real estate executive and leader with an in-depth understanding of capital and real estate markets. From 2005 to 2011, Mr. Nyilassy served as President and Chief Executive Officer (and as a trustee from 2003 to 2011) of what was then Calloway Real Estate Investment Trust (now SmartREIT). Prior to that, Mr. Nyilassy served as Executive Vice-President of Finance and Administration of Smartcentres Group of Companies from 2000 to 2005. Mr. Nyilassy obtained an Honours Bachelor of Engineering Science degree from the University of Warwick and is a designated Chartered Professional Accountant.
Toronto, Ontario, Canada	
Age: 60	
<i>Independent Trustee of the REIT since June 17, 2015.</i>	
Securities Owned/Controlled⁽⁵⁾	
Units	42,233
Unit Options/Deferred Units	Nil
Debentures	Nil
Board and Committees	
Audit Committee Investment Committee	
Other Public Board Directorships over Past Five Years	Other Board Committee Memberships of Public Entities over Past Five Years
Regal Lifestyle Communities Inc. (April 2012 to October 2015)	- -
Calloway Real Estate Investment Trust (November 2003 to August 2011)	

<p>C. IAN ROSS⁽⁴⁾</p> <p>Blue Mountains, Ontario, Canada</p> <p>Age: 74</p> <p><i>Independent Trustee of the REIT since June 17, 2015.</i></p>	<p>Mr. Ross is a corporate director. Mr. Ross held various positions at the Richard Ivey School of Business at the University of Western Ontario from 1997 to September 2003. Most recently he held the position of Senior Director, Administration in the Dean's Office and was also Executive in Residence for the School's Institute for Entrepreneurship, Innovation and Growth. He has served as Governor, President and CEO of Ortech Corporation; Chairman, President and CEO of Provincial Papers Inc.; President and CEO of Paperboard Industries Corp.; as a trustee and chairman of Menu Food Income Fund from June 2007 to November 2010; as a corporate director and chairman of Pet Valu, Inc. from 2003 to 2009; and as a director of Ontario Power Generation from December 2003 to April 2014. Mr. Ross 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. He is also a member of the Law Society of Upper Canada.</p>
Securities Owned/Controlled⁽⁵⁾	
Units	Nil
Unit Options/Deferred Units	Nil
Debentures	Nil
Board and Committees	
Audit Committee (Chair)	
Other Public Board Directorships over Past Five Years	Other Board Committee Memberships of Public Entities over Past Five Years
Clearford Water Systems Inc. (February 2008 to present)	Audit Committee Compensation Committee
GrowthWorks Canadian Fund Ltd. (April 1999 to present)	Audit and Valuation Committee Investment Committee Governance and Nomination Committee
GrowthWorks Commercialization Fund Ltd. (November 2004 to present)	Audit and Valuation Committee Investment Committee
Cathay Forest Product Corp. (July 2012 to present)	-
Ontario Power Generation Inc. (December 2003 to April 2014)	Risk Oversight Committee (Chair) Nuclear Oversight Committee Ad Hoc Committee (Chair) Executive Talent Committee

Notes:

- (1) Chair of the Board.
- (2) Chair of the Governance, Compensation and Nominating Committee.
- (3) Chair of the Investment Committee.
- (4) Chair of the Audit Committee.
- (5) As of April 1, 2016, the Trustees and officers of the REIT as a group, directly or indirectly, beneficially own or exercise voting control over 110,510 Units, representing approximately 0.33% of the issued and outstanding Units.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

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

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

Re-Appointment of Auditor

KPMG LLP, the current auditor of the REIT, was initially appointed as auditor of the REIT on November 8, 2012. Upon the recommendation of the Audit Committee of the Board, the Board recommends that KPMG LLP be reappointed as auditor of the REIT to hold office until the close of the next annual meeting of Unitholders and that the Board be authorized to fix KPMG LLP’s remuneration. The persons named in the accompanying form of proxy will, in the case of a ballot and in the absence of specifications or instructions to vote against on the proxy, vote for the appointment of KPMG LLP as the auditor of the REIT to hold office until the next annual meeting of Unitholders of the REIT and to authorize the Audit Committee to fix the auditor’s remuneration.

The Trustees recommend that Unitholders vote FOR the reappointment of KPMG LLP as the auditor of the REIT and to authorize the Trustees to fix the remuneration of the auditors.

Confirmation or Termination of the REIT’s Rights Plan

The REIT originally adopted a unitholder rights plan agreement on November 19, 2013, and that agreement has been amended on several occasions (the “Rights Plan” or the “Plan”). The Plan has a term of three years and was approved by Unitholders at the annual general meeting in 2014, so in the ordinary course the Plan would not be the subject of another unitholder vote until 2017.

The largest unitholder of the REIT, Mr. McCowan, contacted the REIT some months ago asking that the unitholders be provided with the opportunity to vote on the continuation or termination of the Rights Plan. Mr. McCowan has reported that he owns 18.7% of the REIT’s outstanding units, and the Plan prevents him from purchasing more units that would take him (or any other unitholder) above 20%. Any Unitholder with not less than 10% of the units is

entitled to requisition a meeting of unitholders, and so the Trustees agreed with Mr. McCowan to put the Rights Plan to a vote at the 2016 annual and special meeting.

Coincidentally, the Canadian Securities Administrators have announced changes to the law applicable to Rights Plans that will become effective May 9, 2016. The REIT's lawyers have advised that they expect with the new rules some companies will allow their Rights Plan to expire, and others will amend their Plans to bring them into line with the new rules.

For the reasons that follow, the Trustees of the REIT are recommending that unitholders vote to confirm the existing Rights Plan for another three year term. If amendments to the plan are needed after experience with the new rules, they will be proposed at a later date.

Historically, there have been two purposes for the Rights Plan. The first, arises because under the existing law a hostile take-over bid can be made for a Canadian public company in as little as 35 days. That is widely considered to be insufficient time for the board of trustees of the target company to canvass alternatives that many offer greater value for the unitholders. Rights plans stop any person from acquiring over 20% of the outstanding units unless they make a "permitted bid" for the entire company on terms that are prescribed by the Rights Plan, including a requirement that the bid be open for 60 or 90 days rather than the 35 day-period. Securities commissions in Canada have said that a rights plan cannot be left in place indefinitely to stop a bid, but that the plan can be used to force the hostile bidder to extend its offer beyond the 35 day minimum, allowing the target board more time to canvass alternatives.

Effective May 9, 2016, the securities laws will be amended so that the minimum statutory time period for a hostile bid changes from the current 35 days to 105 days. This change will make the current "permitted bid" provisions of Canadian rights plans irrelevant, and although these provisions do no harm on an ongoing basis under the new rules, neither do they continue to serve any useful purpose. The first historical rationale for a Rights Plan will therefore no longer exist.

The second reason for a Rights Plan, however, continues to be relevant. Because a Rights Plan prohibits any unitholder (or group of unitholders acting together) from acquiring units in excess of 20% of the total outstanding units, unless they are prepared to bid for the whole company, the Rights Plan prevents one unitholder from accumulating such a large number of units that it could unilaterally block a take-over bid from some third party, even though the other unitholders and the board of trustees might want that bid. Most purchasers of public companies want to acquire 100% of the company, and to do that the purchaser needs the support (through a tender of units or a vote at a meeting) of two-thirds of the unitholders. It is generally considered that one Unitholder below the 20% threshold will not be able to veto a third party bid supported by the other Unitholders, but a single Unitholder (or group of Unitholders) with close to one-third of the outstanding Units can certainly do so.

Partners REIT has large Unitholders. Ron McCowan is on record as owning 18.7%. Mr. Moray Tawse has reported that he owns or controls 15.7%. Mr. Grant Anthony has recently reported that he owns 13.6%.

The Trustees believe, in the interests of all unitholders, that it is preferable that no single unitholder (or group acting together) be permitted to own over 20% of the REIT's outstanding units, so as to be in a position to potentially veto a transaction that a majority of unitholders might support.

The Trustees therefore recommend that Unitholders vote "FOR" the continuation of the unitholder Rights Plan for another three years, and "AGAINST" the resolution to rescind the currently outstanding rights and terminate the Plan. As set out in the form of proxy, the resolutions regarding the Rights Plan are effectively alternatives and Unitholders voting for one resolution should vote against the other. Proxies which indicate votes "FOR" both resolutions or "AGAINST" both resolutions will be disregarding due to the inherent conflict.

The mechanics of the Rights Plan are described below.

Mechanics of the Rights Plan

The following description of the Rights Plan is qualified in its entirety by reference to the full text of the Rights Plan, a copy of which, is available on www.sedar.com.

The Rights Plan utilizes the mechanism of a “Permitted Bid” (as described below) to protect Unitholders (under Canadian securities law before the changes made effective May 9, 2016) by requiring all potential bidders to comply with the conditions specified in the Permitted Bid provisions or risk being subject to the dilutive features of the Rights Plan. Generally, to qualify as a Permitted Bid, a bid must be made to all Unitholders, by way of a take-over circular and must be open for at least 60 days after the bid is made. If more than 50% of the Units held by “Independent Unitholders” (as defined below) are deposited or tendered to the bid and not withdrawn, the bidder may take up and pay for such Units. The take-over bid must then be extended for a further period of at least ten business days on the same terms to allow those Unitholders who did not tender during the initial 60-day period to tender. The Rights Plan is designed to make it impractical for any person to acquire more than 20% of the outstanding Units without the approval of the Trustees except pursuant to the Permitted Bid procedures or pursuant to certain other exempt transactions outlined below.

As noted above, the “Permitted Bid” provisions of the Rights Plan will become largely irrelevant under changes to Canadian securities laws coming into force on May 9, 2016.

Issue of Rights

On November 19, 2013, the REIT issued one right (“Right”) to each outstanding Unit. One Right also attaches to each subsequently issued Unit. The Rights are not exercisable prior to the Separation Time (as defined below).

Rights Exercise Privilege

The Rights will separate from the Units to which they are attached and will become exercisable (the “Separation Time”) at the close of business on the 10th trading day after the earlier of (A) the first date of public announcement by the REIT or an Acquiring Person of facts indicating that a person has become an Acquiring Person, and (B) the date of the commencement of, or first public announcement of, the intent of any person (other than the REIT or any subsidiary of the REIT) to commence, a take-over bid (other than a Permitted Bid or “Competing Permitted Bid” (as described below)), or two days following the date on which a Permitted Bid or Competing Permitted Bid Ceases to qualify as such, or, in either case, such later date as may be determined by the Trustees.

The acquisition by an Acquiring Person, including persons acting jointly or in concert, of 20% or more of the Units, other than by way of a Permitted Bid in certain circumstances, is referred to as a “Flip-in Event”. Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the REIT or by an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. Ten business days after the occurrence of the Flip-in Event, the Rights (other than those held by the Acquiring Person) will permit the holder to purchase, for example, Units with a total market value of \$200, on payment of \$100 (i.e., at a 50% discount).

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached Units, reporting earnings per Unit on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Acquiring Person

An “Acquiring Person” is any person who is or becomes the beneficial owner of 20% or more of the outstanding Units of the REIT. An Acquiring Person does not, however, include the REIT or any Subsidiary of the REIT.

Exempt transactions include: (a) specified acquisitions or redemptions of Units; (b) acquisitions pursuant to a Permitted Bid (which may include a Competing Permitted Bid), as described below; or (c) an Exempt Acquisition or a Permissible Acquisition.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Units issued from and after November 19, 2013. Rights are also attached to all Units outstanding on November 19, 2013, although certificates issued prior to this date will not bear such a legend. After the Separation Time, the REIT will cause to be kept a register in which the REIT will provide for the registration and transfer of Rights.

Permitted Bid Requirements

The requirements of a Permitted Bid include the following: (a) the take-over bid must be made by way of a takeover bid circular; (b) the take-over bid must be made to all holders of Units, other than the bidder; (c) the take-over bid must not permit Units tendered pursuant to the take-over bid to be taken up prior to the expiry of a period of not less than 60 days from the date of the bid and then only if at such time more than 50% of the Units held by Unitholders other than the bidder and its affiliates and persons acting jointly or in concert with the bidder (the “Independent Unitholder”) have been tendered pursuant to the take-over bid and not withdrawn; and (d) if more than 50% of the Units held by Independent Unitholders are tendered to the takeover bid within the 60-day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Units for at least an additional 10 business days from the date of such public announcement.

The Rights Plan allows a competing Permitted Bid (a “Competing Permitted Bid”) to be made while a Permitted Bid is in existence. A Competing Bid must satisfy all the requirements of a Permitted Bid except that, provided it is outstanding for a minimum period of 35 days (or such minimum period prescribed by law in the Province of Ontario), it may expire on the same date as the earliest date for take-up specified in a Permitted Bid.

Waiver and Redemption

The Trustees acting in good faith may determine, with prior Unitholder approval at any time prior to the occurrence of a Flip-in Event, to redeem all, but not less than all, of the then outstanding Rights at a redemption price of \$0.00001 per Right, subject to appropriate anti-dilution adjustments.

The Trustees acting in good faith may determine, with prior Unitholder approval at any time prior to the occurrence of a Flip-in Event that may occur by reason of an acquisition of Units otherwise than pursuant to a takeover bid made by means of a take-over bid circular to all holders of record of Units, to waive the application of the Flip-in Event provisions to such Flip-in Event.

The Trustees acting in good faith may determine, at any time prior to the occurrence of a Flip-in Event that may occur by reason of a take-over bid made by take-over bid circular sent to all holders of record of Units, to waive the application of the Flip-in Event provisions to such Flip-in Event, provided that if the Trustees do so, they shall be deemed to have waived the application of the Flip-in Event provisions to any other Flip-in Event occurring by reason of any take-over bid made by take-over bid circular to all holders of record of Units which is made prior to the expiry of any take-over bid (as the same may be extended from time to time) in respect of which such waiver is, or is deemed to have been, granted.

Redemption of Rights on Withdrawal or Termination of Bid

Where a take-over bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-in Event, provided that the provisions of the Rights Plan are deemed to continue to apply as if the Separation Time had not occurred, the Trustees acting in good faith may elect to redeem all the outstanding Rights at the applicable redemption price. Upon such redemption, the REIT is deemed to have issued replacement Rights to all holders of its then outstanding Units.

Waiver of Inadvertent Flip-in Event

The Trustees acting in good faith may, prior to the close of business on the tenth Business Day after a person has become an Acquiring Person, waive the application of the Rights Plan to an inadvertent Flip-in Event, on the condition that such person reduces its beneficial ownership of Units such that it is not an Acquiring Person within 14 days of the determination of the Trustees.

Supplement and Amendments

The Trustees may, prior to the date of the Unitholders' meeting referred to above, supplement, amend, or restate any of the provisions of the plan in order to make any changes which the Trustees acting in good faith deem necessary or desirable, without the approval of any holders of Rights or Units, provided that such amendments would not materially adversely affect the interests of holders of Rights. The Trustees may also supplement, amend, or restate the Rights Plan to correct any clerical or typographical error or as required to maintain the validity of the Rights Plan as a result of change in applicable legislation, rules or regulations.

Certain amendments made by the REIT to the Rights Plan by supplement or otherwise shall be subject to the prior approval of any governmental or regulatory authority having jurisdiction over the REIT.

The Trustees believe that it would serve the interests of the REIT for the Rights Plan to remain in force at this time. At the Meeting, Unitholders will be asked to consider the following resolution:

RESOLUTION (A): *BE IT RESOLVED, that, as an ordinary resolution of the unitholders of the REIT:*

- 1. the REIT's consolidated amended and restated unitholder rights plan agreement is hereby reconfirmed, and approved and will continue in effect until the annual general meeting of the REIT in 2019; and*
- 2. any officer or trustee of the REIT is hereby authorized and directed, for and on behalf of the REIT, to execute and deliver all such instruments, certificates, documents, directions, notices, acknowledgements and receipts and to perform and to do all such other acts and things as any such officer or trustee of the REIT may consider necessary or advisable for the purposes of giving effect to this resolution.*

RESOLUTION (B): *BE IT RESOLVED, that, as an ordinary resolution of the unitholders of the REIT:*

- 1. the existing outstanding rights issued under the Rights Plan are immediately rescinded and of no further force or effect and the Rights Plan is immediately terminated; and*
- 2. any officer or trustee of the REIT is hereby authorized and directed, for and on behalf of the REIT, to execute and deliver all such instruments, certificates, documents, directions, notices, acknowledgements and receipts and to perform and to do all such other acts and things as any such officer or trustee of the REIT may consider necessary or advisable for the purposes of giving effect to this resolution.*

The Trustees recommend that Unitholders vote FOR the reconfirmation of the Rights Plan (Resolution (A)) and AGAINST the termination of the Rights Plan (Resolution (B)).

As set out in the form of proxy, the resolutions regarding the Rights Plan ((A) and (B) above) are effectively alternatives and Unitholders voting for one resolution should vote against the other. Proxies which indicate votes "FOR" both resolutions or "AGAINST" both resolutions will be disregarding due to the inherent conflict.

Other Matters Coming Before the Meeting

The Trustees know of no matters to come before the Meeting other than those referred to in the accompanying Notice of Meeting. Should any other matters properly come before the Meeting, the Units represented by proxy solicited hereby will be voted on such matters in accordance with the best judgment of the person voting such proxy.

STATEMENT OF EXECUTIVE AND TRUSTEE COMPENSATION

Compensation Discussion and Analysis

Internalization of the REIT

Prior to February 15, 2014, the Trustees were not involved in the setting of compensation for officers or other executives of the REIT. The REIT was a party to a management agreement dated March 30, 2012 between LAPP Global Asset Management Corp. (the “Former Manager”) and the REIT pursuant to which the Former Manager provided management services to the REIT (the “Former Management Agreement”). The Former Management Agreement was assigned to a wholly-owned subsidiary of McCowan by order of the Supreme Court of British Columbia, on December 29, 2013. At the time of this assignment, the subsidiary entered into a secondment arrangement with League Assets Corp. (“LAC”), an affiliate of the Former Manager, pursuant to which those employees of LAC who had been formerly responsible for the provision of key services to the REIT by the Former Manager would continue to provide these services until internalization. On February 14, 2014, the Trustees terminated the Former Management Agreement and management of the REIT was internalized.

As a result of the internalization, the Board is involved in the setting of compensation for the employees of the REIT, including, in particular, its senior executive officers. The REIT’s primary goal is to deliver a reliable and growing yield to Unitholders. The objective of the REIT’s executive compensation is to attract, retain and motivate qualified individuals to pursue this goal. The Board and the GC Committee have not formally considered the implications of the risks associated with the REIT’s compensation policies and practices; however, the REIT’s executive compensation is designed to, among other things, provide a reward for services rendered and to provide an incentive for management to implement strategies aimed at achieving the REIT’s objectives. While the REIT’s compensation program and practices are not structured to reward excessive risk taking, the REIT recognizes that some level of risk taking is necessary to achieve outcomes that are in the Unitholders’ best interests.

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

(a) Elements of Compensation

The Trustees believe that executives of the REIT should be fairly compensated based on their contribution to the REIT’s success. The primary elements of the REIT’s executive compensation for executives are base salary, annual incentive cash bonuses and the REIT proposes to introduce long-term incentives in the form of options to purchase Units (“Options”) and deferred units (“Deferred Units”).

(b) Base Salary

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

Base salaries for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer are set out in employment contracts but are also reviewed and approved by the GC Committee on an annual basis.

(c) Annual Incentives – Cash Bonuses

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

(d) Long-Term Incentives

The REIT and the GC Committee are currently reviewing the use of long term incentives in the form of Options and Deferred Units to help align the interests of executives and Unitholders. The use of the Deferred Unit Plan (as defined below) could allow executives to elect to receive cash bonuses in the form of Deferred Units and could also provide for the potential to receive additional grants of Deferred Units, upon the recommendation of the GC Committee. Long-Term Incentives have not yet been introduced as the GC Committee is currently evaluating the basis upon which such grants to executive will be determined.

(e) Employment Contracts

The REIT has employment contracts with its executive officers, namely Jane Domenico, the President and Chief Executive Officer, Derrick West, the Chief Financial Officer and Paul Harris, the Chief Operating Officer.

Effective on July 14, 2015, Ms. Jane Domenico entered into an employment contract with the REIT in respect of her appointment as the REIT's Chief Executive Officer. Pursuant to the terms of her employment contract, Ms. Domenico is entitled to an annualized base salary of \$407,000. Ms. Domenico is also eligible to receive an annual bonus to a maximum of 100% of her base salary based on criteria determined by the Board and the Chief Executive Officer at the beginning of each fiscal year.

Ms. Domenico is also eligible to participate in group benefit plans available to officers of the REIT and is entitled to twenty-five vacation days per year. Additionally, the REIT will reimburse Ms. Domenico for all of her reasonable and approved business expenses. The expense claims of the Chief Executive Officer are approved by the Chair of the Audit Committee and are reviewed annually by the Audit Committee. Any expense that the Chair of the Audit Committee deems is not a valid business expense of the REIT would have to be reimbursed by Ms. Domenico. No reimbursement has been required to date.

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

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

A "Change in Control" for the purpose of Ms. Domenico's employment contract means (a) the occurrence, by way of a transaction approved by the Board of Trustees, of both (i) the acquisition or continued ownership of units of the REIT and/or securities ("Convertible Securities") convertible into, exchangeable for or representing the right to acquire units of the REIT as a result of which a person, group of persons or persons acting jointly or in concert or

persons associated or affiliated (within the meanings of the *Business Corporations Act* (Ontario)) with any such person, group of persons or any of such persons acting jointly or in concert (collectively, the "Acquirors") beneficially own units of the REIT and/or Convertible Securities such that, assuming only the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, the Acquirors would beneficially own units of the REIT that would entitle the holders thereof to cast more than 50% of the votes cast attaching to all units of the REIT that may be cast to elect members of the Board of Trustees; and (ii) the exercise of voting power over all or any such units of the REIT so as to cause or result in the election of such number of trustees of the REIT as would constitute a majority of the Board of Trustees and who were not Incumbent Trustees; (b) the completion of a consolidation, merger or amalgamation by the REIT whereby the holders of units of the REIT immediately prior to the consolidation, merger or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged or amalgamated entity; (c) the completion of a sale whereby all or substantially all of the REIT's undertakings and assets become the property of any third party and the holders of units of the REIT immediately prior to that sale collectively hold less than 50% of the voting rights attaching to the outstanding voting securities of the third party immediately following that sale; or (d) the adoption by the Board of Trustees of a resolution to the effect that, for the purposes of the agreement, a Change in Control has occurred or that such a Change in Control is imminent, provided, however, that for the purposes of the agreement, (A) the sale of any voting securities (or equivalent thereof) of the REIT (or any successor thereto) pursuant to a treasury offering, shall not constitute a Change in Control, and (B) the Board of Trustees may deem that a Change in Control has not occurred.

Ms. Domenico's employment contract also contains non-competition, non-solicitation and confidentiality covenants consistent with industry standards.

Effective on February 15, 2014, Mr. Derrick West entered into an employment contract with the REIT in respect of his appointment as the REIT's Chief Financial Officer which was amended effective May 4, 2014. Mr. West's employment contract provides for a base salary of \$225,000, an annual bonus up to 50% of base salary and a housing allowance of \$4,000 per month. Mr. West's employment contract also contains non-competition, non-solicitation and confidentiality covenants consistent with industry standards.

Mr. West's employment contract provides that he may terminate his employment by providing the REIT with four weeks' notice and upon such termination, he will be entitled to his unpaid base salary, accrued but unused vacation days and reasonable unpaid expenses, each to the date of termination. The REIT may terminate Mr. West's employment for cause and upon such termination, he will be entitled to his unpaid base salary, accrued but unused vacation days and reasonable unpaid expenses, each to the date of termination. The REIT may terminate Mr. West's employment without cause by providing him with a payment equivalent to one year's base salary, the maximum potential annual bonus payable for the previous year (i.e. 50% of his base salary) and any other statutory termination requirements. In addition, the REIT will continue to provide Mr. West with coverage under the applicable group benefit plan for one year from the date of termination. The REIT will also reimburse him for any accrued but unused vacation days and reasonable unpaid expenses, each to the date of termination.

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

A "Change in Control" for the purpose of Mr. West's employment contract means (a) the acceptance by the Unitholders of fifty (50%) percent or more of all issued Units, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Units; provided that no Change in Control shall be deemed to have occurred if upon completion of any such transaction a majority of the Incumbent Trustees (as defined below) remain as members of the Board of Trustees or similar authority of the resulting trust or entity following such effective date; (b) the acquisition and continued ownership of Units (or the securities of any material subsidiary of the REIT) and/or securities ("Convertible Securities") convertible into, exchangeable for or representing the right to acquire Units (or the securities of any material subsidiary of the REIT) as a result of which a person, group of persons or persons acting jointly or in concert or persons associated or affiliated (within the meaning of the *Canada Business Corporations Act*) with any such person, group of persons or any of such persons acting jointly or in concert (collectively, the "Acquirors") beneficially own Units (or the securities of any material subsidiary of the REIT)

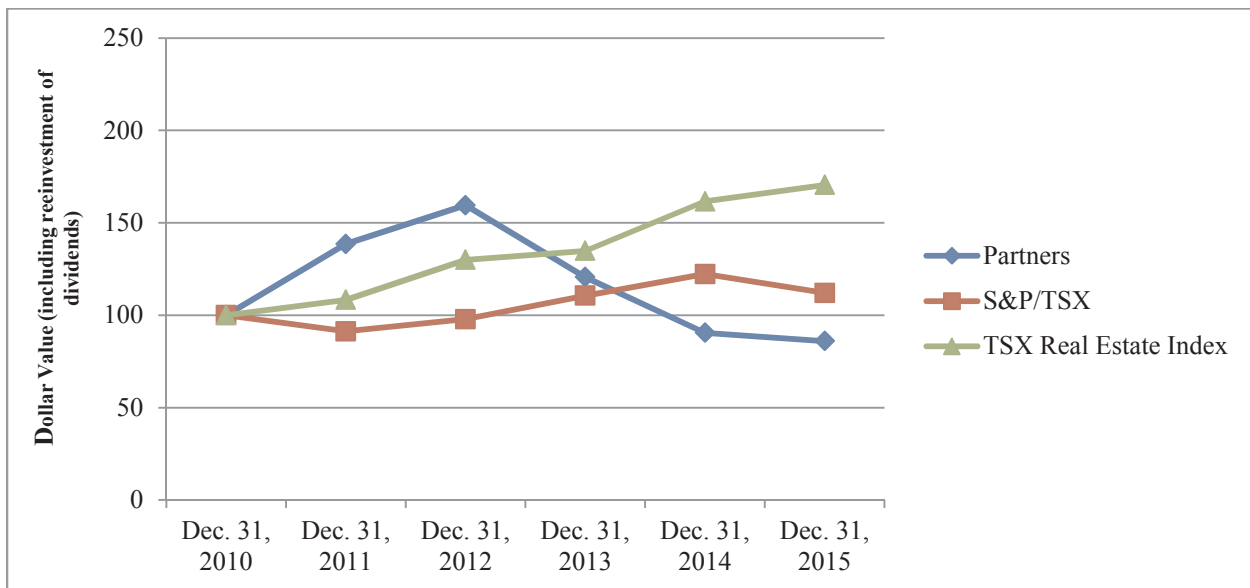
and/or Convertible Securities such that, assuming only the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, the Acquirors would beneficially own Units (or the securities of any material subsidiary of the REIT) that would entitle the holders thereof to cast more than 30% of the votes cast attaching to all Units (or the securities of any material subsidiary of the REIT) that may be cast to elect members of the Board; (c) the entering into of any agreement by the REIT to merge, consolidate, restructure, amalgamate, initiate an arrangement or be absorbed by, into or with another REIT or entity; provided that no Change in Control shall be deemed to have occurred if upon completion of any such transaction a majority of the Incumbent Trustees remain as members of Board or similar authority of the resulting REIT or entity following such effective date; (d) exercise of voting power over all or any portion of the Units so as to cause or result in the election of such number of Trustees of the REIT as would constitute a majority of the Board and who were not Incumbent Trustees; or (e) the acquisition by any person of all, or substantially all, of the material assets of the REIT (whether directly or from one or more subsidiaries of the REIT). For this purpose, Incumbent Trustee means any member of the Board of Trustees who was a member of the Board of Trustees immediately prior to a Change in Control and any successor to an Incumbent Trustee who is recommended or elected or appointed to succeed an Incumbent Trustee by the affirmative vote of the Unitholders when that affirmative vote includes the affirmative vote of a majority of Incumbent Trustees then on the Board of Trustees.

Effective on January 4, 2016, Mr. Paul Hars entered into an employment contract with the REIT in respect of his appointment as the REIT's Chief Operating Officer. The financial and other terms of Mr. Hars' employment contract are substantially similar to the terms of Mr. West's employment contract including with respect to base salary of \$225,000 and annual bonus, except that Mr. Hars' employment contract does not provide for any termination payments in the event of a change in control.

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

Performance Graph

The following graph illustrates our cumulative total Unitholder return (assuming an initial \$100 investment and the reinvestment of all distributions) for the Units on the relevant stock exchange as compared with the S&P/TSX Composite Index and the S&P/TSX Real Estate Index for the period commencing December 31, 2010 until December 31, 2015. The performance chart shows the stabilization of the per Unit market price over the past two years and is consistent with the performance of the S&P/TSX Composite Index over such period. Overall compensation for NEOs (as defined below) is consistent with this stabilization trend. Compensation has increased only modestly as the responsibilities of the executives have evolved of the past two years.



Summary Compensation Table

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

Name	Year	Salary / Portion of Annual Management and Acquisition Fees Attributable to Compensation ⁽¹⁾	Unit-based awards	Option-based awards ⁽²⁾	Non-equity incentive plan compensation		All other compensation	Total compensation ⁽¹⁾
					Annual Incentive Plans	Long-term Incentive Plans		
		\$	\$	\$	\$	\$	\$	\$
JANE DOMENICO President and Chief Executive Officer	2015	\$407,000 ⁽²⁾	Nil	Nil	\$85,000 ⁽²⁾	Nil	Nil	\$492,000
	2014	\$318,431 ⁽³⁾	Nil	Nil	\$67,500 ⁽³⁾	Nil	\$25,000 ⁽⁴⁾	\$410,931
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
DERRICK WEST Chief Financial Officer and Corporate Secretary	2015	\$225,000 ⁽⁵⁾	Nil	Nil	\$75,000 ⁽⁵⁾	Nil	\$37,975 ⁽⁷⁾	\$337,975
	2014	\$199,488 ⁽⁶⁾	Nil	Nil	\$67,500 ⁽⁶⁾	Nil	\$34,246 ⁽⁸⁾	\$301,234
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Prior to internalization on February 15, 2014, the REIT had no employees and bore no direct cost with respect to any staff. Executive compensation attributable to time dedicated to the business and affairs of the REIT was paid by the Former Manager in accordance with the Former Management Agreement (and the management agreement that existed prior to the Former Management Agreement) obligation to provide a management team to the REIT. The aggregate fees earned by the Former Manager in fiscal 2014 were \$218,415 (2013: \$2,299,599; 2012: \$1,917,819). The Trustees have been advised that approximately 70% of the aggregate fees represent a recovery of salaries, with the balance allocated to the recovery of other overhead costs.
- (2) Ms. Domenico was Chief Operating Officer of the REIT and Acting Chief Executive Officer with an aggregate base salary of \$407,000 until July 14, 2015. On July 14, 2015, Ms. Domenico was appointed Chief Executive Officer with a base salary of \$407,000. Ms. Domenico received a 2015 performance bonus of \$85,000 paid in February 2016.
- (3) Ms. Domenico was Vice President of Asset Management of the REIT for the Former Manager from January 1, 2014 to February 14, 2014 and received aggregate compensation of \$23,393 in such capacity. Ms. Domenico was appointed Chief Operating Officer on February 14, 2014 and Acting Chief Executive Officer on May 4, 2014. Ms. Domenico’s annual base salary as Chief Operating Officer was \$225,000 and her bi-weekly base salary as Acting Chief Executive Officer was an additional \$7,000. Pursuant to the terms of her employment contract as Chief Operating Office, Ms. Domenico received a 2014 performance bonus of \$67,500 paid in April 2015.
- (4) Ms. Domenico received a one-time signing bonus pursuant to the terms of her employment contract as Acting Chief Executive Officer entered into on May 4, 2014.
- (5) Mr. West’s 2015 base salary as Chief Financial Officer was \$225,000. Mr. West received a 2015 performance bonus of \$75,000 paid in February 2016.
- (6) Mr. West was the financial controller for the REIT for the Former Manager from January 20, 2014 to February 14, 2014 and received aggregate compensation of \$14,538 in such capacity. Mr. West was appointed Chief Financial Officer on February 14, 2014. Mr. West’s annual base salary as Chief Financial Officer is \$225,000. Pursuant to the terms of his employment contract, Mr. West received a 2014 performance bonus of \$67,500 paid in April 2015.
- (7) Mr. West received a housing allowance of \$2,800 per month which was increased to \$4,000 per month effective September 2015.
- (8) Mr. West received a one-time retention bonus payment equal to \$25,000 and a month housing allowance of \$1,000 per month pursuant to the terms of his amended employment contract entered into on May 4, 2014 in respect of his appointment as Chief Financial Officer. Mr. West’s housing allowance was amended to \$2,800 per month in December 2014.

Executive Officer Unit Ownership Guidelines

To align the interests of senior management with the interests of Unitholders, REIT ownership guidelines were approved by the Board for officers and non-employee trustees of the REIT on May 17, 2015 (the “Unit Ownership Guidelines”). Under the Unit Ownership Guidelines, each officer 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. Unexercised vested options do not qualify to meet ownership guidelines. The Unit Ownership Guideline states that if an officer’s Unit ownership falls below the minimum guidelines due to a decline in the Unit price, such officer will have one year to restore compliance.

Outstanding Equity-Based Awards

As at April 20, 2016, there were no outstanding option, deferred unit or other equity-based awards.

Unit Option Plan

Purpose

The purpose of the REIT’s second amended and restated unit option plan dated June 6, 2008 and amended on June 30, 2010 and April 13, 2012 is to encourage ownership of Units by Trustees, directors of subsidiaries of the REIT, executive officers and employees of the REIT and its subsidiaries and consultants.

Administration

The Unit Option Plan is administered by the Trustees. The Trustees may:

- grant options to purchase Units to eligible persons;
- determine the terms, limitations, restrictions and conditions respecting grants of Units;
- interpret the Unit Option Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Unit Option Plan; and
- make all of their determinations and to take all other actions in connection with the implementation and administration of the Unit Option Plan as they may deem necessary or advisable.

Maximum Number of Units Subject to the Unit Option Plan

As at April 20, 2016, the REIT has no Options outstanding, leaving unallocated Options with respect to an aggregate of 3,359,733 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. As a result of the “rolling cap”, the Unit Option Plan must be approved by Unitholders once every three years pursuant to the rules of the TSX.

Terms and Conditions of Options

Price

The price of any Units in respect of which an Option may be granted shall be fixed by the Trustees but shall not be less than the market price of the Units at the time the Option is granted. “Market price” is deemed to be the last closing price of the Units as reported by the TSX or any other principal Canadian stock exchange on which the Units are then listed or admitted to trading on the day immediately preceding the day upon which the Option is granted, or if not so traded, the average between the closing bid and asked prices as reported for the day immediately preceding the day upon which the Option is granted. The Trustees may determine that the date of grant of the Option shall be a

future date determined in the manner specified in such resolution, in which case, the “market price” shall be the weighted average trading price of the Units as reported by the TSX for the five trading days preceding the date of the grant. 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 Option.

Term

Options granted under the Unit Option Plan will vest on the date or dates determined by the Board and may be exercisable over a period not exceeding five years from the date of the grant of the Option. Provided the Units are listed on the TSX, if the term of an Option expires on a date that falls within a period (a “Blackout Period”) during which designated trustees, officers and employees of the REIT cannot trade the Units pursuant to the Trust’s policy respecting restrictions on trading which is in effect at that time, such expiration date will be automatically extended to that date which is the tenth business day after the end of the Blackout Period.

Termination of Options

Options terminate on the earlier of:

- the date of expiration specified in the Option agreement or in the resolution of Trustees granting the Option, as the case may be, being not more than five years after the date upon which the Option was granted;
- 90 days after the participant ceases to be eligible, other than by reason of retirement, permanent disability or death. This provision will apply regardless of whether the participant was dismissed with or without cause;
- 180 days following the date of death of the participant; and
- 90 days after termination of the participant’s employment by reason of permanent disability or retirement.

Transferability of Options

No Option is transferable or assignable by the participant, except to a “permitted assign” as defined in NI 45-106, which includes:

- a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person;
- a holding entity of the person;
- a RRSP, RRIF, or TFSA of the person;
- a spouse of the person;
- a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person;
- a holding entity of the spouse of the person; or
- a RRSP, RRIF, or TFSA of the spouse of the person.

Restrictions on Issuances

The number of Units reserved for issuance under Options granted to insiders is limited to the Insider Participation Limit. The number of Units reserved for issuance under Options to any one person may not exceed 5% of the issued and outstanding Units on a non-diluted basis. Insider Participation Limit, which is defined in the TSX Company

Manual, means the number Units of the REIT; (i) issued to insiders of the listed issuer, within any one year period, and (ii) issuable to insiders of the listed issuer, at any time, under the Unit Option Plan, or when combined with all of the REIT's other security based compensation arrangements (including the Deferred Unit Plan), which cannot exceed 10% of the REIT's total issued and outstanding Units.

Adjustments in Units Subject to the Unit Option Plan

The number of Units subject to the Unit Option Plan may be adjusted in the event of a subdivision, redivision, consolidation, or reclassification of the Units or other capital reorganization of the REIT.

Change in Control

In the event of a Change in Control of the REIT (as hereinafter defined) all Options shall become immediately exercisable.

For the purposes of the Unit Option Plan, a "Change in Control" is defined as:

- the acceptance of an offer by a sufficient number of holders of voting securities of an entity to constitute the offeror, together with persons acting jointly or in concert with the offeror, being a securityholder of such entity being entitled to exercise more than 50% of the voting rights attaching to the outstanding securities of such entity (provided that prior to the offer, the offeror was not entitled to exercise more than 50% of the voting rights attaching to the entity);
- the completion of a consolidation, merger or amalgamation by an entity whereby the voting securityholders of such entity immediately prior to the consolidation, merger or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged or amalgamated entity;
- the completion of a sale whereby all or substantially all of an entity's undertakings and assets become the property of any third party and the voting securityholders of the entity immediately prior to that sale collectively hold less than 50% of the voting rights attaching to the outstanding voting securities of the third party immediately following that sale; or
- the adoption by the Trustees of a resolution to the effect that, for the purposes of the Unit Option Plan, a Change in Control has occurred or that such a Change in Control is imminent,

provided, however, that for the purposes of the Unit Option Plan, (A) the sale of any voting securities (or equivalent thereof) of an entity (or any successor Person thereto) pursuant to a public offering, shall not constitute a Change in Control, and (B) the Trustees may deem that a Change of Control has not occurred for the purposes of the Unit Option Plan.

Amendment and Termination of the Unit Option Plan and Options

The Trustees may amend, suspend or terminate:

- the Unit Option Plan or any portion thereof, including, without limitation, amendments related to vesting, termination, or of a "housekeeping" nature, provided that the REIT shall comply with the rules of the TSX; or
- any Option at any time, provided that such amendment shall not adversely alter or impair any Option previously granted except as permitted by the provisions of the Unit Option Plan.

Notwithstanding the foregoing, the REIT will be required to obtain Unitholder approval for any amendment related to:

- a reduction in the exercise price benefitting an insider;
- an extension of the term benefitting an insider;
- any amendment to remove or to exceed the Insider Participation Limit;
- an increase in the maximum number of securities issuable under the Unit Option Plan; and
- amendments to the amendments section of the Unit Option Plan.

Deferred Unit Plan

On May 17, 2015, the Board adopted the Deferred Unit Plan which was approved by Unitholders on June 17, 2015. The purpose of the Deferred Unit Plan is to advance the interests of the REIT by enhancing the ability of the REIT to attract, motivate and retain trustees of the REIT and to reward such persons for their sustained contributions, to encourage such persons to take into account the long-term performance of the REIT and to promote a greater alignment of interests between trustees of the REIT and Unitholders.

Overview

The Deferred Unit Plan provides trustees of the REIT with the opportunity to acquire Deferred Units. Deferred Units represent a right to receive Units on ceasing to be a trustee of the REIT.

Eligible Persons

Trustees of the REIT who are neither full nor part-time employees of the REIT or any of its Subsidiaries are eligible to participate in the Deferred Unit Plan (“Participants”). Participants may elect to receive all or part of their annual retainer, meeting fees and additional compensation (including travel fees), which are paid quarterly, in Deferred Units. Deferred Units will not entitle a trustee of the REIT who elects to participate in the Deferred Unit Plan (“Participating Trustee”) to any voting or other Unitholder rights. One Deferred Unit is economically equivalent to one Unit. Fractional Deferred Units are permitted under the Deferred Unit Plan. A Participating Trustee who is not a U.S. taxpayer is entitled once per calendar year to terminate his or her participation in the Deferred Unit Plan by way of a termination notice. Such termination shall be effective immediately upon receipt. Participation in the Deferred Unit Plan by a U.S. taxpayer is irrevocable for the year of participation.

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

Number of Units Reserved for Issuance

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

The maximum value of the aggregate number of Units that may be subject to grants of Deferred Units under this Plan to any one Participant during any financial year of the REIT shall be no greater than \$150,000.

Deferred Unit grants and Deferred Unit accounts will be credited quarterly to each Participating Trustee's account and will be determined by dividing the amount the Participating Trustee elects to receive in Deferred Units by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to the date on which the Deferred Units are credited. Additional Deferred Units will be automatically credited to a Participating Trustee's account under the Deferred Unit Plan when the REIT pays a cash distribution to Unitholders. The additional Deferred Units to be credited will be calculated in a manner consistent with the REIT's distribution reinvestment

plan available to Unitholders, by dividing (i) the amount determined by multiplying (a) the aggregate number of Deferred Units held on the relevant distribution record date by (b) the amount of distributions paid by the REIT on each Unit, by (ii) by the volume weighted average trading price of a Unit on the TSX for the twenty trading days prior to the distribution payment date.

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

Insider Participation Limits

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

Vesting of Deferred Units

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

Redemption and Termination of Deferred Units

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

Amendment, Suspension or Termination

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

- a) to correct errors, immaterial inconsistencies or ambiguities in the Deferred Unit Plan;
- b) necessary or desirable to comply with applicable laws or regulatory requirements, rules or policies (including stock exchange requirements);
- c) to the vesting provisions applicable to Deferred Units issued under the plan;
- d) to add a provision permitting the REIT to match a percentage of the elected amount for each Participating Trustee such that the aggregate number of Deferred Units issued to each such Participating Trustee annually shall be increased by such percentage; and

- e) any other amendment that does not require Unitholder approval under applicable laws or rules of the TSX.

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

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

Assignment

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

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

Securities Authorized for Issuance under Equity Compensation Plans

The following table (presented in accordance with Form 51-102F5 promulgated under National Instrument 51-102 – *Continuous Disclosure*) sets forth all compensation plans under which equity securities of the REIT were authorized for issuance as of December 31, 2015:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options ⁽¹⁾ , Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))*
	(a)	(b)	(c)
Equity compensation plans approved by security holders	Nil	Nil	3,338,764
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	Nil	Nil	3,338,764

*Based on 33,387,646 Units being issued and outstanding as of December 31, 2015.

Executive Equity Compensation

None of the executive officers or senior officers of the REIT were entitled at any time during fiscal 2015 to equity compensation by the REIT or its subsidiaries pursuant to an Equity Compensation Plan. During the year ended December 31, 2015, no Options, Deferred Units or Units (or other equity securities) of the REIT were authorized pursuant to any Equity Compensation Plan.

Compensation of Trustees

The following table presents the details of all compensation provided to the Trustees for the year ended December 31, 2015.

Name	Fees Earned (\$)	Unit-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation	All Other Compensation (\$)	Total (\$)
MARC CHARLEBOIS	74,442	-	-	-	-	74,442
JANE DOMENICO ⁽¹⁾	-	-	-	-	-	-
STEPHEN DULMAGE ⁽²⁾	33,462	-	-	-	-	33,462
JOSEPH FELDMAN ⁽³⁾	35,808	-	-	-	-	35,808
DEXTER JOHN	80,962	-	-	-	-	80,962
ALLAN KIMBERLEY	28,904	-	-	-	-	28,904
SIMON NYILASSY	26,346	-	-	-	-	26,346
C. IAN ROSS	30,183	-	-	-	-	30,183

(1) Jane Domenico is a nominee Trustee and was previously a Trustee of the REIT until June 17, 2015.

(2) Stephen Dulmage ceased being a Trustee of the REIT on June 17, 2015.

(3) Joseph Feldman ceased being a Trustee of the REIT on June 17, 2015.

Each of the Trustees who are not officers of the REIT receives an annual retainer in the amount of \$30,000 per year plus a fee of \$1,000 for each Board or committee meeting attended, other than attendance at Audit Committee meetings, for which Trustees receive a fee of \$1,500 for each meeting attended. The Chair of the Board receives an annual honorarium of \$10,000, the Chair of the Audit Committee receives an honorarium of \$7,500 and each of the chairs of the GC Committee and the Investment Committee receives a \$5,000 honorarium. Trustees may be reimbursed for reasonable travel and other expenses incurred by them in attending meetings of the Trustees or any committee meeting thereof or in connection with their services as Trustees. The Trustees may also be granted Options or Deferred Units from time to time but no such Options or Deferred Units have been granted to the current serving Trustees. Trustees will also be entitled to establish additional fees for special committees or work required by the Trustees above and beyond their mandate.

During the year ended December 31, 2015, no Option-based or Unit-based awards were made to anyone who was a Trustee on December 31, 2015 or who had been a Trustee during 2015. Between the period from January 1, 2016 to the date of the Circular, no Option-based or Unit-based awards were made to anyone who was a Trustee during such period.

Trustee Unit Ownership Guidelines

Under the Unit Ownership Guidelines 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 that the REIT then provides to such trustee for regular service on the Board. Non-employee trustees are subject to such guidelines for as long as they continue to serve on the Board. The Unit Ownership Guideline states that if a non-management trustee's unit ownership falls below the minimum guidelines due to a decline in the unit price, such trustee will have one year to restore compliance.

INDEBTEDNESS OF TRUSTEES AND EXECUTIVE OFFICERS, DIRECTORS AND OFFICERS

None of the Trustees, executive officers or senior officers of the REIT or their respective associates were indebted at any time during fiscal 2015 to the REIT or its subsidiaries. As of the date of this Circular, there was no indebtedness to the REIT and its subsidiaries, excluding routine indebtedness, owing by present and former Trustees of the REIT and its subsidiaries.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

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

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

On October 18, 2013, the REIT was informed that LAC and a number of related entities, including the Former Manager, had sought protection under the CCAA. In mid-November, the Board became aware that LAC and the Court-appointed Monitor in respect of the CCAA proceeding was seeking to sell LAC's Holding of 3,872,863 Units (representing at the time, 14.9% of the then outstanding Units). On November 28, 2013, the REIT was informed that LAC had obtained a court order under which the Units which it owned had been sold to McCowan.

On December 13, 2013, the Board (which then comprised Messrs. Allen Weinberg, Joseph Feldman and Patrick Miniutti) entered into an arrangement to internalize the REIT's management (i.e., by terminating the Former Management Agreement) by no later than February 15, 2014. In addition, the Trustees consented to a proposal from McCowan pursuant to which McCowan agreed to acquire the rights, duties and obligations of the Former Manager by way of an assignment of the Former Management Agreement to a subsidiary of McCowan for a price of \$1.5 million and to develop a plan to internalize management no later than February 15, 2014. McCowan agreed to effectively amend the Former Management Agreement to provide that McCowan would accept the termination of its subsidiary as manager of the REIT on February 15, 2014 without further notice upon payment of a termination fee of \$1.5 million, together with accrued and unpaid amounts of the management fee and the reimbursement of any other amounts owing to it under the Former Management Agreement. On December 29, 2013, McCowan and LAC completed the court-approved assignment of the Former Management Agreement from the Former Manager to McCowan's subsidiary.

At the time of this assignment, McCowan's subsidiary entered into a secondment arrangement with LAC pursuant to which those employees of LAC who had been formerly responsible for the provision of key services to the REIT by the Former Manager would continue to provide these services until internalization and would assist in the internalization planning. In addition, the Independent Trustees created a special committee (the "Internalization Committee") to oversee the internalization planning and, in particular, to review the internalization plan to be prepared by McCowan.

The costs incurred by the REIT under the terms of the Former Management Agreement, including acquisition fees, asset management fees, and property management and accounting fees, are detailed in in the REIT's annual financial statements for the year-end of December 31, 2014.

On February 11, 2014, the Internalization Committee met to review the internalization plan. On February 14, 2014, the REIT terminated the Former Management Agreement and completed the internalization of management effective February 15, 2014 with the REIT's head office being moved to Barrie, Ontario. The REIT's interim financial statements for the period ended March 31, 2014 set out all amounts paid to McCowan in respect of the Former Management Agreement.

On internalization, the REIT hired a small number of employees formerly seconded by LAC to McCowan, the most senior member of which was Jane Domenico, who was then appointed as Chief Operating Officer of the REIT. The REIT also hired a number of employees from McCowan, including the director of Human Resources and leasing and property management staff. The Board of Trustees entered into an employment services agreement (the "Employee Services Agreement") with McCowan on February 15, 2014, pursuant to which the REIT agreed that employees of the REIT (other than the REIT's Chief Financial Officer and Chief Operating Officer), could provide certain specified property and facility management services, administrative support services on an as-needed basis to McCowan, provided that this would have no detrimental impact on their duties and obligations as employees of the REIT. The Employee Services Agreement was terminated on July 10, 2014.

On May 4, 2014, Mr. Ron McCowan resigned as interim Chief Executive Officer and Jane Domenico was appointed acting Chief Executive Officer. On May 5, 2014, the REIT and McCowan amended the terms of the Employee Services Agreement to reflect the resignation of 17 REIT staff, who returned to work as employees of McCowan. The REIT announced the termination of the Employee Services Agreement on July 10, 2014.

As disclosed in its public disclosure, the REIT acquired three retail centres (the “Properties”) from Holyrood Holdings Ltd. (“Holyrood”) on April, 22, 2014 pursuant to a purchase and sale agreement dated April 2, 2014 (the “April Transaction”). The Properties included the urban mixed use Hamilton City Centre in Hamilton, the multi-tenanted retail Crossroads Centre in London, and a multi-tenanted retail property in Kemptville. The REIT purchased only the stabilized net operating income of the Properties.

On June 6, 2014, the REIT announced that it had entered into the Rescission Agreement which stipulates that, subject to certain conditions as described below, Holyrood and the REIT agreed to rescind the April Transaction such that, to the maximum extent practicable, each of Holyrood, Partners Ontario Limited Partnership (“Partners LP”) and the REIT will be in the same position as they were in prior to the completion of the transaction. Accordingly, Holyrood would retain all of its right, title and interest in and to the assets involved in the transaction and the REIT would reclaim and cancel the 4,813,517 Class B Units of Partners LP and the 1,188,188 Units that were issued to Holyrood.

Prior to entering into the Rescission Agreement, the Trustees received from Ms. Laura Philp a copy of a ten-year lease purportedly entered into between a company owned by Ms. Philp which owns the Barrie premises which the REIT then occupied. The lease provided for rental payments over the course of the ten years amounting to \$2,125,000. The Trustees were not aware of the prior existence of the lease, or the circumstances in which it was entered into, and discussions ensued between the REIT and Ms. Philp. The Trustees believed that it was in the best interests of the REIT to settle the outstanding issue with respect to the validity of the lease and, as part of the Rescission Agreement, agreed to pay \$400,000 to Ms. Philp in exchange for an acknowledgment of the termination of the ten-year lease.

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

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

STATEMENT OF GOVERNANCE PRACTICES

The REIT has adopted certain practices and procedures to ensure that effective governance practices are followed and to ensure that the Board functions independently of management. Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines*, Schedule A sets forth the REIT’s statement of governance practices. Schedule B sets out the mandate of the Board.

TRUSTEES’ AND OFFICERS’ LIABILITY INSURANCE AND INDEMNIFICATION

The REIT maintains liability insurance coverage (“Coverage”) for the Trustees and officers of the REIT for eligible claims made against the Trustees or officers. The annual Coverage limit is \$10,000,000 for the policy period ending June 15, 2015 to June 15, 2016 and is expected to be same during the policy period beginning June 15, 2016 to June 15, 2017.

Under the Coverage, the insurers who provide the Coverage will indemnify the REIT for eligible claims against the Trustees, directors and officers in circumstances where the REIT is permitted or required to provide indemnification. Claims that are indemnified by the REIT are subject to a deductible of \$50,000. In addition, the insurers who provide the Coverage will indemnify, pursuant to the terms and conditions of the Coverage policies individual Trustees, directors’ and officers’ for eligible claims in the instance where the REIT is not in a position to provide

indemnification. No deductible applies in this case. The Trustees and officers have also entered into contractual indemnities with regard to the above indemnification obligations.

OTHER MATTERS

The Trustees are not aware of any amendments or variations to matters identified in the Notice or of any other matters that are to be presented for action at the Meeting other than those described in the Notice.

Information stated in this Circular is dated as at April 20, 2016 except where otherwise indicated.

ADDITIONAL INFORMATION

Additional information relating to the REIT is available on SEDAR at www.sedar.com and financial information relating to the REIT is provided in the Financial Statements and MD&A for the fiscal year ended December 31, 2015.

To request copies of the REIT's Financial Statements and MD&A, Unitholders may contact the REIT directly at 249 Saunders Road, Unit #3, Barrie, Ontario, L49 9A3, Tel: 705-725-6020.

APPROVAL BY THE TRUSTEES

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

DATED at Toronto, Ontario, this 20 day of April, 2016

BY ORDER OF THE BOARD OF TRUSTEES

(signed) "Dexter John"

Dexter John
Chair of the Board of Trustees

**SCHEDULE A —
STATEMENT OF GOVERNANCE PRACTICES**

The Governance, Compensation and Nominating Committee of the REIT (the “GC Committee”) is responsible for addressing issues relating to the governance of the REIT, including the engagement of officers of the REIT (in accordance with the Management Agreement), board composition and general governance practices.

National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) set out requirements and best practice standards for effective corporate governance. These rules require all reporting issuers in Canada to disclose their governance practices. The REIT is pleased to make the following disclosure regarding its governance practices:

Mandate of the Board

The Board is responsible for the stewardship of the REIT and for the supervision of the management of the business and affairs of the REIT. The Board’s general responsibilities are set out in the Board’s mandate, which is attached as Schedule B.

Composition of the Board

The Board annually reviews the independence of the trustees of the REIT (the “Trustees”). The Board reviews the Trustees’ employment status, other board memberships, shareholdings and business relationships to determine whether there are any relationships which might interfere with a Trustee’s ability to make an independent judgment.

The Board is currently composed of five Trustees, namely Marc Charlebois, Dexter John, Allan Kimberley, Simon Nyilassy and C. Ian Ross. Each of the current Trustees is considered independent under NI 58-101. Other public board directorships currently held by the Trustees can be found on pages 7 to 10 of this Circular.

The Board maintains a practice that each meeting is followed by an *in camera* session where management does not attend. In addition, the Board held 5 meetings during 2015 at which members of management were not in attendance.

The following table illustrates the attendance record of each trustee for all meetings of the Board (including full board meetings, the Audit Committee meetings and the GC Committee meetings (the Investment Committee did not meet separately from the Board in 2015)) held for the fiscal year ended December 31, 2015.

Attendance: 2015 Board of Trustee Meetings (including special committee meetings)

TRUSTEE	# OF MEETINGS ATTENDED	# OF MEETINGS DURING TENURE	% ATTENDANCE
Marc Charlebois	18	18	100%
Jane Domenico	5	5	100%
Stephen Dulmage	8	10	80%
Joseph Feldman (Served as Chair until May 2015)	11	11	100%
Dexter John (Served as Chair from May 2015)	18	18	100%
Allan Kimberley	8	8	100%

Simon Nyilassy	8	8	100%
Ian Ross	8	8	100%

Attendance: 2015 Audit Committee Meetings

TRUSTEE	# OF MEETINGS ATTENDED	# OF MEETINGS DURING TENURE	% ATTENDANCE
Stephen Dulmage (Served as Chair until June 2015)	2	2	100%
Marc Charlebois	4	4	100%
Joseph Feldman	2	2	100%
Simon Nyilassy	2	2	100%
Ian Ross (Served as Chair from May 2015)	2	2	100%

Attendance: 2015 Governance, Compensation and Nominating Committee Meetings

TRUSTEE	# OF MEETINGS ATTENDED	# OF MEETINGS DURING TENURE	% ATTENDANCE
Marc Charlebois	3	3	100%
Stephen Dulmage	4	4	100%
Joseph Feldman	4	4	100%
Dexter John (Current Chair)	7	7	100%
Allan Kimberley	3	3	100%

Board Committees

Audit Committee

The audit committee of the REIT (the “Audit Committee”) is comprised of three Trustees and operates pursuant to a written charter and meets *in camera* at each meeting. The Audit Committee consists of C. Ian Ross, Marc Charlebois and Simon Nyilassy, with Mr. Ross serving as Chair. All members of the Audit Committee are financially literate. The Audit Committee assists the Trustees in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of the REIT, the adequacy of internal accounting controls and procedures, and the quality and integrity of financial statements of the REIT. In addition, the Audit Committee is responsible for directing the auditors’ examination of specific areas and for the selection of independent auditors to be appointed by the Unitholders. The roles and responsibilities of the Audit Committee, including of the Chair of the Audit Committee, are as set out Audit Committee Charter, a copy of which is attached

to the REIT's annual information form and as posted on the REIT's website at www.partnersreit.com. The Audit Committee Charter is reviewed annually by the Board.

For additional information concerning the Audit Committee and its members, see Schedule B of the REIT's annual information form dated March 21, 2016.

Governance, Compensation and Nominating Committee

The Governance, Compensation and Nominating Committee (as previously defined herein, the "GC Committee") is comprised of three Trustees each of whom must be Independent Trustees. The GC Committee consists of Dexter John, Marc Charlebois and Allan Kimberley, with Mr. John serving as Chair. Both Mr. John and Mr. Kimberley have experience sitting on similar governance committees for other public companies. The GC Committee is responsible for assessing the effectiveness of the Board, each of its committees and individual Trustees, assessing the performance of management and overseeing the recruitment and selection of candidates as Trustees. The roles and responsibilities GC Committee, including of the of the Chair of the GC Committee, are as set out GC Committee Charter, a copy of which is posted on the REIT's website at www.partnersreit.com. The GC Committee Charters is reviewed annually by the Board.

Investment Committee

The Investment Committee is comprised of three Trustees. The Investment Committee consists of Allan Kimberley, Marc Charlebois and Simon Nyilassy, with Mr. Kimberley serving as Chair. The Investment Committee is responsible for assisting the Board in discharging the Board's oversight responsibilities relating to proposed acquisitions, dispositions and major capital investments with regard to the Trust's real estate assets. The roles and responsibilities of the Investment Committee, including of the Chair of the Investment Committee, are as set out Investment Committee Charter, a copy of which is posted on the REIT's website at www.partnersreit.com. The Investment Committee Charter is reviewed annually by the Board.

Nomination of Trustees

The GC Committee is responsible for identifying individuals qualified to become new Trustees of the REIT by a process which includes identifying new nominees who have expertise in an area of strategic importance to the REIT, a willingness to serve on the Board and any of its committees, and the ability to devote sufficient time to the Board. The GC Committee then recommends these individuals to the Board to be nominated for election at annual meetings of Unitholders.

In evaluating the competencies and skills of potential new Trustees, the GC Committee and the Board review the experience and expertise of such individual, including, but not limited to, public company board experience, senior management experience, leadership, corporate finance experience, accounting expertise and experience, legal and regulatory experience, corporate governance expertise and experience, human resource (including compensation) expertise and experience and relevant real estate industry experience. The GC Committee and the Board consider: (a) the competencies and skills the Board, as a whole, should possess; (b) the competencies and skills each existing Trustee possesses; and (c) the personality and skills each new nominee would bring to the Board.

Position Descriptions

The Board has developed position descriptions outlining the accountabilities for the Chair, the Chair of the Audit Committee, the Chair of the GC Committee, the Chair of the Investment Committee and the Chief Executive Officer. Descriptions of the Chair of the Board and each of the committees is as described in each of the respective mandates or charters.

Orientation and Continuing Education of New Trustees

The GC Committee does not have a formalized orientation program for new Trustees, however, orientation material are provided to new Trustees to familiarize them with the REIT and its business. The current orientation program

which is assessed on a case-by-case basis, but includes meetings with management, committee chairs and counsel to the REIT with the goals of assisting new Trustees in understanding: (a) the role of the Board and its committees; (b) the contribution individual Trustees are expected to make (including the commitment of time and energy that the REIT expects from its Trustees); and (c) the nature and operation of the REIT's business.

Trustees who joined the Board in 2015 met with counsel to the REIT and were provided a detailed overview of the Declaration of Trust, the various governance policies, and their overall role and responsibilities. New Trustees also met with management of the REIT and were provided an overview of the properties and operations of the REIT.

The Board may, as appropriate, provide continuing education opportunities to assist Trustees in maintaining or enhancing their skills and abilities as Trustees and in ensuring that their knowledge and understanding of the REIT's business remains current. The skill and abilities of each Trustee is assessed annually, as described below under "Assessments", to ensure Trustees maintain the skill and knowledge necessary to fulfill their obligation.

Ethical Business Conduct

The REIT is strongly committed to conducting its business in a lawful and ethical manner. The Board has adopted a written Code of Business Conduct and Ethics (the "Code") for Trustees, officers and employees. The Code, which is reviewed and approved by the Board annually, describes confidential reporting procedures which may be used by personnel to communicate good faith concerns about any violation of the Code or related policies and guidelines. The Board has also developed and adopted a Whistleblower Protection Policy to help ensure open communication and intended to promote ethical conduct in conjunction with the Code.

A copy of the Code and the Whistleblower Protection Policy may be obtained at any time upon request to the REIT at 249 Saunders Road, Unit #3, Barrie, Ontario, L4N 9A3, Tel: 705-725-6020.

The Code, the mandate of the Board, as well as a number of other policies implemented by the REIT, including insider trading and whistleblowing policies, serve to promote and encourage a culture of ethical business conduct within the REIT. The Board ensures compliance with the Code by promoting a culture of ethical business and by maintaining open reporting a mechanism to submit concerns and reports directly to the Chair of the Audit Committee.

The Board also ensures that Trustees exercise independent judgment in consideration of transactions in respect of which a Trustee or executive officer, as applicable, has a material interest by requiring all Trustees and executive officers to declare any conflicts of interest.

CEO and CFO Certification of Financial Statements

The REIT's Chief Executive Officer and Chief Financial Officer certify the annual financial statements and quarterly financial statements as required by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Policies Regarding Diversity

Trustee

The REIT does not have term limits for its trustees. While there is benefit to adding new perspectives to the Board from time to time, as with the nomination of Ms. Domenico, there are also benefits to be achieved through continuity and trustees having in depth knowledge of each facet of the REIT's business, which necessarily takes time to develop. The Board has undergone significant turnover in recent years; however, Board renewal continues to be one of many factors taken into consideration as part of the Board's annual assessment (discussed below). Pursuant to the REIT Declaration of Trust, Trustees of the REIT are to be elected (including the re-election of incumbent trustees) at each annual meeting of the REIT, and in all cases, the term of any trustee will expire at the close of the next annual meeting of unitholders following such trustee's appointment.

The REIT does not have a formal policy regarding the representation of women on the Board. The Board is currently comprised of five men, such that 0% of the REIT's trustees are women. While diversity is one issue of importance, the Board believes that the key to effective leadership is to choose trustees that, having regard to a wide array of factors, possess the range of necessary independence, skills, experience, commitment and qualifications that are best suited to fostering effective leadership and decision making at the REIT. For these reasons, Ms. Domenico has been nominated to serve as a Trustee of the REIT. As noted elsewhere in this Circular, the Board reviews its size and composition from time to time to determine impact that the trustees have on its effectiveness, and the Board and the REIT's management use a rigorous identification and selection process for new trustees, having regard to a variety of factors, and through these processes the Board believes that it is well-positioned to address any problems or deficiencies that may arise. Although the REIT and the Board do not believe that quotas or strict policies necessarily result in the identification or selection of the best candidates, the Board is mindful of the benefit of gender diversity on the Board and the need to maximize effectiveness of the Board and its decision making abilities. Accordingly, although the Board believes that the current nominee trustees comprise an appropriate mix of individuals with accounting, financial, legal, specific industry and general business experience that is appropriate for the REIT's current size, as the REIT's business grows, it plans to expand the size of its Board and in conducting searches for new trustees, the Board intends to focus on increasing the level of female representation but does not have a representation target at this time.

Officers

The REIT's executive team is comprised of two men and one woman, such that 33% of the REIT's executive officers are women. Similar to the discussion above regarding the representation of women on the Board, the Board does not believe that quotas or strict rules necessarily result in the identification or selection of the best candidates, but that there are benefits of gender diversity. Accordingly, although there is no current intention to make changes or additions to the REIT's executive team, the Board will be mindful of the benefit of gender diversity in any appointment of new executive officers. The Board believes that the current executive management team comprises an appropriate number and mix of individuals with considerable experience in the real estate sector, which is appropriate for the REIT's current size.

Communication Policies

Policies have been established relating to the treatment and disclosure of information about the REIT on a timely, accurate, understandable and broadly disseminated basis. Information relating to the REIT is reviewed by senior management and others as required, for a determination of materiality and, if appropriate, public disclosure. The REIT has reviewed its disclosure policies and practices to ensure full, fair and timely disclosure of information. The REIT communicates with individual Unitholders, institutional investors and financial analysts through its senior management.

Assessments

The GC Committee is responsible for assessing the effectiveness of the Board. The evaluations focus on the contribution of the Board to the REIT and specifically focus on areas in which Trustees and management believe that the contribution of the Board could be improved. The GC Committee review and discuss the skills and abilities of the Trustees against a Trustee skills/experience matrix to confirm that the Trustees and that the Board continue to reflect the most relevant skills and experience. Each committee of the Board and each Trustee is also reviewed by the GC Committee, at least annually.

**SCHEDULE B -
MANDATE OF THE BOARD OF TRUSTEES
OF THE REIT**

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

1. Composition

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

2. Responsibilities of the Board of Trustees

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

- (a) developing and adopting a strategic planning process and reviewing and approving, on at least an annual basis, a budget, and evaluating and discussing a strategic plan for the upcoming year which takes into account, among other things, the opportunities and risks of the Issuer’s business and sets out parameters with which management will operate in relation to capital expenditure, leasing, acquisitions and dispositions and other matters;
- (b) appointing and supervising the Chief Executive Officer and senior management;
- (c) the identification of the principal risks of the Issuer’s business and ensuring the implementation of appropriate systems and procedures are in place to monitor and mitigate such risks;
- (d) succession planning;
- (e) adopting a disclosure policy which enables the Issuer to communicate effectively and addresses how the Issuer interacts with all of its stakeholders, including analysts and the public, contains measures for the Issuer to avoid selective disclosure and is reviewed at such intervals or times as the board deems appropriate;
- (f) informing all trustees, issuers, officers and other employees of the Issuer about their obligation to preserve the confidentiality of undisclosed material information about the Issuer;
- (g) informing all trustees, officers and other employees of the Issuer about prohibitions on illegal insider trading and tipping under applicable law and stock exchange rules;
- (h) ensuring the integrity of the Issuer’s internal controls over financial reporting and management information systems;
- (i) reviewing and approving, the audited, interim and any other publicly announced financial information of the Issuer;
- (j) developing the Issuer’s approach to governance, including developing a set of governance principles and guidelines including practices to facilitate the Board’s independence;
- (k) establishing committees and approve their respective charters and limits authority delegated to each committee;

- (l) implementing a process for assessing the effectiveness of the board as a whole, the committees of the Board and the contribution of individual trustees;
- (m) implementing a process for examining the size of the Board and undertaking, where appropriate, a program to establish a board size which facilitates effective decision-making;
- (n) implementing a process for reviewing the adequacy and form of compensation of trustees and ensuring that compensation realistically reflects the responsibilities and risk involved in being a trustee; and
- (o) providing an opportunity for independent trustees to meet separately at every Board meeting.

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

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

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

3. Responsibilities of Chair

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

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

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

4. Decisions Requiring Prior Approval of the Board of Trustees

Approval of the Board shall be required for:

- (a) any material departure from an established strategy, operating or capital budget or corporate policy approved by the Board;
- (b) the entering into of any agreement or transaction, the performance of which could result in an actual or contingent liability that would be material to the Issuer;
- (c) those matters which may not be delegated by the Board under applicable corporate law;
- (d) such matters as the Board may, from time to time, determine require its approval;
- (e) the payment of distributions;
- (f) significant acquisitions/dispositions;
- (g) related party transactions;
- (h) the public dissemination of any financial information;
- (i) the issuance or repurchase of securities of the Issuer;

- (j) the terms of reference of committees of the Board; and
- (k) any other matter that would give rise to a “material change” to the Issuer.

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

5. Meetings

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

6. Remuneration

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

7. Expectations of Management

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

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

Management is responsible for developing a multi-year strategic plan and an annual business plan, including an operating and capital budget, for review and approval by the Board. The Board’s approval of the business plan provides a mandate for management to conduct the affairs of the Issuer. Material deviations from the plan must be reported to and considered by the Board.

POLICY OF PRACTICES FOR TRUSTEES

Attendance at Meetings

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

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

Preparation for Meetings

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

Conduct at Meetings

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

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

Knowledge of the Issuer's Business

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

- ask questions of management and other trustees/managers, at meetings and otherwise, to increase their knowledge of the business of the Issuer;
- familiarize themselves with the risks and challenges facing the business of the Issuer;
- read all internal memoranda and other documents circulated to the trustees, and all reports and other documents issued by the Issuer for external purposes;
- insist on receiving adequate information from management with respect to a proposal before board approval is requested;
- familiarize themselves with the Issuer's competitors by, among other things, reading relevant news, magazine and trade journal articles; and

- familiarize themselves with the legal and regulatory framework within which the Issuer carries on its business.

Personal Conduct

Trustees are expected to:

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

Other Trusteeships and Significant Activities

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