



**2018 MANAGEMENT INFORMATION CIRCULAR**

March 1, 2018

# MELCOR REIT 2017

## MANAGEMENT INFORMATION CIRCULAR

All Unitholders are Invited to Our AGM:

**The Westin Edmonton**

Devonian Room  
10135 100 Street NW  
Edmonton, AB

Thursday, May 10  
10:00 AM

Your Vote is Important

Please follow the instructions on page 10 to vote your proxy.

IN PERSON



PHONE



MAIL



ONLINE



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## Date of Information

All information contained in this Management Information Circular (circular) is as of March 1, 2018 unless otherwise stated.

## Other Information

Additional information about Melcor REIT (the REIT), including our annual information form and annual and quarterly reports, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Forward-looking Statements

In order to provide our investors with an understanding of our current results and future prospects, our public communications often include written or verbal forward-looking statements.

Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions, courses of action and include future-oriented financial information.

This Management Information Circular and other materials filed with the Canadian securities regulators contain statements that are forward-looking. These statements represent the REIT's intentions, plans, expectations, and beliefs and are based on our experience and our assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances.

Forward-looking statements may involve, but are not limited to, comments with respect to our strategic initiatives for 2018 and beyond, future leasing, acquisition and financing plans and objectives, targets, expectations of the real estate, financing and economic environments, our financial condition, or the results of or outlook for our operations.

By their nature, forward-looking statements require assumptions and involve risks and uncertainties related to the business and general economic environment, many beyond our control. There is significant risk that the predictions, forecasts, valuations, conclusions or projections we make will not prove to be accurate and that our actual results will be materially different from targets, expectations, estimates or intentions expressed in forward-looking statements. We caution readers of this document not to place undue reliance on forward-looking statements. Assumptions about the performance of the Canadian economy and how this performance will affect the REIT's business are material factors we consider in determining our forward-looking statements. For additional information regarding material risks and assumptions, please see the discussion "Business Environment & Risks" in our annual Management Discussion and Analysis (MD&A) for the year ended December 31, 2017, which is incorporated by reference.

Readers should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Except as may be required by law, we do not undertake to update any forward-looking statement, whether written or oral, made by the REIT or on its behalf. In order to provide our investors with an understanding of our current results and future prospects, our public communications often include written or verbal forward-looking statements.

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# WE WELCOME YOU TO OUR 5<sup>th</sup> MEETING OF UNITHOLDERS

**Dear Fellow Unitholders:**

On behalf of the REIT's Board of Trustees and our management team, I invite you to attend the 2018 annual meeting of unitholders. We are pleased to host this event at:

**WHERE:**

**The Westin Edmonton**  
Devonian Room  
10135 100 Street NW  
Edmonton, AB T5J 0N7

**WHEN:**

Thursday, May 10, 2018  
10:00 AM MDT

At the meeting, our management team will review the REIT's 2017 operating and financial performance, as well as our plans for the remainder of 2018. You will have an opportunity to meet members of our management team and Board of Trustees, and to discuss items of interest to you.

The business items to be dealt with are described in this notice of meeting and management information circular.

Additional documentation and information concerning the REIT, including our annual report, is available on our website at [www.melcorREIT.ca](http://www.melcorREIT.ca) as well as at [www.SEDAR.com](http://www.SEDAR.com).

If you are unable to attend the annual meeting of unitholders in person, or if you hold your units in the name of a nominee, such as a brokerage firm, I encourage you to vote in advance by any of the means available to you, as described on page 10 of this circular.

I look forward to seeing you at the meeting.

Sincerely,



Andrew Melton  
President & Chief Executive Officer  
Melcor REIT

# NOTICE OF MEETING

**WHERE:**

**The Westin Edmonton**  
Devonian Room  
10135 100 Street NW  
Edmonton, AB T5J 0N7

**WHEN:**

Thursday, May 10, 2018  
10:00 AM MDT

**RECORD DATE:**

March 12, 2018

**AT THE MEETING YOU WILL BE ASKED TO:**

1. **Receive** the consolidated financial statements of the REIT for the fiscal year ended December 31, 2017, together with the auditor's report on those statements;
2. **Fix** the number of Trustees to be elected at seven (7);
3. **Elect** Trustees to the Board of the REIT;
4. **Appoint** PricewaterhouseCoopers LLP, Chartered Accountants, as the REIT's auditors for the ensuing year at a remuneration to be fixed by the Board of Trustees;
5. **Transact** any other business properly brought before the meeting, or any adjournment thereof.

Please read through this circular for more detailed information on the matters that will be considered and voted on at the meeting.

**YOUR VOTE IS IMPORTANT:** Please follow the instructions for completing and returning the enclosed form of proxy whether you plan to attend the meeting in person or not.

Please note that the REIT has opted to use the notice-and-access model for delivery of meeting materials to unitholders. Under notice-and-access, unitholders will receive a Notice-and-Access Notification with instructions on how to access our proxy material for the fiscal year ended December 31, 2017. This Notice also provides instructions on how to vote online and how to request a paper copy of the proxy materials to be delivered by mail. For your vote to be recorded, it must be received by our transfer agent, AST Trust Company (Canada), no later than 10:00 AM Mountain Daylight Time on May 8, 2018.

Unitholders as at March 12, 2018 (the record date) will be entitled to vote at the meeting.

**Dated** as of the 1<sup>st</sup> day of March 2018.

**BY ORDER OF THE BOARD OF TRUSTEES**



Naomi Stefura  
Chief Financial Officer and Corporate Secretary  
Melcor REIT

**IMPORTANT NOTICE REGARDING AVAILABILITY OF MATERIALS**

Proxy materials, including our 2017 Annual Report, are available online:

[www.sedar.com](http://www.sedar.com)

[www.melcorREIT.ca/2018AGM](http://www.melcorREIT.ca/2018AGM)

To request a paper copy, please see instructions on page 5

## GENERAL INFORMATION

### Meeting

This circular provides unitholders with information to help make voting decisions at the annual meeting (the meeting) of the REIT to be held on May 10, 2018.

### Notice-and-Access

The REIT has elected to use notice-and-access rules which allow the REIT to post electronic versions of proxy-related materials online without mailing such documents directly to unitholders, provided that notice of such posting is sent to unitholders by mail.

All unitholders, except those who have previously requested to receive paper copies of the REIT's financial information, will receive only a notice-and-access notification and a voting instruction form. If you receive the notice and would like to receive a paper copy of our proxy-related materials, financial statements or MD&A, please follow the instructions under the heading *Requesting Paper Copies*.

All materials will be forwarded to unitholders at the REIT's expense.

We anticipate that notice-and-access will directly benefit the REIT through substantial reductions in postage and printing costs. We believe that notice-and-access is an environmentally responsible method of communicating with unitholders by reducing the large volume of paper documents generated by printing proxy-related materials.

Unitholders with questions about notice-and-access can contact:

<b>Melcor REIT:</b>	1-855-673-6931 (toll-free)
<b>AST Trust Company (Canada):</b>	1-800-387-0825 (toll-free)

### Requesting Paper Copies

In order to receive a paper copy of the REIT's proxy-related materials, financial statements or MD&A, requests by unitholders may be made up to one year from the date the circular was filed on SEDAR. Please direct your request for materials to:

#### Melcor REIT

<b>By Mail:</b>	Investor Relations 900, 10310 Jasper Avenue Edmonton, Alberta T5J 1Y8
<b>By Phone:</b>	1-855-673-6931
<b>By Fax:</b>	780-426-1796
<b>By Email:</b>	ir@melcorreit.ca

The REIT estimates that unitholder requests for paper copies of the circular, financial statements and MD&A will need to be received prior to April 27, 2018 in order to have sufficient time to receive and review the materials requested and return the completed form of proxy by the due date described under *Voting Instructions* on page 10.

### Registered and Beneficial Unitholders

You are a registered holder of REIT units if your units are held in your name and you have a trust unit certificate.

You are a beneficial holder of REIT units if your units are held in the name of a nominee such as a bank, trust company, securities broker, Trustee or other institution.

All references to unitholders in this circular and the accompanying form of proxy are to registered unitholders unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to a registered unitholder who produces proof of their identity.

# FREQUENTLY ASKED QUESTIONS ABOUT THE MEETING

## Who is soliciting my proxy?

The enclosed form of proxy is solicited by the REIT's management in order to vote your units as you instruct at the annual meeting of unitholders. We pay the cost of proxy solicitation for all registered and non-objecting beneficial unitholders. We do not pay for intermediaries to forward information to objecting beneficial owners (OBOs). OBOs will not receive proxy materials unless the OBOs intermediary assumes the cost of delivery.

We are soliciting proxies mainly by mail. However, certain employees of Melcor Developments Ltd. (Melcor Developments) may also solicit proxies by email, telephone or in person.

## What will I be voting on?

Unitholders will vote to:

- Fix the number of members of the Board of Trustees to be elected at the meeting at seven (7)
- Elect the Trustees
- Appoint PricewaterhouseCoopers LLP as auditors
- Other business, if any

## How will these matters be decided at the Meeting?

A majority of the votes cast, by proxy and in person, will constitute approval of matters at the meeting.

## Who counts the votes?

Proxies will be counted and tabulated by the REIT's transfer agent, AST Trust Company (Canada).

## How can I contact the Transfer Agent?

By Mail: AST Trust Company (Canada)  
PO Box 700  
Station B  
Montreal, QC H3B 3K3

By Phone: 1-800-387-0825

By Fax: 1-888-249-6189

By Email: [inquiries@astfinancial.com](mailto:inquiries@astfinancial.com)

## How many votes do I have?

You will have one vote for each unit you held at the close of business on March 12, 2018 (the record date). The list of unitholders entitled to vote will be available for inspection at the meeting.

## What if I acquired my units after March 12, 2018?

To vote units you acquired after the record date, you must, not later than 10 days before the AGM:

- Request that your name be added to the voters' list; and
- Produce a properly endorsed unit certificate or otherwise establish that you own the units

## How will my proxy be voted?

On your form of proxy, you may indicate how you wish your proxyholder to vote your trust units. Where you have specified a choice with respect to any matter to be acted upon, your units will be voted in accordance with the choice you have made.

## If you have not specified a choice, your units will be voted:

- **FOR** the fixing of the number of members of the Board of Trustees to be elected at the meeting at seven (7);
- **FOR** the election of each of the proposed nominees as Trustees; and
- **FOR** the appointment of PricewaterhouseCoopers LLP as auditors and authorize the Trustees to fix their remuneration.

## How many units are entitled to vote?

The REIT has an authorized capital consisting of an unlimited number of units and an unlimited number of special voting units, each carrying the right to vote. As of the close of business on March 1, 2018, there were 13,186,797 units issued and outstanding and 14,899,325 special voting units issued and outstanding (all such special voting units held by Melcor Developments through an affiliate).

## How do I vote?

See Voting Instructions, page 10.

## What is quorum for the meeting?

The REIT's Amended and Restated Declaration of Trust provides that a quorum for the transaction of business at any meeting of unitholders shall be at least two (2) persons present in person or represented by proxy, each being a unitholder entitled to vote or their appointed proxyholder, and representing in the aggregate no less than ten (10%) percent of the REIT's outstanding units carrying voting rights.

## What if there are amendments or if other matters are brought before the meeting?

The enclosed form of proxy gives the persons named on it authority to use their discretion in voting on amendments or variations to matters identified in the notice.

As of the time of the printing of this circular, management is not aware of any other matter to be presented for action at the meeting.

## Are there any principal unitholders?

To the best of the knowledge of the Trustees and officers of the REIT, and based on public filings as of March 1, 2018 no person or entity beneficially owns, directly or indirectly, or exercises control or direction over more than ten percent (10%) of the votes attached to all voting units, other than the following:

Name of Unitholder	Approximate Number of Voting Units Beneficially Owned	Approximate Percentage of Outstanding Voting Units
Melcor Development Ltd.*	14,899,325 special voting units	53.0%

*\*Melcor Developments, through an affiliate, holds an approximate 53.0% effective interest in the REIT through ownership of 14,899,325 Class B LP units of the Melcor REIT Limited Partnership and a corresponding number of special voting units of the REIT.*

# BUSINESS TO BE CONDUCTED AT THE MEETING

In the absence of proxy instructions, management proxyholders will vote for all matters outlined below.

## 1. RECEIVE FINANCIAL STATEMENTS

The REIT's audited consolidated financial statements for the year ended December 31, 2017 will be placed before the unitholders for their consideration. These audited consolidated financial statements have been reviewed and recommended for approval by the Audit Committee and approved by the full Board of Trustees. A copy of the audited consolidated financial statements is available on our website at [www.melcorREIT.ca](http://www.melcorREIT.ca).

*Unitholders are not required to vote on these audited consolidated financial statements.*

## 2. FIX NUMBER OF TRUSTEES

We propose that the number of Trustees to be elected to the Board at the meeting be seven (7). Management intends to place before the meeting, for approval, with or without modification, a resolution fixing the number of Trustees to be elected at the meeting at seven (7).

*The Board recommends you vote **FOR** fixing the Trustees at 7*

## 3. ELECT TRUSTEES

You will elect 7 Trustees to serve on our Board until the close of the next annual meeting or until their successors are elected or appointed. You will find information about each Trustee nominee beginning on page 12. We, the Board and management of the REIT, believe the nominees are well qualified to serve as Trustees. All nominees have confirmed their eligibility and willingness to serve.

If for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee at their discretion unless the unitholder has specified in his proxy that the units are to be withheld from voting in the election of Trustees.

*The Board recommends you vote **FOR** each nominated Trustee*

## MAJORITY VOTING POLICY

We have a majority voting policy. Any nominee in an uncontested election who receives more *withhold* votes than votes in his or her favour shall be considered to not have received the support of unitholders and is expected to immediately resign from the Board.

The majority voting policy does not apply to a contested election where the number of nominees exceeds the number of Trustees to be elected.

Nominees for election to the Board must agree to the policy before they are recommended to unitholders.

In the event any Trustee fails to tender his or her resignation in accordance with the policy, the Board will not re-nominate the Trustee.

## EMPLOYMENT EQUITY & DIVERSITY POLICY

Our employment equity & diversity policy applies to all positions at the REIT, including Trustees. See Appendix E for our employment equity & diversity policy.

## 4. APPOINT AUDITORS

You will vote on appointing PricewaterhouseCoopers LLP, Chartered Accountants (PwC), as the REIT's auditors until the next meeting of unitholders and to authorize the Board to fix the auditors remuneration. PwC have been the REIT's auditors since the REIT became public on May 1, 2013.

The following table shows the fees we have paid to PwC in 2017 and 2016:

	2017	2016
Audit fees	142,400	135,000
Audit-related fees <sup>1</sup>	37,867	37,500
Tax fees <sup>2</sup>	11,500	13,650
All other fees <sup>3</sup>	280,730	29,450
<b>Total</b>	<b>472,497</b>	<b>215,600</b>

1. Audit-related fees include quarterly reviews.
2. Tax fees include tax compliance services and tax advisory and planning services.
3. All other fees include services rendered for advice related to accounting policies and the work performed in connection with the short form prospectus filed December 14, 2017.

Additional information regarding the REIT's Audit Committee (required in accordance with National Instrument 52-110 – “*Audit Committees*”) is contained in the REIT's annual information form dated March 1, 2018 under the heading “Audit Committee,” and a copy of the Terms of Reference of the Audit Committee is attached to the annual information form as Schedule “A.” The REIT's annual information form is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**5. OTHER BUSINESS**

Management does not intend to present any other business at the meeting and we are not aware of amendments to proposed matters or any other matters calling for your action.

**Interest of Certain Persons in Matters To Be Acted Upon**

Other than as set forth in this circular, none of the REIT's Trustees or senior officers, nor any person who has held such a position since the beginning of the REIT's most recently completed financial year, nor any proposed nominee for election as a Trustee, has any material interest, direct or indirect by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of Trustees.

# VOTING INSTRUCTIONS

How you vote depends on whether you are a non-registered (beneficial) or registered unitholder. You are a beneficial unitholder if the units you own are registered in the name of an intermediary (a bank, trust company, securities broker, Trustee or other institution). You are registered unitholder if your units are held in your name. Your name will appear on your certificate or statement from a direct registration system confirming your unitholdings.

Voting Options	Non-registered (beneficial) unitholders	Registered unitholders
<b>In Person at the AGM</b> 	<p>Your intermediary sent you a voting instruction form with this package. We do not have records of your unitholdings, so you must follow the instructions from your intermediary.</p>	<p>We sent you a proxy form with your Notice package. The proxy authorizes someone to attend the meeting and vote for you.</p>
	<p>Follow the instructions provided by your intermediary.</p> <p>Most commonly, you will simply insert your name in the space provided for appointing a proxyholder. <b>DO NOT</b> complete the voting section because you will be voting at the meeting.</p>	<p>Don't complete or return the enclosed proxy. Bring it with you to the meeting.</p>
<p>Please register with AST Trust Company (Canada) when you arrive at the meeting.</p>		
<b>By Mail, Fax or Internet</b>   	<p>Complete the voting instruction form and return it as per the instructions on the form.</p> <p>You may either mark your votes or appoint another person (the proxyholder) to attend the meeting and vote your units for you.</p> <p>Your voting instruction form tells you how to return the form and should provide options for mailing, faxing and online voting.</p> <p>Your intermediary must receive your voting instructions with sufficient time to act on them, generally 1 business day before the proxy deadline, which would be May 8, 2018.</p>	<p>Complete the proxy form and return it to AST Trust Company (Canada) by mail or fax, or complete the form online.</p> <p>You may either mark your votes or appoint another person (the proxyholder) to attend the meeting and vote your units for you.</p> <p>AST Trust Company must receive your completed proxy no later than 10:00 AM (MDT) on May 8, 2018 (the proxy deadline).</p> <p>You may return your completed proxy:</p> <ul style="list-style-type: none"> <li>• By mail (in the envelope provided)</li> <li>• By fax to 1-866-781-3111</li> <li>• Online at <a href="http://astvotemyproxy.com">astvotemyproxy.com</a></li> </ul>

Voting Options	Non-registered (beneficial) unitholders	Registered unitholders
<p data-bbox="185 201 323 260">Appointing a Proxyholder</p> 	<p data-bbox="388 201 1451 317">Your voting instruction or proxy form names Naomi Stefura or Andrew Melton, officer and Trustee of the REIT respectively, as your proxyholder. <b>You can also choose another person to be your proxyholder by printing that person's name in the space provided (or following the online instructions).</b> The proxyholder you name does not need to be a unitholder. Your proxyholder must attend the meeting to vote for you.</p> <p data-bbox="388 338 1442 453">Your proxyholder must vote according to the instructions you provided. <b>If you did not specify how you want to vote, your proxyholder can vote your units as he or she wishes.</b> Your proxyholder will also decide how to vote on amendments or variations to any item of business or new matters that are properly brought before the meeting.</p> <p data-bbox="388 474 1451 527"><b>If you complete and return the form without naming a different proxyholder or specifying how you want to vote, Naomi Stefura or Andrew Melton will vote as follows for you:</b></p> <ul data-bbox="423 548 932 642" style="list-style-type: none"> <li>• <i>For fixing the number of Trustees at seven</i></li> <li>• <i>For the election of the Trustee nominees</i></li> <li>• <i>For the appointment of the unitholders' auditors</i></li> </ul>	
<p data-bbox="172 663 334 722">Changing Your Mind</p>	<p data-bbox="388 663 932 831">If you have provided voting instructions to your intermediary and you change your mind about how you want to vote, or you decide to attend the meeting and vote in person, contact your intermediary to find out what to do. If you voted online, you can also change your instructions online.</p> <p data-bbox="388 852 919 936">Note that your intermediary must receive your revised instructions with enough time to act on them prior to the proxy deadline.</p>	<p data-bbox="959 663 1406 768">If you want to revoke your proxy, you must deliver a signed written notice specifying your instructions to one of the following by 10:00 AM MDT on May 8, 2018:</p> <ul data-bbox="984 789 1430 915" style="list-style-type: none"> <li>• Our registered office: 900, 10310 Jasper Avenue, Edmonton, Alberta T5J 1Y8</li> <li>• AST Trust Company (Canada) by mail, fax or internet as described in the proxy form</li> </ul> <p data-bbox="959 936 1406 1020">You may also deliver your revised proxy to the Chairman of the AGM prior to the start of the meeting, or any adjournment thereof.</p> <p data-bbox="959 1041 1390 1094">You may also revoke your proxy in any other manner permitted by law.</p>
<p data-bbox="172 1110 334 1136">Confidentiality</p>	<p data-bbox="388 1110 1459 1188">The REIT's transfer agent counts all proxies to ensure confidentiality and only shares proxies with management where they contain comments clearly intended for management, in the event of a proxy contest or to meet legal requirements.</p>	
<p data-bbox="172 1209 334 1234">Voting Results</p>	<p data-bbox="388 1209 1406 1262">We will file the voting results, including details about the percentage of support received for each item of business, promptly following the meeting.</p>	

## NOMINEES FOR ELECTION TO THE BOARD OF TRUSTEES



**Brian Hunt**  
Calgary, Alberta, Canada

**Independent**

**Principal Occupation:**

President & Director, Taviston Inc.

<b>Trustee Since</b>	2013
<b>2017 Attendance</b>	100%
<b>2017 Trustee Compensation</b>	\$49,000
<b>REIT Unitholdings</b>	40,000
<b>Committees</b>	Audit (Chair), Investment, Special



**Andrew Melton**  
Calgary, Alberta, Canada

**Related**

**Principal Occupation:**

President & CEO, Melcor REIT; previously Chairman, Melcor REIT

<b>Trustee Since</b>	2013
<b>2017 Attendance</b>	100%
<b>2017 Trustee Compensation</b>	nil
<b>REIT Unitholdings</b>	120,400
<b>Committees</b>	Investment



**Patrick Kirby**  
Edmonton, Alberta, Canada

**Independent**

**Principal Occupation:**

Corporate Director; previously Counsel, Felesky Flynn LLP

<b>Trustee Since</b>	2013
<b>2017 Attendance</b>	100%
<b>2017 Trustee Compensation</b>	\$34,500
<b>REIT Unitholdings</b>	28,000
<b>Committees</b>	Governance, Special



**Larry Pollock**  
Edmonton, Alberta, Canada

**Independent**

**Principal Occupation:**

Corporate Director

<b>Trustee Since</b>	2013
<b>2017 Attendance</b>	100%
<b>2017 Trustee Compensation</b>	\$44,000
<b>REIT Unitholdings</b>	75,800
<b>Committees</b>	Audit, Governance, Investment, Special (Chair)



**Donald Lowry ICD.D**  
Edmonton, Alberta, Canada

**Independent (Lead Trustee)**

**Principal Occupation:**

Corporate Director

<b>Trustee Since</b>	2013
<b>2017 Attendance</b>	100%
<b>2017 Trustee Compensation</b>	\$48,385
<b>REIT Unitholdings</b>	59,600
<b>Committees</b>	Audit, Governance (Chair), Special



**Darin Rayburn**  
Edmonton, Alberta, Canada

**Related**

**Principal Occupation:**

President & CEO, Melcor Developments Ltd.; previously CEO, Melcor REIT

<b>Trustee Since</b>	2017
<b>2017 Attendance</b>	100%
<b>2017 Trustee Compensation</b>	nil
<b>REIT Unitholdings</b>	133,702
<b>Committees</b>	Investment



**Ralph Young**  
Edmonton, Alberta, Canada

**Related (Chair)**

**Principal Occupation:**

Corporate Director; previously Chancellor, University of Alberta

<b>Trustee Since</b>	2013
<b>2017 Attendance</b>	100%
<b>2017 Trustee Compensation</b>	\$32,621
<b>REIT Unitholdings</b>	23,800
<b>Committees</b>	none

NOTE: The term of office for each proposed Trustee expires on the date of the next annual meeting of unitholders.

No Trustee or proposed Trustees have been a director or executive officer of a company that was subject to an order, became bankrupt or was subject to penalties or sanctions.

The following nominees are also Trustees or directors of other reporting issuers:

Trustee	Reporting Issuer	Exchanges
<b>Andrew Melton</b>	Melcor Developments Ltd.	TSX
<b>Donald Lowry</b>	Capital Power Corporation Hydrogenics Corporation Stantec Inc.	TSX
<b>Ralph Young</b>	ZCL Composites Inc. Melcor Developments Ltd.	TSX

1. Mr. Melton, Mr. Rayburn and Mr. Young are directors and/or executive officers of Melcor Developments, which owns 53.0% of the voting units of the REIT. Together, they beneficially own or control approximately 0.99% of the voting units of the REIT.
2. Ralph Young is the Melcor Developments nominee to the REIT Board of Trustees. The REIT did not pay for his meeting attendance until the third quarter of 2017 when it was determined that, as Chairman of the REIT, the REIT would pay his fees going forward. He received \$15,000 from Melcor Developments for the first half of the year.
3. On March 15, 2017 Melcor Developments Ltd. announced that it appointed Mr. Rayburn as President and CEO effective April 15, 2017. On March 16, the REIT announced that it accepted Mr. Rayburn's resignation as President and CEO of the REIT and also accepted Melcor's appointment of Mr. Andrew Melton as President and CEO of the REIT. Mr. Melton stepped down as Chair of the Board of Trustees, but remains a Trustee. The REIT also announced that Mr. Ralph Young would assume of the position of Chair of the Board effective April 15, 2017.

## EXECUTIVE COMPENSATION

The executive officers of the REIT are employed by Melcor Developments and the REIT does not directly or indirectly pay any compensation to them. Any variability in compensation paid by Melcor Developments to the executive officers of the REIT has no impact on the REIT's financial obligations, including its obligations under the Asset Management Agreement entered into with Melcor Developments. See "Arrangements with Melcor" in the REIT's Annual Information Form dated March 1, 2018 which may be accessed on SEDAR at [www.sedar.com](http://www.sedar.com). The total compensation received by the executive officers of the REIT is determined by Melcor Developments in accordance with its executive compensation philosophy. For a detailed discussion of the objectives and elements of Melcor Developments' compensation program, see the most recent management information circular of Melcor Developments (the Melcor circular), which may be accessed on SEDAR at [www.sedar.com](http://www.sedar.com). Note that the information contained on Melcor Developments' profile on SEDAR, including the Melcor circular, is not incorporated by reference into this circular.

### Summary Compensation Table

The REIT's Named Executive Officers (NEOs) are Andrew Melton (President & Chief Executive Officer) and Naomi Stefura (Chief Financial Officer). Darin Rayburn was the CEO of the REIT until he was appointed President & CEO of Melcor Developments on April 15, 2017. The following table sets out information concerning the compensation that was earned by, paid to, or awarded to these NEOs by Melcor Developments, based on the portion of time attributable to services provided to the REIT.

Name and Principal Position	Year	Base salary <sup>1</sup>	Annual cash incentive <sup>2</sup>	Unit-based awards	All other compensation	Total compensation
<b>Andrew Melton</b> <sup>5,6</sup> President & CEO	2017	169,590	276,975	Nil	6,146	452,711
<b>Naomi M. Stefura</b> <sup>4</sup> Chief Financial Officer	2017	82,800	103,291	Nil	3,487	189,578
	2016	31,000	29,167	Nil	1,422	61,589
<b>Darin Rayburn</b> <sup>5</sup> CEO	2017	69,126	156,351	Nil	2,361	227,838
	2016	212,500	303,629	Nil	8,350	524,479
	2015	199,353	247,908	Nil	8,350	455,611

1. Represents the portion of salary (paid by Melcor Developments) attributable to the estimated time spent on REIT activities
2. Represents the portion of bonus (paid by Melcor Developments) attributable to the estimated time spent on REIT activities
3. All compensation for Messrs. Melton and Rayburn and Ms. Stefura was paid by Melcor, and there was no reimbursement by the REIT. Mr. Rayburn and Ms. Stefura act in a variety of capacities for Melcor, the REIT and their respective affiliates, and accordingly, the total compensation received from Melcor is not disclosed in this table. The allocation of the total compensation disclosed in this table was determined by Melcor solely for the purposes of this table, based on the time estimated to have been spent by Mr. Melton (100% since April 15, 2017), Mr. Rayburn (85% until April 15, 2017) and Ms. Stefura (40% for 2017) in connection with REIT-related services.
4. Ms. Stefura was appointed Chief Financial Officer effective August 11, 2016. Prior to that she was Vice President, Finance. Compensation includes only compensation paid from the date Ms. Stefura was appointed CFO.
5. On March 15, 2017 Melcor Developments Ltd. announced that its Board of Directors appointed Mr. Rayburn as President and CEO effective April 15, 2017. On March 16, 2017 the REIT announced that it appointed Mr. Andrew Melton as President and CEO effective April 15, 2017.

## Compensation Discussion and Analysis

The compensation of Melcor Developments is calculated in accordance with the Asset Management Agreement and the Property Management Agreement and is not subject to the general discretion of the Board. Accordingly, compensation received from Melcor Developments by persons provided by Melcor Developments, as officers of the REIT, is not within the discretion of the Board.

## Compensation & Governance

The Corporate Governance & Compensation Committee (CGCC) consists of three Trustees, including Donald Lowry as Chair, Patrick Kirby and Larry Pollock. All members of the CGCC committee are independent Trustees of the REIT. As noted above, because the Named Executive Officers are employed by Melcor Developments, rather than the REIT, the CGCC does not make recommendations for or participate in decisions regarding the compensation of the Named Executive Officers.

The REIT believes each member of the CGCC has direct experience relevant to his committee responsibilities.

Committee Member	Relevant Education & Experience
Lawrence Pollock <i>Independent</i>	Mr. Pollock has extensive experience in the governance of public companies and has experience in designing compensation plans as well as reviewing those prepared by external consultants. In his past role as Chief Executive Officer of Canadian Western Bank, Mr. Pollock was responsible for approximately 2,000 employees and the Human Resources department reported directly to him.  He was previously a member of the compensation and governance committees of a number of companies, including WestJet Airlines Ltd. (Chair) and HNZ Group Inc. and EPCOR Utilities Inc. (Chair)

Mr. Larry Pollock joined the CGCC on on April 15, 2017.

Committee Member	Relevant Education & Experience
Donald Lowry ICD.D, Chair <i>Independent</i>	Mr. Lowry holds a Bachelor of Commerce (Honours) and an MBA from the University of Manitoba. Subsequent to his retirement in March 2013, he is now self-employed as a corporate director. From 1998 to February 2013, he was the CEO of EPCOR Utilities and was previously President and Chief Operating Officer of Telus Communications, and Chairman of Alta Telecom. He currently serves as a director of several Canadian corporations where he has been extensively engaged in compensation policies and human resource matters.
Patrick Kirby <i>Independent</i>	Mr. Kirby was partner and counsel with the law firm Felesky Flynn LLP from 1984 until his retirement in 2018. Mr. Kirby's practice focused on a wide array of tax matters, including purchase and sale of businesses, cross-border transactions and succession planning. Prior to this, he was employed with a large national accounting firm from 1971 to 1979. Mr. Kirby was appointed Queen's Counsel in Alberta in 2000 and a Fellow of the Institute of Chartered Accountants in 2002. He has previously served on the Boards of several private and public companies. Mr. Kirby received his Bachelor of Science degree from the University of Calgary and his Bachelor of Laws from the University of Alberta.

## TRUSTEE COMPENSATION

As at March 1, 2018 the REIT has seven (7) Trustees, four (4) of whom are independent Trustees (as determined in accordance with applicable securities laws).

The CGCC is responsible for reviewing the adequacy and form of compensation of the Trustees, the Chairman and the Lead Trustee to ensure compensation realistically reflects the responsibilities and risks involved with being an effective Trustee.

Trustee compensation is made up of an annual Trustee retainer, additional retainers for committee Chairs, and meeting fees for each meeting attended.

Trustee compensation is not paid to Trustees who are executive officers of Melcor Developments.

As a Melcor Developments' nominee, Mr. Young was paid by Melcor Developments until the third quarter of 2017 when it was determined that, as the Chairman of the Board of Trustees, it would be appropriate for the REIT to pay his fees.

### Retainers and Fees

For 2017, Trustee compensation was set as follows. Annual retainers for the Chair and Lead Director were initiated effective August 2, 2017:

Component	August 2, 2017	2016-2017
Trustee Retainer	\$18,000	\$18,000
Chair Retainer <sup>1</sup>	\$10,000	-
Lead Trustee Retainer <sup>1</sup>	\$7,000	-
Board & Committee Meeting Fees	\$1,500 per meeting	\$1,500 per meeting
Audit Chair Retainer <sup>1</sup>	\$10,000 per year	\$10,000 per year
Compensation & Governance Chair Retainer <sup>1</sup>	\$5,000 per year	\$5,000 per year
Special Committee Meeting Fee	\$1,500	\$2,500
Special Committee Chair Fee	\$3,500	-

1. Paid in addition to annual Trustee retainer and meeting fees.

The Trustees do not currently receive option-based awards, unit-based awards, non-equity incentive plan compensation or pension income.

### Trustee Compensation Summary

The following table provides a summary of the fees earned by Trustees for the financial year ended December 31, 2017:

Trustee	Annual retainer <sup>1</sup>	Meeting fees	All other compensation	Total
Brian Hunt	32,500	16,500	—	49,000
Patrick Kirby	22,500	12,000	—	34,500
Donald Lowry	30,385	18,000	—	48,385
Andrew Melton	—	—	—	—
Larry Pollock	26,000	18,000	—	44,000
Darin Rayburn	—	—	—	—
Ralph Young	22,121	10,500	—	32,621

1. Includes committee Chair retainers and special committee retainer.
2. As Melcor Developments' nominees, Messrs. Melton and Rayburn are paid by Melcor Developments and Mr. Young was paid by Melcor until the third quarter of 2017. The REIT does not reimburse Melcor for this payment.

### Unitholdings of Independent Trustees

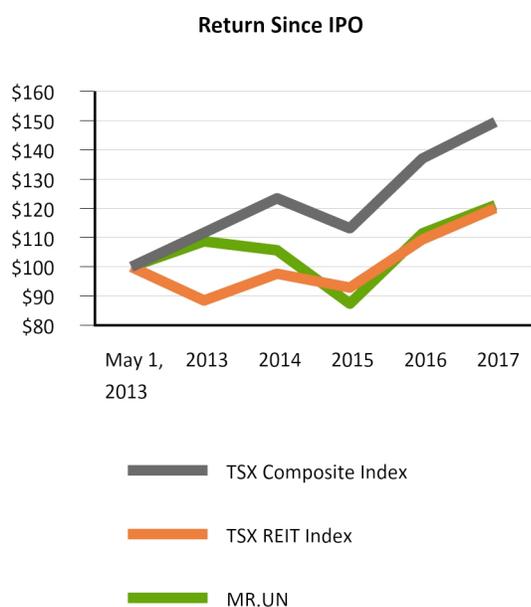
Trustee	Number	Value <sup>1</sup>
Brian Hunt	40,000	340,400
Patrick Kirby	28,000	238,280
Donald Lowry	59,600	507,196
Larry Pollock	75,800	645,058

1. Based on closing price of REIT units on December 29, 2017 (\$8.51).

## PERFORMANCE GRAPH

The following graph shows a comparison of the value of \$100 invested in the REIT units since IPO with the cumulative returns of the TSX/S&P Composite Index and the TSX Real Estate Investment Trusts Index:

Month Ended	TSX Composite Index	TSX REIT Index	MR.UN
May 1, 2013	\$100.00	\$100.00	\$100.00
December 2013	111.66	88.49	108.74
December 2014	123.44	97.66	105.66
December 2015	113.17	92.96	87.43
December 2016	137.03	109.35	111.43
December 2017	\$149.49	\$120.12	\$121.11



### External Management

The REIT is externally managed, administered and operated by Melcor Developments pursuant to the terms of the Asset Management Agreement and the Property Management Agreement. See “Arrangements with Melcor” in the REIT’s Annual Information Form dated March 1, 2018 which may be accessed on SEDAR at [www.sedar.com](http://www.sedar.com). For the financial year ended December 31, 2017, the REIT paid Melcor an asset management fee totaling \$1.58 million and property management fees totaling \$2.64 million.

### Interest of Informed Persons In Material Transactions

Other than as disclosed in this circular, there are no material interests, direct or indirect, of any Trustee or executive officer of the REIT, any unitholder that beneficially owns, or controls or directs, (directly or indirectly) more than 10% of the units or special voting units of the REIT, or any associate or affiliate of any of the foregoing persons, in any transaction since the establishment of the trust (up to the date hereof) that has materially affected or is reasonably expected to materially affect the trust or any of its subsidiaries.

Mr. Andrew J. Melton (Trustee, President & Chief Executive Officer), Mr. Darin Rayburn (Trustee) and Ms. Naomi Stefura (Chief Financial Officer), are employees of Melcor Developments. In addition, Mr. Ralph Young (Trustee) is a director of Melcor Developments and was its Chief Executive Officer prior to his retirement on July 2, 2013.

The REIT indirectly acquired certain properties from Melcor Developments and entered into certain agreements with Melcor Developments in connection with the REIT’s initial public offering. In addition, Melcor Developments holds a significant effective interest in the REIT.

For a discussion of the arrangements with Melcor Developments, please see the REIT’s Annual Information Form dated March 1, 2018 which may be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).

# CORPORATE GOVERNANCE & COMPENSATION COMMITTEE REPORT



DONALD LOWRY



PATRICK KIRBY



LARRY POLLOCK

The Corporate Governance & Compensation Committee (CGCC) is responsible for assisting the Board in ensuring that the REIT's process and structure support the REIT's objectives and create unitholder value, and in measuring Board performance with respect to governance standards.

The primary mandate of the CGCC is to:

- Provide a focus on governance that will enhance the REIT's performance. The committee assesses and makes recommendations regarding Board effectiveness, establishes and leads the process for identifying, recruiting, appointing, re-appointing and providing ongoing development for Trustees and monitors their work performance, and
- Assist the Board in fulfilling its obligations relating to compensation and establishing a plan of continuity and development of senior management; and
- Establish policies and procedures designed to identify and mitigate risks associated with the REIT's compensation policies and practices.

At December 31, 2017, the members of the CGCC were Messrs. Lowry, Kirby and Pollock, all of who are independent Trustees. Mr. Lowry serves as the Chair of the CGCC. Mr. Pollock replaced Mr. Ralph Young on the committee on April 15, 2017.

The CGCC held two meetings in 2017, both of which included an *in camera* session without the presence of REIT management.

## CGCC Approval

The CGCC has reviewed and discussed the compensation disclosure in this document, including information in the Board of Trustees section, the Executive Compensation section and the Trustee's Compensation section with the REIT's management. It has recommended that the disclosure be included in the circular.

On behalf of the Corporate Governance and Compensation Committee,

Donald Lowry (Chair)

Patrick Kirby

Larry Pollock

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## STATEMENT OF GOVERNANCE PRACTICES

The REIT's Amended and Restated Declaration of Trust provides that, subject to certain conditions, the Trustees have full, absolute and exclusive power, control and authority over the REIT's assets, affairs and operations, to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the trust's assets. The governance practices, investment guidelines and operating policies of the REIT are overseen by a Board consisting of a minimum of three (3) and a maximum of twelve (12) Trustees, a majority of whom are (and must be) independent Trustees and a majority of whom (and a majority of independent Trustees) are (and must be) Canadian residents.

The mandate of the Board, which is discharged directly or through one of the three committees of the Board, is one of stewardship and oversight of the REIT and its business, and includes responsibility for strategic planning, review of operations, disclosure and communication policies, oversight of financial and other internal controls, corporate governance, Trustee orientation and education, senior management compensation and oversight, and Trustee compensation and assessment.

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

The Amended and Restated Declaration of Trust grants Melcor Developments the exclusive right to nominate a number of Trustees proportionate to Melcor Developments ownership interest in the REIT (on a fully diluted basis) provided that, so long as Melcor Developments owns at least a 10% ownership interest in the REIT (on a fully diluted basis), it shall have the right to nominate not less than one Trustee.

The REIT's Board of Trustees and management team recognize that effective corporate governance practices are fundamental to the long-term success of the REIT. As such, the Board of Trustees and management have implemented a series of governance policies and procedures to meet or exceed applicable Canadian stock exchange and regulatory rules. The Corporate Governance & Compensation Committee monitors regulatory changes and best practices and periodically reviews, evaluates and modifies corporate governance processes as necessary. The Board of Trustees and management are committed to maintaining a high level of corporate governance.

A description of the REIT's corporate governance practices under National Instrument 58-101, "*Disclosure of Corporate Governance Practices*", is provided in Schedule A. Further Appendix A, B and C contain: (i) the Mandate of the Board of Trustees; (ii) the Mandate of the Corporate Governance & Compensation Committee; and (iii) the Mandate of the Investment Committee. Further, the Mandate of the Audit Committee is contained in Exhibit A to the REIT's Annual Information Form dated March 1, 2018.

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## ADDITIONAL INFORMATION

Additional information relating to the REIT's business is available on SEDAR at [www.sedar.com](http://www.sedar.com) or under 'Investor Relations' on the REIT's website at [www.melcorreit.ca](http://www.melcorreit.ca).

Additional financial information about the REIT is provided in the consolidated financial statements and management's discussion and analysis in the annual report for the year ended December 31, 2017.

Copies of these documents and any other documents incorporated by reference, additional interim financial statements for periods subsequent to December 31, 2017 and additional copies of this circular are available on request.

Unitholders who wish to receive paper copies of the REIT's interim and annual reports may fill out and return the Supplemental Mailings form enclosed with the notice package. You may also complete this form to receive email notice of the availability of electronic files.

If you are a beneficial unitholder, you made an election to receive or not receive company information through your intermediary. If you wish to change your election, you will need to do so through your intermediary.

**We maintain perpetual unitholder mailing lists for both electronic notices and quarterly and annual hard copy mailings. All unitholders and interested parties can be added to the perpetual list by request to Melcor REIT Investor Relations. Please specify whether you wish to be added to the electronic list, the paper list or both lists.**

**By Mail:** Investor Relations  
900, 10310 Jasper Avenue  
Edmonton, Alberta T5J 1Y8

**By Phone:** 1-855-673-6931 x 4707

**By Fax:** 780-426-1796

**By Email:** [ir@melcorREIT.ca](mailto:ir@melcorREIT.ca)

**NOTE: You will remain on this list until you request removal.**

The REIT's annual report can be accessed at [www.melcorREIT.ca/2018AGM](http://www.melcorREIT.ca/2018AGM) or you can request a copy by contacting us via the methods described above.

### Board of Trustee Approval

The REIT's Board of Trustees has approved the content and the sending of this information circular to the unitholders.



**Naomi Stefura**  
Chief Financial Officer  
Melcor REIT

# SCHEDULE A

## DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

The corporate governance practices described below explain how the REIT is meeting the guidelines of security regulators in Canada, including National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Corporate Governance	Comments
<b>Board of Trustees</b>	
<i>Disclose whether or not a majority of Trustees are independent.</i>	<p>Four of the REIT's seven Trustees (57%) are independent. The independent Trustees are:</p> <ul style="list-style-type: none"> <li>• Donald Lowry (lead Trustee)</li> <li>• Brian Hunt</li> <li>• F. Patrick Kirby</li> <li>• Larry Pollock</li> </ul>
<i>Disclose the identity of Trustees who are not independent, and describe the basis for that determination.</i>	<p>The following Trustees are not considered independent as defined in National Instrument 52-110 Section 1.4 <i>Audit Committees</i>:</p> <ul style="list-style-type: none"> <li>• Andrew Melton – President &amp; CEO of Melcor REIT</li> <li>• Ralph Young – Chairman and nominee of Melcor Developments</li> <li>• Darin Rayburn – President &amp; CEO of Melcor Developments</li> </ul> <p>Melcor Developments Ltd., through an affiliate, holds an approximate 53.0% effective interest in the REIT through ownership of 14,899,325 Class B LP units of the Melcor REIT Limited Partnership and a corresponding number of special voting units of the REIT.</p>
<i>If a Trustee is presently a Trustee/director of any other reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the Trustee and the other issuer.</i>	<p>All Trustee/directorships with other public entities for each Trustee are disclosed on page 13 of this circular.</p>
<i>Disclose whether or not the independent Trustees hold regularly scheduled meetings at which non-independent Trustees and members of management are not in attendance.</i>	<p>The independent Trustees hold <i>in camera</i> sessions at most Board and in person committee meetings. The Audit Committee also holds <i>in camera</i> sessions with the external auditors and management.</p> <p><b>FY2017 In Camera Sessions:</b></p> <p>Board:.....6 of 8*</p> <p>Audit Committee:.....4 of 4</p> <p>Compensation and Governance:.....2 of 2</p> <p>Investment Committee:.....0 of 1*</p> <p><i>*an in camera session was not held during meetings held by teleconference</i></p>

## Corporate Governance

## Comments

*Disclose whether the Chair of the Board of Trustees is an independent Trustee. If the Board of Trustees has a Chair or lead Trustee who is an independent Trustee, disclose the identity of the independent Chair or lead Trustee, and describe his or her role and responsibilities.*

The Chairman of the Board of Trustees is Mr. Ralph Young who is not an independent Trustee. The Board has appointed Mr. Donald Lowry as the lead Trustee. The role and responsibilities of the lead Trustee are as follows:

- act as Chair to the Corporate Governance & Compensation Committee (Governance Committee);
- Chair meetings of the Board in the absence of the Chairman;
- establish, in consultation with the Chairman and the Governance Committee, procedures to govern the Board's work;
- in concert with the Chairman, setting the agenda for Board meetings, based on input from Trustees and, when applicable, organizing pre-meeting consultations with the Board regarding same;
- in concert with the Chairman and CEO, ensuring the appropriate flow of information to the Board and reviewing adequacy and timing of documentary materials in support of management's proposals;
- develop the agenda for the *in camera* sessions of the Board (i.e. without management or Melcor representatives present), with such sessions to be held at least two (2) times each year, or as required or deemed necessary, and to Chair such sessions;
- as requested by the Board, act as a liaison between the REIT's management and the Board;
- ensure that the Governance Committee:
  - o evaluates the operation and effectiveness of the Board annually;
  - o works with the Chairman to ensure planning for committee member and committee Chair succession;
- consider any other appropriate structures and procedures to ensure that the Board can function independently of management; and
- undertake the lead on any other corporate governance matters that the Board may request from time to time.

*Disclose the attendance record of each Trustee for all meetings of the Board of Trustees held since the beginning of the issuer's most recently completed financial year.*

Trustee	Board	Committee	Special Committee	% of Total Meetings
Andrew Melton	8/8	1/1	-	100%
Brian Hunt	8/8	4/4	3/3	100%
F. Patrick Kirby	8/8	2/2	3/3	100%
Donald Lowry	8/8	5/6	3/3	100%
Larry Pollock	8/8	5/5	3/3	100%
Darin Rayburn	8/8	- <sup>1</sup>	-	100%
Ralph Young	8/8	1/1	-	100%

1. Darin Rayburn was recused from an Investment Committee meeting as a result of a conflict of interest in the transaction under discussion.

## Board of Trustees' Mandate

*Disclose the text of the Board of Trustees' mandate.*

The Board has adopted a mandate (see Appendix A) which, amongst other matters, sets out the Board's principal responsibilities which are:

- adoption of a corporate strategic planning process;
- monitoring tactical progress;
- managing risks and protecting unitholder value;
- succession planning including appointing, developing and monitoring senior management;
- internal corporate controls and management information systems;
- reviewing and approving material transactions not in the ordinary course of business;
- monitoring effectiveness of Trustees; and
- knowledge and understanding of the business and maintaining high levels of integrity in business conduct.

Corporate Governance	Comments
<b>Position Descriptions</b>	
<i>Disclose whether or not the Board of Trustees has developed written position descriptions for the Chair and the Chair of each committee of the Board of Trustees.</i>	<p>The Board of Trustees has developed written position descriptions for the Chairman, lead Trustee, and the Chairman of each Board committee.</p> <p>See Appendix D: Position Descriptions in this circular &amp; Appendix B to the 2016 Annual Information Form, filed on <a href="http://www.sedar.com">www.sedar.com</a> and incorporated by reference in this circular.</p>
<i>Disclose whether or not the Board of Trustees has developed a written position description for the CEO.</i>	<p>The Board of Trustees has developed and approved a written position description for the President &amp; CEO.</p> <p>See Appendix D: Position Descriptions</p>
<b>Orientation &amp; Continuing</b>	
<i>Briefly describe what measures the Board of Trustees takes to orient new Trustees regarding:</i>	
<i>(a) the role of the Board, its committees and its Trustees.</i>	Each Trustee has a Trustees' manual that contains a Board mandate that outlines the REIT's expectations with respect to Trustee behavior, roles and responsibilities. Each committee has a mandate that outlines the specific responsibilities of the committee.
<i>(b) the nature and operation of the issuer's business.</i>	<p>Appropriate senior personnel provide briefing sessions to help Trustees better understand the REIT's strategy and business operations.</p> <p>Senior managers make frequent presentations to the Board on a variety of business issues and strategies. In addition, external resources occasionally present. Trustees also participate on tours from time-to-time with local management. This provides an opportunity to meet with employees and learn more about the REIT's business, development activities and asset holdings.</p>
<i>Briefly describe what measures the Board takes to provide continuing education for its Trustees.</i>	Subject to Board approval, Trustees may enroll in professional development courses at the REIT's expense. No Trustees were enrolled in professional development courses at the REIT's expense in 2017.
<b>Ethical Business Conduct</b>	
<i>Disclose whether or not the Board of Trustees has adopted a written code for the Trustees, officers and employees. If the Board of Trustees has adopted a written code:</i>	The REIT has a Business Code of Conduct that is applicable to all Trustees, officers and employees.
<i>(a) disclose how a person or company may obtain a copy of the code</i>	<p>The REIT's Business Code of Conduct is available on our website at <a href="http://www.melcorREIT.ca">www.melcorREIT.ca</a> and on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>.</p> <p>It may also be mailed on request (see Additional Information, page 20).</p>
<i>(b) describe how the Board of Trustees monitors compliance with its code</i>	<p>All new employees are required to read and sign-off on the Code as part of the orientation process.</p> <p>All employees are required to review and confirm compliance with the REIT's policies annually, including the Business Code of Conduct.</p>

Corporate Governance	Comments
(c) <i>provide a cross-reference to any material change report that pertains to any conduct of a Trustee or executive officer that constitutes a departure from the code</i>	The Board has not granted any waiver of the Business Code of Conduct nor has a material change report been required or filed pertaining to the conduct of a Trustee or executive officer.
<i>Describe any steps the Board of Trustees takes to ensure Trustees exercise independent judgment in considering transactions and agreements in respect of which a Trustee or executive officer has a material interest.</i>	The REIT's Business Code of Conduct outlines its conflict of interest guidelines.  If a Trustee has a material interest in a specific topic, they must excuse themselves to permit <i>in camera</i> discussions amongst the other Trustees and must abstain from voting upon such topic. Care is taken to ensure all Trustee conflicts are disclosed in a timely manner and documented in the meeting minutes.
<i>Describe any other steps the Board of Trustees takes to encourage and promote a culture of ethical business conduct.</i>	Ethical business conduct is a constant focus of the Board. Board members are encouraged to interact with employees and members of the management team. The Board encourages senior management to promote ethical conduct among all employees.
<b>Nomination of Trustees</b>	
<i>Describe the process by which the Board of Trustees identifies new candidates nomination.</i>	The Corporate Governance & Compensation Committee is responsible for identifying new candidates for recommendation to the Board, other than Melcor Developments nominees. The Committee considers the composition of the Board and prepares recommendations for independent Trustee nominees. This process is performed in consultation with the Chairman, CEO and Trustees.
<i>Disclose whether the Board of Trustees has a nominating committee composed entirely of independent Trustees.</i>	The Corporate Governance & Compensation Committee is responsible for Trustee nominations. All members of the Corporate Governance & Compensation Committee are independent.
<i>If the Board of Trustees has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</i>	The Corporate Governance & Compensation Committee is responsible for Trustee nominations.  See Appendix B: Mandate of the Corporate Governance & Compensation Committee and the Report of the Corporate Governance & Compensation Committee on page 18 of this circular for additional information.
<b>Compensation</b>	
<i>Describe the process by which the Board of Trustees determines the compensation for the issuer's Trustees and officers.</i>	The Named Executive Officers of the REIT are employed by Melcor Developments, rather than the REIT, and the committee does not make recommendations or participate in decisions regarding their compensation. However, should the REIT directly retain executive officers, the committee will be responsible for reviewing and approving their compensation, including general salary structure and short- and long-term incentive programs and bonuses. The committee also discusses personnel and human resource matters, including recruitment and management succession plans. See Compensation Discussion and Analysis contained in this circular for additional information.

Corporate Governance	Comments
<i>Disclose whether the compensation committee is composed entirely of independent Trustees.</i>	The Corporate Governance & Compensation Committee is composed of three (3) Trustees, all independent.
<i>If the Board of Trustees has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</i>	<p>The Corporate Governance &amp; Compensation Committee is responsible for reviewing the compensation levels of senior management, for succession planning and for providing advice to the Board with respect to oversight of compensation and governance matters.</p> <p>See Appendix B: Mandate of the Corporate Governance &amp; Compensation Committee and the Report of the Corporate Governance &amp; Compensation Committee contained in this circular for additional information.</p>
Other Board Committees	
<i>If the Board of Trustees has other standing committees, identify them and describe their function.</i>	The Investment Committee is composed of three (3) Trustees. The Investment Committee may authorize, without Board approval, proposed acquisitions, dispositions, borrowing (including the assumption or granting of any mortgage) and the renewal, extension or modification of any existing mortgage, where the value of such transaction does not exceed \$20 million. The Investment Committee may also recommend to the Board whether to approve or reject proposed transactions, where the value of such transactions exceeds \$20 million.
Assessments	
<i>Disclose whether or not the Board of Trustees, its committees and individual Trustees are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.</i>	<p>The Corporate Governance &amp; Compensation Committee has the responsibility for assessing the Board's effectiveness as a whole. A periodic self-assessment is conducted with the findings reported to the full Board.</p> <p>The assessment process examines the effectiveness of the Board as a whole and specifically reviews areas that the Board members believe could be improved to ensure the continued effectiveness of the Board in the execution of its responsibilities.</p> <p>An assessment of each individual Trustee is not performed.</p>
Trustee Term Limits and Other Mechanisms for Board	
<i>Disclose whether or not the issuer has adopted term limits for Trustees.</i>	<p>The Board is responsible for recommending candidates for election to unitholders from time to time that together contribute the right mix of skills and qualities to the Board. To assist in making those recommendations, the Board periodically conducts both formal and informal reviews of the effectiveness of the Board and individual Board members.</p> <p>The Board is concerned that imposing arbitrary and inflexible Trustee term limits may result in the REIT losing valued Trustees at a time when it most needs their skills, qualities and contributions, as well as their knowledge of the history and culture of the organization. Mandatory retirement ages pose the same risk and the Board does not want to risk the loss of key Trustees to retirement policies that seem unnecessarily arbitrary and inflexible when they force a high performing Trustee off the Board. Consequently the Board has not adopted term limits for its Trustees but rather relies on the experience of its members to determine when Board renewals, removals and additions are appropriate.</p>
Policies Regarding the Representation of Women on the Board	
<i>Disclose whether the issuer has adopted a written policy related to identifying and nominating women Trustees.</i>	While the Board has not adopted a written policy relating to the identification and nomination of women Trustees, the REIT has adopted an Employment Equity and Diversity Policy (Appendix E), which recognizes employment equity and diversity as values that are important to the REIT. The Board evaluates potential nominees annually by reviewing the qualifications of prospective members and determines their relevance taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board, including knowledge and diversity of membership.

Corporate Governance	Comments
<i>Disclose whether, and if so, how, the Board nominating committee considers the level of representation of women on the Board when making in identifying and nominating candidates for election or reelection.</i>	The Corporate Governance and Compensation Committee does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. The Board annually evaluates potential nominees by reviewing the qualifications of prospective members and determines their relevance, taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board, including knowledge and diversity of membership. See Appendix E: Employment Equity and Diversity Policy
<i>Disclose whether, and if so, how, the issuer considers the level of representation of women in executive officer positions when making executive officer appointments.</i>	The Board does not consider the level of representation of women in executive officer positions when making executive officer appointments. However, the REIT is committed to the fundamental principles of equal employment opportunities which are prescribed in its employment policies which further provide for the REIT's commitment to treating people, fairly, with respect and dignity, and to offering equal employment opportunities based upon an individual's qualifications and performance. Furthermore, the REIT's employment policies and procedures provide that candidates are selected based on the primary considerations of experience, skill and ability. See Appendix E: Employment Equity and Diversity Policy
<i>Disclose whether the issuer has adopted a target regarding women on the Board.</i>	The REIT has not adopted a target regarding women on its Board. In its annual review and evaluation of potential nominees to the Board, the Corporate Governance and Compensation Committee focuses on the current Board composition and the anticipated skills required to round out the capabilities of the Board, including knowledge and diversity of its membership. See Appendix E: Employment Equity and Diversity Policy
<i>Disclose whether the issuer has adopted a target regarding women on the Board.</i>	The REIT has not adopted a target regarding women in executive officer positions as it is an equal employment opportunity employer whereby candidates are selected based on the primary considerations of experience, skill and ability. See Appendix E: Employment Equity and Diversity Policy
<i>Disclose the number and proportion of Trustees who are women.</i>	Of the seven (7) members of the Board, zero (0) are women (0%).
<i>Disclose the number and proportion of executive officers of the issuer who are women.</i>	The REIT has two (2) Executive Officers, one (1) is a woman (50%).

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# APPENDIX A

## MANDATE OF THE BOARD OF TRUSTEES

### **Introduction**

The primary responsibility of the Board of Trustees of the REIT is to oversee the management of the business and to pursue the best interests of the REIT. The Board has plenary power and exercises overall responsibility for the management and supervision of the affairs of the REIT.

### **Board Meetings**

In order for the Board to transact business, a majority of the Trustees must be present, and a majority of those present must be resident Canadians. The Board shall meet on a regular basis and shall schedule a sufficient number of meetings (whether in person or by teleconference) to carry out its mandate, which shall occur at least once each quarter. The Board shall have an *in camera* session at each Board meeting with only independent Trustees present.

### **Reports from Committees/Subsidiaries**

Unless waived by the Board, each committee Chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee's meeting. Each Board of a material subsidiary that does not have the same Trustees as the Board shall provide a report to the Board on material matters considered by the subsidiary Board at the first Board meeting after the subsidiary's meeting.

### **Chairman**

The Board shall appoint a Chairman of the Board who shall have responsibility to ensure that the Board discharges its duties and responsibilities.

### **Lead Trustee**

In the event the Chairman of the Board is not independent, the independent members of the Board shall appoint a lead Trustee. The lead Trustee will Chair the meetings of the independent Trustees and assume other responsibilities as the Board may designate from time to time.

### **Outside Advisors**

The Board shall have the authority to retain, at the REIT's expense, independent advisors and consultants to advise the Board as it determines necessary to carry out its duties and to fix the remuneration of such advisors and consultants. The Board may request any officer or

employee of the REIT, or the REIT's internal or external auditors or legal counsel to attend a meeting of the Board or to meet with any Trustees of, or consultants to, the Board.

### **Governance**

The Board has responsibility for developing the REIT's approach to governance issues although the Governance Committee plays a key role by recommending and reporting on governance issues, including ethical conduct, to the Board. The Board may delegate specific governance issues to other committees of the Board. The Board is responsible for establishing the appropriate procedures to ensure that the Board, Board committees and individual Trustees can function independently of management.

### **General Duties**

It is the duty of the Trustees of the REIT to manage, or supervise the management of, the business and affairs of the REIT. In exercising his or her duties, every Trustee shall act honestly and in good faith with a view to the best interests of the REIT and exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Each Trustee shall also comply with the provisions of the *Canada Business Corporations Act*, and the by-laws of the REIT.

### **Trustees' Duties and Responsibilities**

The Board has responsibility for stewardship of the REIT, including:

#### **Strategic Planning Process**

- Provide input to management on emerging trends and issues.
- Review and approve management's strategic plans.
- Review and approve the REIT's financial objectives, plans and actions, including significant capital allocations and expenditures.

#### **Monitoring Tactical Progress**

- Monitor the REIT's performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed.

#### **Risk Assessment**

- Identify the principal risks of the REIT's businesses and ensure that appropriate systems are in place to manage these risks.

#### **Senior Level Staffing**

- Select, monitor and evaluate the CEO and other senior executives, and ensure management succession.
- Approve a position description for the CEO including limits to management's responsibilities and corporate objectives which the CEO is responsible for meeting, all upon recommendation from the Governance Committee.

#### **Integrity**

- Ensure the integrity of the REIT's internal control and management information systems.

- Ensure ethical behaviour and compliance with laws and regulations, audit and accounting principles, and the REIT's own governing documents.

#### **Material Transactions**

- Review and approve material transactions not in the ordinary course of business.

#### **Monitoring Trustees' Effectiveness**

- Assess its own effectiveness in fulfilling the above Trustees' responsibilities, including monitoring the effectiveness of individual Trustees.

#### **Other**

- Perform such other functions as prescribed by law or assigned to the Trustees in the REIT's Declaration of Trust.

## APPENDIX B

# MANDATE OF THE CORPORATE GOVERNANCE & COMPENSATION COMMITTEE

### A. PURPOSE

1. At Melcor Real Estate Investment Trust, corporate governance means the process and structure, used to supervise the business and affairs of the REIT, with the objective of enhancing unitholder value, which includes ensuring the financial viability of the business. The process and structure define the division of power, and establish mechanisms for achieving accountability among unitholders, the Board of Trustees of the REIT and management of the REIT.
2. The purpose of the Corporate Governance & Compensation & Committee (the “Committee”) of the Board is:
  - a. To provide a focus on governance that will enhance the REIT’s performance. The Committee assesses and makes recommendations regarding Board effectiveness, establishes and leads the process for identifying, recruiting, appointing, re-appointing and providing ongoing development for Trustees and monitors their work performance; and
  - b. To assist the Board in fulfilling its obligations relating to compensation and establishing a plan of continuity and development of senior management; and
  - c. To establish policies and procedures designed to identify and mitigate risks associated with the REIT’s compensation policies and practices.

### B. COMPOSITION AND OPERATIONS

1. The Committee shall consist of at least three members of the Board of the REIT (the “Board”), with the majority being, in the determination of the Board, “independent” as that term is defined by Multilateral Instrument 52-110, as amended from time to time, and the majority of whom shall be resident Canadians. Each member shall complete and return to the REIT annually a questionnaire regarding the member’s independence. Non -

independent Trustees shall abstain from voting on matters related to Trustee nominations and compensation.

2. The membership of the Committee will represent a diverse background of experience and skills. To ensure the Committee has the expertise to carry out its mandate, it is intended that its members will have, or acquire within a reasonable period of time after being appointed, an understanding of relevant issues relating to governance and compensation.
3. The Committee shall have the authority to delegate tasks to individual members and subcommittees.
4. The Committee shall have the authority to engage and compensate any outside advisor that it determined to be necessary to permit it to carry out its duties.
5. The Committee may invite such officers, Trustees and employees and consultants of the REIT as it may see fit, from time to time, to attend at meetings of the Committee, and assist in the discussion and consideration of matter under consideration by the Committee.
6. The Committee shall meet at least twice each year. The members of the Committee shall determine the time and place where meetings of the Committee shall be held, the calling of meetings and the procedure at such meetings. At each meeting, the Committee shall hold an *in camera* session with only Committee members present.
7. The Board shall appoint one of the members of the Committee as Committee Chair. The Chair of the Committee so appointed shall preside as Chair at Committee meetings. If the Chair is not present at any meeting of the Committee, the Committee, among the members present, shall choose the Chair of the meeting.
8. The Secretary to the Committee will be either the Secretary of the REIT or his or her delegate.

9. The members of the Committee shall be appointed at the first meeting of the Board, following each Annual Meeting of unitholders of the REIT.
10. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a Trustee. The Board may fill vacancies on the Committee by election from among its number. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office. Subject to the above, each member of the Committee shall hold office as such until the next Annual Meeting of unitholders after his/her election.

### C. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will be responsible for:

1. Developing a long-term plan for Board composition that takes into consideration the current strengths, skills and experience on the Board, retirement dates and the strategic direction of the REIT.
2. Developing recommendations regarding the essential and desired experiences, competencies, skills and personal qualities for potential Trustees, taking into consideration the Board's short-term needs and long-term succession plans.
3. Reviewing and making recommendations to the Board concerning any change in the number of Trustees composing the Board;
4. Overseeing the recruitment and selection of candidates as Trustees of the REIT, other than Melcor Developments Ltd.'s nominees. The recruitment and selection of such candidates will involve an identification of the qualifications for Trustees that are required to fulfill Board responsibilities and an evaluation of the qualifications that existing Trustees possess. The Committee will then recommend candidates to the Board for nomination as Trustees to be elected by the unitholders.
5. Organizing an orientation and education program for new Trustees as to the nature and operation of the REIT and its business, as to the role of the Board, its committees, the Chair of the Board and the lead Trustee of the Board (if applicable), and as to the contribution that an individual Trustee is expected to make.
6. Coordinating continuing Trustee development programs to enable the Trustees to maintain or enhance their skills and abilities as Trustees as well as ensuring their knowledge and understanding of the REIT and its business remains current.
7. Considering and approving proposals by the Trustees to engage outside advisers on behalf of the Board as a whole or on behalf of the independent Trustees.
8. Reviewing and approving the compensation paid by the REIT, if any, to consultants of the REIT.
9. Reviewing and making recommendations to the Board concerning the level and nature of the compensation payable, if any, to the Trustees and officers of the REIT.
10. Ensure compensation policies and practices for the Trustees, the CEO and the senior executives:
  - a. Properly reflect their respective duties and responsibilities;
  - b. Are competitive in attracting, retaining and motivating people of the highest quality;
  - c. Align the interests of the Trustees, the Chief Executive Officer and the senior executives with unitholders and the REIT as a whole;
  - d. Are based on established business and individual performance objectives; and
  - e. Do not encourage the taking of inappropriate or excessive risks.
11. Administering any unit option or purchase plan of the REIT or any other compensation incentive programs, having regard to the REIT's business objectives and the risks to which it is exposed;
12. Assessing the performance of the CEO, the officers and other members of the executive management team of the REIT in light of pre-established performance objectives and report its conclusions to the Board.
13. Assessing the effectiveness of the Board, each of its committees and individual Trustees. Trustees will be regularly surveyed to form the basis of such assessment and such assessment will be reviewed by the Chair of the Board, with the exception of the assessment of the Chair of the Board and the non-independent Trustees, which will be reviewed by the lead Trustee.
14. At the request of the Chair of the Board or the Board, undertake such other corporate governance

initiatives, as may be necessary or desirable to contribute to the success of the REIT.

15. Recommend to the Board any reports on corporate governance that may be required or considered advisable.
16. Review unitholders proposals, as required, and recommend to the Board the REIT's response to the proposals.
17. Review all annual executive compensation disclosure before it is publicly released.
18. Review related party transactions between the REIT and any related parties, including the compensation plans of the CEO, officers and members of the executive management team of the REIT.
19. Review and approve the REIT's insurance policies and associated premiums.

#### **D. ACCOUNTABILITY**

1. The Committee shall report its discussions and recommendations to the Board by distributing the minutes of its meetings and, where appropriate, by oral report at the next Board meeting.
2. Minutes of all committee meetings will be subsequently reviewed and approved by the Committee.
3. For the purposes of performing their duties, the members of the Committee shall have the right at all reasonable times to inspect all the books and records of the REIT and its subsidiaries, and to discuss with management and officers, such accounts, records and matters relating to remuneration paid by the REIT.

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## APPENDIX C

# MANDATE OF THE INVESTMENT COMMITTEE

### COMPOSITION AND EXPERIENCE

1. The Investment Committee (the “Committee”) shall be composed of not less than three (3) Trustees of the Melcor Real Estate Investment Trust (the “REIT”), a majority of whom shall be independent within the meaning of National Instrument 58-101 (the same amended and replaced from time to time). Further, provided that Melcor Developments then has the right to nominate at least one Trustee, one Melcor Developments-nominated Trustee shall be entitled to a position on the Committee. Each of the Committee members must have at least five years of experience in the real estate industry.
2. One of the members of the Committee shall be appointed Committee Chair by the Board of Trustees (the “Board”) of the REIT. If the Chair is not present at any meeting of the Committee, the Committee, among the members present, shall choose the Chair of the Meeting.
3. The members of the Committee shall be appointed or re-affirmed at the first meeting of the Board following each Annual Meeting of unitholders of the REIT. Each member of the Committee shall continue to be a member thereof until his or her successor is appointed, unless he or she resigns, is removed by the Board or otherwise ceases to be a Trustee of the REIT. Where a vacancy occurs at any time in the membership of the Committee, such vacancy may be filled by the Board and shall be filled by the Board if the membership of the Committee is, as a result of the vacancy, less than three Trustees.
4. The Committee may invite such officers, Trustees and employees of the REIT or any other person as it may see fit from time to time to attend at the meetings of the Committee and assist thereat in the discussion and consideration of the matter under consideration by the Committee.

### MANDATE AND AUTHORITY

1. The Committee shall be entitled to:
  - a. authorize, without Board approval, proposed acquisitions, dispositions or borrowings where the acquisition, disposition or borrowing (including the assumption or granting of any mortgage) and the renewal, extension or modification of any existing mortgage, where the value of such transaction does not exceed \$20 million; and
  - b. recommend to the Board whether to approve or reject proposed acquisitions, dispositions or borrowings (including the assumption or granting of any mortgage) where the value of such transaction exceeds \$20 million.

### MEETINGS

1. The time and place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects at such meetings shall be determined by the members of the Committee.
2. Meetings of the Committee shall be validly constituted if a majority of the members are present, in person or by telephone conference.
3. The Committee shall have an in camera session at each meeting with the only Committee members present.

### REPORTING

1. The minutes of all meetings of the Committee shall be provided to the Board. An oral report of all recent matters not yet reduced to minutes will be given by the Chair at the next meeting of the Board. Minutes of all Committee meetings will be subsequently reviewed and approved by the Committee.

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## APPENDIX D

### POSITION DESCRIPTIONS

#### Chairman

A key responsibility of the Chairman of the Board of Trustees is to provide leadership to the Board to enhance Board effectiveness. The Board has ultimate accountability for supervision of the management of the REIT. Critical to meeting this accountability is the relationship between the Board, management, unitholders and other stakeholders. The Chairman, as the presiding member, must oversee that these relationships are effective, efficient and further the best interests of the REIT.

The Chairman reports to the Board.

The Chairman shall:

- Chair all meetings of the Board of Trustees and unitholders;
- Lead the Board in ensuring that the Board assumes its duties and responsibilities for the stewardship of the REIT as set out in the Corporate Governance Guidelines as approved by the Board, the constating documents of the Corporation and corporate law;
- Ensure, in cooperation with the CEO and the Board, that there is an effective succession plan in place for the CEO position and the other senior management positions of the REIT;
- Assist the Chief Executive Officer and other members of the senior management team in the short and long range planning activities of the REIT including the acquisition and growth strategies;
- Ensure the development, on an annual basis, of the corporate objectives which the Chief Executive Officer is responsible for meeting, for the review and approval of the Board;
- Establish the agenda for meetings of the Board in conjunction with the Chief Executive Officer, and ensures the proper and timely flow of information to the Board sufficiently in advance of the meetings;
- Act as a liaison between the REIT's management and the Board where and if required;
- In conjunction with the Chief Executive Officer, represent the REIT before its stakeholders, including

unitholders, managers, the investment community, the industry and the public;

- Undertake the lead on any corporate governance matter that the Board may request from time to time;
- Develop and maintain a good working relationship between the office of the Chairman, the CEO, and the Board to assure open communications, cooperation, interdependence, mutual trust, respect, and commonality of purpose;
- Take steps to foster the Board's understanding of its responsibilities and boundaries with management;
- Establish any other procedures to govern the effective and efficient conduct of the Board's work; and
- Carry out other duties as requested by the Board.

## Lead Trustee

The Chairman of the Board is not independent due to his role as Vice-Chairman of Melcor Developments Ltd. Therefore, in keeping with the spirit and intent of good corporate governance and following the recommendations of the corporate governance guidelines set out by the Canadian Securities Administrators, the Board has appointed one of its independent Trustees to fill the role of lead Trustee.

The following outlines the duties and responsibilities of the lead Trustee:

- Develop the agenda for the Executive Sessions of the Board (i.e. without management present), with such sessions to be held at least two (2) times each year, or as required or deemed necessary, and to Chair such Sessions;
- Act as a liaison between the REIT's management and the Board where and if required;
- Ensure the Board is carrying out its responsibilities in accordance with good governance practices, the constating documents of the Corporation, the approved corporate governance guidelines and that the Board is enabled to carry out its duties as prescribed and under the law.
- Consider any other appropriate structures and procedures to ensure that the Board can function independently of management; and
- Undertake the lead on any other corporate governance matters that the Board may request from time to time.

## Corporate Governance & Compensation Committee Chair

The primary responsibility of the Chairman of the Corporate Governance & Compensation Committee ("CGCC") is to provide leadership to the CGCC to ensure its effectiveness. Critical to meeting this accountability is ensuring that the Corporation has in place an appropriate and effective system of corporate governance.

The Chairman of the CGCC shall:

- Set the tone for the work of the CGCC;
- Set the agenda and Chair CGCC meetings, and ensure distribution of meeting materials and minutes;
- Oversee the logistics of the committee's operations and ensure compliance with the approved terms of reference of the CGCC; and
- Report to the full Board on the decisions and recommendations of the CGCC.

## President & Chief Executive Officer

The President & Chief Executive Officer (CEO) reports to the Board of Trustees. The duties and responsibilities of the position include, but are not limited to, the following:

- Develop and recommend to the Board a long-term strategy and vision for the REIT that leads to the creation of unitholder value;
- Develop, on an annual basis, the corporate and personal objectives for which the CEO will be held accountable, for the review and approval of the Board;
- Foster a corporate culture that promotes ethical practices, encourages individual integrity, and fulfills social responsibility;
- Maintain a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of top-quality employees at all levels;
- Assemble and lead an effective and efficient organization that is capable of meeting corporate objectives; ensuring that corporate policies are understood and are properly interpreted and administered by the organization;
- Consistently strive to achieve the REIT's financial and operating goals and objectives, as recommended to and approved by the Board;
- Ensure that the REIT has an effective management team below the level of the CEO, and has an active plan for its development and succession;
- In conjunction with the Chairman, to represent the REIT before its stakeholders, including employees, customers, unitholders, the investment community, the industry and the public.

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## APPENDIX E

# EMPLOYMENT EQUITY & DIVERSITY POLICY

### **Introduction**

*This Employment Equity and Diversity Policy (the "Policy") sets out the approach to employment equity and diversity of Melcor Real Estate Investment Trust (the "Trust").*

### **Scope and Application**

"Employment equity" recognizes the value and dignity of each individual and ensures that each individual will have genuine, open and unhindered access to employment opportunities with the Trust. Employment equity involves hiring the most suitably qualified candidate for any open position while ensuring that the hiring process and the qualifications required for each position are fair and equitable for all persons.

"Diversity" involves recognizing and valuing the unique contribution people can make to the Trust because of their individual background, different skills, experiences and perspectives. The Trust also recognizes that diversity within the workforce will generate value for the Trust's stakeholders (including its customers, unitholders, employees, and the communities in which it operates). Fostering diversity also allows the Trust to attract, retain and motivate employees from the widest pool of available talent.

The Trust will take all appropriate steps to ensure that throughout the entire organization both a high standard of employment equity, and a culture accepting and encouraging of diversity, are maintained at all times.

### **Policy Statement**

The Trust will retain, promote and hire the best people it can, focusing on actual and potential contribution in terms of their performance, competence, collaboration and professional accountability. Management will ensure that all employment-related decisions are based on principles of individual merit and achievement such as job performance, skills, knowledge, and abilities relevant to specific positions and not on factors unrelated to a person's performance or ability to do the job.

The Trust will foster an inclusive culture, accepting and encouraging of diversity within its workforce, and will not discriminate in its employment practices on the basis of gender, race, ethnicity, sexual orientation,

religion, age, disability, or any other characteristic protected by law. This includes all aspects of employment at every level within the Trust (i.e. - from the Board of Trustees (the "Board") level on down), including: hiring; job assignment; compensation; discipline; termination; access to benefits; and training. In order to garner the full benefits of diversity (including the availability of the widest pool of available talent), Management will periodically review the Trust's recruitment and selection practices at all levels (from the Board level on down) to ensure they are appropriately structured so that a diverse range of candidates are considered and that there are no conscious or unconscious biases that might discriminate against certain candidates.

Management will make reasonable accommodation for qualified individuals with known disabilities unless doing so would result in an undue hardship.

Management will lead this Employment Equity and Diversity Policy by regarding it as a key business issue and an essential part of the Trust's day to day business activities.

The Board will annually review (i) Management's report to the Board regarding the proportion of women in the Trust's workforce throughout the Trust's various offices and across its various employment levels; and (ii) this Employment Equity and Diversity Policy to determine if the objectives of the Policy are being met and to consider the adequacy and appropriateness of the Policy in furthering the Trust's objectives.

Any employee with questions or concerns about discrimination in the workplace is encouraged to bring these issues to the attention of their immediate Supervisor, the Trust's Human Resources department, or any senior officer of the Trust. Employees can raise concerns and make reports without fear of reprisal. It is also a violation of this Policy for anyone to knowingly make a false complaint of discrimination, or to provide false information about a complaint. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

*This Policy will be published on the Trust's website for public information purposes.*