



# MELCOR | REIT

2014 MANAGEMENT INFORMATION CIRCULAR



# Tradition. Growth. Results.



## Table of Contents

<b>Date of Information</b>	1
<b>Other Information</b>	1
<b>Forward-looking Statements</b>	1
<b>Invitation to Unitholders</b>	2
<b>Notice of Annual Meeting of Unitholders of Melcor REIT</b>	3
<b>General Information</b>	4
Meeting	4
Registered and Beneficial Unitholders	4
Notice-and-Access	4
<b>Voting Information</b>	5
<b>Voting Instructions</b>	7
<b>Business to be Conducted at the Meeting</b>	9
<b>Nominees for Election to the Board</b>	11
<b>Executive Compensation</b>	13
Summary Compensation	13
Compensation Discussion and Analysis	14
Compensation & Governance	14
<b>Trustee Compensation</b>	15
<b>Performance Graph</b>	16
Interest of Informed Persons In Material Transactions	16
<b>Report of the Corporate Governance &amp; Compensation Committee</b>	17
<b>Statement of Governance Practices</b>	18
<b>Additional Information</b>	19
Board of Trustee Approval	19
<b>Schedule A   Disclosure of Corporate Governance Practices</b>	20
<b>Appendix A   Mandate of the Board of Trustees</b>	27
<b>Appendix B   Mandate of the Corporate Governance &amp; Compensation Committee</b>	29
<b>Appendix C   Mandate of the Investment Committee</b>	32
<b>Appendix D   Position Descriptions</b>	33
<b>Appendix E   Employment Equity &amp; Diversity Policy</b>	36

## Date of Information

All information contained in this Management Information Circular is dated March 2, 2015 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 (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 2015 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, 2014, 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.

## Invitation to Unitholders

Dear Fellow Unitholders:

On behalf of the REIT's Board of Trustees and our management team, I invite you to attend the 2015 Annual Meeting of unitholders. We are pleased to host this event at:

**WHERE:** Fairmont Hotel Macdonald  
Empire Ballroom  
10065 – 100 Street NW  
Edmonton, Alberta

**WHEN:** Thursday, April 23, 2015  
9:00 a.m. MDT (Continental breakfast to be served beforehand)

At the Meeting, our management team will review the REIT's 2014 operating and financial performance, as well as our plans for the remainder of 2015. You will have an opportunity to meet members of our management team and Board of Trustees 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).

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 pages 6 and 7 of this Circular.

I look forward to seeing you at the Meeting.

Sincerely,



Darin Rayburn  
Chief Executive Officer  
Melcor REIT

## Notice of Annual Meeting of Unitholders of Melcor REIT

**WHERE:** Fairmont Hotel Macdonald  
Empire Ballroom  
10065 – 100 Street NW  
Edmonton, Alberta

**WHEN:** Thursday, April 23, 2015  
9:00 a.m. MDT

This Meeting will be held to:

1. **Receive** the consolidated financial statements of the REIT for the fiscal year ended December 31, 2014, together with the auditor's report on those statements;
2. **Fix** the number of trustees to be elected to the Board of the REIT at the meeting to seven (7);
3. **Elect** the trustees of the REIT for the ensuing year;
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.

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

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, with the exception of a small number of unitholders in the U.S. who hold units through U.S. intermediaries. Under notice and access, unitholders will receive a Notice & Access Notification with instructions on how to access our proxy material for the fiscal year ended December 31, 2014. 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, Valiant Trust Company, no later than 9:00 a.m. Mountain Daylight Time on April 21, 2015.

Unitholders as at March 4, 2015 (the record date) will be entitled to vote at the Meeting.

**Dated** as of the 2<sup>nd</sup> day of March, 2015.

**BY ORDER OF THE BOARD OF TRUSTEES**



Jonathan W. Chia CA  
Chief Financial Officer  
Melcor REIT

## General Information

### Meeting

This Management Information Circular provides unitholders with information to help make voting decisions at the Annual Meeting (the "Meeting") of the REIT to be held on April 23, 2015.

### 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 unitholders of record 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.

### Notice-and-Access

Pursuant to the amendments to National Instrument 54-101 that came into force on February 11, 2013, the REIT has elected to use the new notice-and-access rules available to reporting issuers for meetings that occur on or after March 1, 2013 (the "Notice-and-Access Rules"). Notice-and-Access Rules allow the REIT to post electronic versions of proxy-related materials on-line without mailing such documents directly to unitholders, provided that notice of such posting is sent to unitholders by mail.

The REIT has also elected to use procedures known as 'stratification' for notice-and-access. Stratification occurs when the REIT, while using the notice-and-access provisions, provides paper copies of its Notice of Meeting and Circular to some of its unitholders. In relation to this Meeting, the REIT will provide paper copies of the above mentioned documents to unitholders in the United States who hold units with U.S. intermediaries. All other 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 the REIT's proxy-related materials, financial statements or MD&A, please follow the instructions printed on the notice and the materials will be mailed to you.

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

The REIT anticipates that notice-and-access will directly benefit the REIT through substantial reductions in postage and printing costs. The REIT believes that notice-and-access is also environmentally responsible to the extent that it decreases the large volume of paper documents generated by printing proxy-related materials.

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

**Melcor REIT:** 1-855-673-6931 (toll-free)  
**Valiant Trust Company:** 1-866-313-1872 (toll-free)

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

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

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

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

**By Email:** [ir@melcorreit.ca](mailto: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 14, 2014 in order for such unitholder to have sufficient time to receive and review the materials requested and return the completed form of proxy by the due date described under "Appointment and Revocation of Proxies".

## Voting Information

### 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.

### How are proxies solicited?

The solicitation of proxies will be primarily by mail. However, certain of the REIT's representatives may also solicit proxies by telephone or in person. The cost of solicitation will be borne by the REIT.

### What will I be voting on?

Unitholders will be voting on:

- Fixing the number of members of the Board of Trustees to be elected at the Meeting at seven (7)
- Election of trustees
- Appointment of 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, Valiant Trust Company.

### How can I contact the Transfer Agent?

By Mail: Valiant Trust Company  
Shareholder Services  
#310, 606 4<sup>th</sup> Street SW  
Calgary, AB T2P 1T1

By Phone: 1-780-441-2267

By Fax: 1-403-233-2857

By Email: inquiries@valianttrust.com

### Is my vote confidential?

The REIT's transfer agent maintains the confidentiality of individual unitholder votes. However, proxies will be submitted to management where they contain comments clearly intended for management, in the event of a proxy contest or to meet legal requirements.

### How many votes do I have?

You will have one vote for each unit you held at the close of business on March 4, 2015 (the record date). The list of unitholders entitled to vote will be available for inspection after March 4, 2015, during usual business hours, at the offices of Valiant Trust Company, and at the Meeting.

### 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. As of the close of business on March 4, 2015, 11,275,000 units are issued and outstanding and 14,615,878 special voting units were issued and outstanding (all such special voting units held by Melcor Developments Ltd. (Melcor) through an affiliate.

### How do I vote?

See Voting Instructions, pages 6-7.

### 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 proxy, 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 trust, and based on public filings as of March 4, 2015, 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.*	14,615,878 special voting units	56.5%

*\*Melcor Developments, through an affiliate, holds an approximate 56.5% effective interest in the REIT through ownership of 14,615,878 Class B LP units of the Melcor REIT Limited Partnership and a corresponding number of special voting units of the REIT.*

## Voting Instructions

### Registered Holders

If you are a registered holder of units (that is, you have units registered in your name), you may vote your units in one of the following ways:

- In person at the Meeting (see below)
- By proxy (see below)
- By fax (refer to the enclosed proxy for instructions)
- By Internet (refer to the enclosed proxy for instructions)

#### *Voting in Person*

If you plan to attend the Meeting and wish to vote your units in person, do not complete or return the enclosed proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, Valiant Trust Company, when you arrive at the Meeting.

#### *Voting by Proxy*

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxyholder. You can use the enclosed proxy or any other proper form of proxy to do this. The persons named in the enclosed proxy are trustees or officers. **You can also choose another person to be your proxyholder by printing that person's name in the space provided.** Then complete the rest of the proxy, sign it and return it. Your votes can only be counted if the person you appointed attends the Meeting and votes on your behalf. If you have voted by proxy, you may not vote in person at the Meeting, unless you revoke your proxy.

Return your completed proxy in the envelope provided and mail it to Valiant Trust Company or fax it to 1-403-233-2857 so that it arrives by 9:00 AM (MDT) on April 21, 2015 or, if the Meeting is adjourned at least 48 hours (excluding weekends and holidays) before the time set for the Meeting to resume.

#### *Revoking Your Proxy*

You may revoke your proxy at any time before it is acted on. You can do this by delivering a written statement that you want to revoke your proxy to the REIT's registered office: 900, 10310 Jasper Avenue, Edmonton, Alberta T5J 1Y8, not later than forty-eight (48) hours (excluding weekends and holidays) before the time set for the Meeting, or any adjournment thereof, or to the Chairman of the Meeting on April

23, 2015 prior to the start of the Meeting, or any adjournment thereof. You may also revoke your proxy by delivering a properly executed proxy of later date or in any other manner permitted by law, by 9:00 AM (MDT) April 21, 2015 to Valiant Trust Company.

### Beneficial (Non-Registered) Holders

You are a beneficial (non-registered) holder if your REIT units are registered in the name of a depository or intermediary such as a bank, trust company, securities broker, trustee or administrator, or other institution (the "intermediary"). If you are a beneficial holder, you may vote your units in one of the following ways:

- In person at the Meeting (see below)
- By voting instructions, including naming a proxy (see below)
- By telephone (refer to the enclosed proxy for instructions)
- By Internet (refer to the enclosed proxy for instructions)

#### *Voting in Person*

If you plan to attend the Meeting and wish to vote your units in person, insert your own name in the space provided on the enclosed voting instruction form. Then follow the signing and return instructions provided by your intermediary. Your vote will be taken and counted at the Meeting so don't complete the voting instructions on the form. Please register with the transfer agent, Valiant Trust Company, when you arrive at the Meeting.

#### *Voting by Proxy*

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxyholder. Use the enclosed voting instruction form to do this. The persons named in the enclosed voting instruction form are trustees and officers. **You can also choose another person to be your proxyholder by printing that person's name in the space provided.** Then complete the rest of the voting instruction form, sign it and return it. Your vote can only be counted if the person you appointed attends the Meeting and votes on your behalf. If you have sent in your voting instruction form, you may not vote again at the Meeting unless you revoke your instructions.

Return your completed voting form as per the instructions on the form so that it arrives by 9:00 AM (MDT) on April 21, 2015 or, if the Meeting is adjourned at

least 48 hours (excluding weekends and holidays) before the time set for the Meeting to resume.

***Revoking Voting Instructions***

Follow the procedures provided by your nominee. Your nominee must receive your request to revoke the instructions prior to 9:00 AM (MDT) on April 21, 2015. This will give your nominee time to submit the revocation to us.

**Beneficial unitholders cannot use the proxy they receive to vote units directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the units voted at the Meeting.**

## Business to be Conducted at the Meeting

To the knowledge of the REIT's trustees, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

**IN THE ABSENCE OF INSTRUCTIONS MADE ON A PROXY, IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE APPROVAL OF ALL THE MATTERS REFERRED TO IN THE NOTICE AND AS OUTLINED BELOW.**

### 1. *Presentation of Consolidated Financial Statements*

The REIT's audited consolidated financial statements for the year ended December 31, 2014 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. *Fixing the Number of Trustees*

It is proposed that the number of trustees 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). Election of Trustees

It is proposed that the persons named on pages 11-12 will be nominated at the Meeting to serve as trustees. The Board of Trustees 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 in their discretion unless the unitholder has specified in his proxy that the units are to be withheld from voting in the election of trustees.

Each elected trustee will hold office until the next annual meeting of the unitholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the REIT's Amended and Restated Declaration of Trust.

The REIT has a majority voting policy for the election of trustees. 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.

Such nominee is expected to immediately tender his or her resignation to the Board of Trustees.

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 their names are recommended for election 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.

The REIT has also adopted an employment equity and diversity policy. Under the provisions of the policy, management and the Board will, when identifying new candidates for any position with the REIT (including for nomination as a Trustee), in addition to examining each candidate's skills, expertise, experience and other personal qualities, also consider various diversity criteria, including each candidate's gender, race, ethnicity, sexual orientation, religion, age, disability, or any other characteristic prohibited by law, as part of the recruitment process. See Schedule A – Disclosure of Corporate Governance Practices - Policies Regarding the Representation of Women on the Board for further information regarding the REIT's employment equity and diversity policy.

### 3. *Appointment of Auditors*

At the Meeting, unitholders will be asked to appoint 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 and its predecessor companies have been the REIT's auditors since the REIT became public on May 1, 2013.

The appointment of the auditors will be effected by an ordinary resolution requiring the approval of more than 50% of the votes cast in respect of the

resolution by or on behalf of unitholders present in person or represented by proxy at the Meeting. It is the intention of the persons named in the enclosed form of proxy, if named as proxy and not expressly directed to the contrary in the form of proxy, to vote those proxies **FOR** the appointment of PWC as auditors.

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 2, 2015, 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).

#### 4. *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.

## Nominees for Election to the Board of Trustees



**Brian Baker**  
Edmonton, Alberta, Canada

**Related**

**Principal Occupation:**

Chief Executive Officer, Melcor Developments Ltd. (2013)

**Prior Five Years:**

- President & Chief Operating Officer (2012 – 2013)
- Executive Vice President & Chief Operating Officer (2011 – 2012)
- Vice President, Property Development (2004 – 2011)

**Trustee Since** ..... 2013  
**2014 Attendance** ..... 100%  
**2014 Trustee Compensation** ..... \$nil  
**REIT Unitholdings<sup>1</sup>** ..... 5,000  
**Committees** ..... none



**Brian Hunt**  
Calgary, Alberta, Canada

**Independent**

**Principal Occupation:**

President & Director, Taviston Inc.

**Trustee Since** ..... 2013  
**2014 Attendance** ..... 100%  
**2014 Trustee Compensation** ..... \$54,500  
**REIT Unitholdings** ..... 40,000  
**Committees<sup>1</sup>** ..... Audit, Investment, Special



**Patrick Kirby**  
Edmonton, Alberta, Canada

**Independent**

**Principal Occupation:**

Counsel, Felesky Flynn LLP

**Trustee Since** ..... 2013  
**2014 Attendance** ..... 100%  
**2014 Trustee Compensation** ..... \$38,500  
**REIT Unitholdings** ..... 11,600  
**Committees<sup>2</sup>** ..... Compensation & Governance, Special



**Donald Lowry**  
Edmonton, Alberta, Canada

**Independent (Lead Trustee)**

**Principal Occupation:**

Corporate Director (2013)

**Prior Five Years:**

- Chief Executive Officer, EPCOR Utilities (1998 – 2013)

**Trustee Since** ..... 2013  
**2014 Attendance** ..... 100%  
**2014 Trustee Compensation** ..... \$49,500  
**REIT Unitholdings** ..... 34,600  
**Committees** ..... Audit, Compensation & Governance, Special



**Andrew Melton**  
Calgary, Alberta, Canada

**Related**

**Principal Occupation:**

Executive Vice-Chairman, Melcor Developments Ltd. (2010)

**Prior Five Years:**

- Principal, Avison Young Commercial Real Estate (1978 - 2010)

**Trustee Since** ..... 2013  
**2014 Attendance** ..... 100%  
**2014 Trustee Compensation** ..... \$nil  
**REIT Unitholdings<sup>1</sup>** ..... 68,800  
**Committees** ..... Investment

1. Brian Hunt was on the Compensation & Governance Committee until November 2014
2. Patrick Kirby joined the Compensation & Governance Committee in November 2014



**Larry Pollock**  
Edmonton, Alberta, Canada

**Independent**

**Principal Occupation:**

Corporate Director (2013)

**Prior Five Years:**

- President, CEO & director of Canadian Western Bank (1990 – 2013)

**Trustee Since** ..... 2013

**2014 Attendance** .....100%

**2014 Trustee Compensation** ..... \$49,000

**REIT Unitholdings** ..... 50,000

**Committees** ..... Audit, Investment, Special Committee Chair



**Ralph Young**  
Edmonton, Alberta, Canada

**Related**

**Principal Occupation:**

Chancellor, University of Alberta (2012)

**Prior Five Years:**

- CEO of Melcor Developments Ltd. (2000 – 2013)

**Trustee Since** ..... 2013

**2014 Attendance** .....86%

**2014 Trustee Compensation** ..... \$nil<sup>2</sup>

**REIT Unitholdings<sup>1</sup>** ..... 19,800

**Committees** ..... Compensation & Governance

1. Andrew Melton, Ralph Young and Brian Baker, as a group, together beneficially own or control approximately 0.36% of the voting units of the REIT. In addition, Mr. Melton, Mr. Young and Mr. Baker are directors and/or executive officers of Melcor Developments, which owns 56.5% of the voting units of the REIT.
2. Ralph Young is the Melcor Developments nominee to the REIT board of trustees. The REIT does not pay for his meeting attendance. He received \$25,500 from Melcor Developments for attending REIT meetings.

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>	Canadian Oil Sands Ltd Capital Power Corporation Hydrogenics Corporation Stantec Inc.	TSX
<b>Larry Pollock</b>	WestJet Airlines EPCOR Utilities Inc. HNZ Group Inc.	TSX
<b>Ralph Young</b>	ZCL Composites Inc. Melcor Developments Ltd.	TSX

## Executive Compensation

The executive officers of the REIT are employed by Melcor Development 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 2, 2015, 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 Development's compensation program, see the most recent Management Information Circular of Melcor Developments (the Melcor Developments 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 Developments Circular, is not incorporated by reference into this Circular.

### Summary Compensation Table

The REIT's Named Executive Officers (NEOs) during the year ended December 31, 2014 were Darin Rayburn (Chief Executive Officer) and Jonathan Chia (Chief Financial Officer). The following table sets out information concerning the fiscal 2014 compensation that was earned by, paid to, or awarded to these NEOs by Melcor Developments, based on the amount of time that was attributable to the services that the Named Executive Officers provided to the REIT.

	Darin Rayburn, CEO <sup>3</sup>		Jonathan Chia, CFO <sup>3</sup>	
	2014	2013	2014	2013
<b>Salary<sup>(1)</sup></b>	192,780	122,400	84,800	53,333
<b>Bonus<sup>(2)</sup></b>	297,500	170,000	132,907	62,141
<b>Unit- based awards</b>	nil	nil	nil	nil
<b>Non-equity incentive plan compensation bonus</b>	nil	nil	nil	nil
<b>All other compensation</b>	15,881	8,792	7,442	3,948
<b>Total compensation</b>	506,161	301,192	225,148	119,422

1. Represents the portion of salary (paid by Melcor Developments) attributable to the estimated time spent on REIT activities for 2014
2. Represents the portion of bonus (paid by Melcor Developments) attributable to the estimated time spent on REIT activities for 2014
3. All compensation for Mr. Rayburn and Mr. Chia is paid by Melcor, and there is no reimbursement by the REIT. Messrs. Rayburn and Chia act in a variety of capacities for Melcor, the REIT and their respective affiliates, and accordingly, the total compensation that Messrs. Rayburn and Chia are expected to receive from Melcor is not disclosed in this table, since total compensation will not solely be attributable to the services that such individuals will provide to the REIT. 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 be spent by Messrs. Rayburn and Chia in connection with REIT-related services (estimated to be 85% and 40% respectively).

## Compensation Discussion and Analysis

The Compensation of Melcor Developments will be 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 Ralph Young. Two of the three 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 decision 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
Donald Lowry, 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 is counsel with the law firm Felesky Flynn LLP where he has been a partner since 1984. 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.
Ralph B. Young <i>Related</i>	Mr. Young is the Chancellor of the University of Alberta and retired from Melcor Developments Ltd. As Chief Executive Officer in 2013. In this capacity he was responsible for directing the compensation policy for over 100 Melcor employees. Mr. Young received a Master of Business Administration from the University of Alberta in 1973. He serves as a director for ZCL Composites and Melcor Developments Ltd. He also serves on the Boards of several private organizations, including the Edmonton Regional Airport Authority.

## Trustee Compensation

As at March 4, 2015, 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 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.

### Retainers and Fees

In 2014, trustee compensation was set as follows:

Component	First Half 2014 <sup>2</sup>	Second Half 2014 <sup>3</sup>
Annual Trustee Retainer	\$15,000 per year	\$18,000 per year
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 Retainer <sup>4</sup>	\$2,500	\$7,500
Special Committee Chair Retainer <sup>4</sup>		\$4,500

1. Paid in addition to annual trustee retainer and meeting fees.
2. Fees set May 1, 2013 – June 30, 2014
3. Fees set effective July 1, 2014
4. A Special Committee comprised of all independent directors was struck twice in 2014 to manage the Melcor acquisitions.

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, 2014:

Trustee	Annual retainer <sup>1</sup>	Meeting fees	All other compensation	Total
Brian S. Hunt	\$33,500	\$21,000	-	\$54,500
F. Patrick Kirby	23,500	15,000	-	38,500
Donald Lowry	28,500	21,000	-	49,500
Larry Pollock	28,000	21,000	-	49,000
Ralph Young <sup>2</sup>	16,500	9,000	-	25,500

1. Includes committee chair retainers and special committee retainer.
2. As Melcor's nominee, Mr. Young is paid by Melcor. The REIT does not reimburse Melcor for this payment.

### Unitholdings of Independent Trustees

Trustee	Number	Value <sup>1</sup>
Brian S. Hunt	40,000	\$378,400
Patrick Kirby	11,600	109,736
Donald Lowry	34,600	327,316
Larry Pollock	50,000	473,000

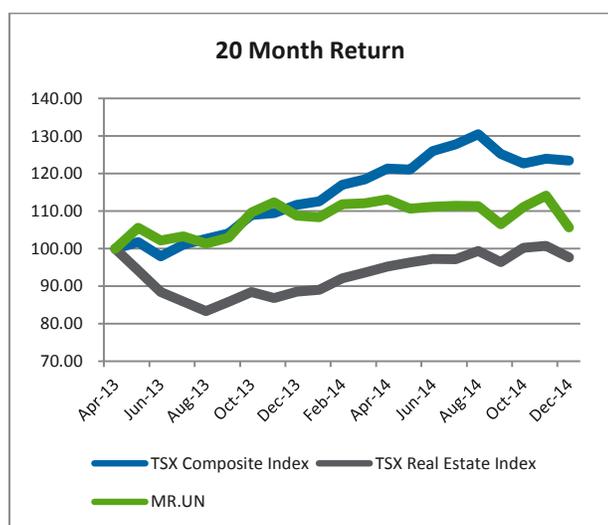
1. Based on closing price of REIT units on December 31, 2014 (\$9.46).

## Performance Graph

### 20-Month Performance Graph

The following graph shows a comparison for the eight-month period from May 1, 2013 (the IPO date) to December 31, 2014, of the value of \$100 originally invested in the units 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
May 2013	101.77	94.21	105.57
June 2013	97.95	88.44	102.21
July 2013	101.07	85.92	103.28
August 2013	102.63	83.34	101.31
September 2013	104.07	85.78	102.91
October 2013	108.98	88.39	109.67
November 2013	109.48	86.80	112.32
December 2013	111.66	88.49	108.74
January 2014	112.57	89.03	108.39
February 2014	116.99	92.08	111.82
March 2014	118.42	93.61	112.10
April 2014	121.29	95.25	113.12
May 2014	121.09	96.36	110.62
June 2014	126.02	97.29	111.12
July 2014	127.81	97.18	111.40
August 2014	130.48	99.35	111.36
September 2014	125.28	96.37	106.52
October 2014	122.68	100.23	111.09
November 2014	123.99	100.77	114.14
December 2014	123.44	97.66	105.66



### 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, Chair of the Board), Mr. Brian Baker (trustee), Mr. Darin Rayburn (Chief Executive Officer and Mr. Jonathan Chia (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 2, 2015, which may be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).

## Report of the Corporate Governance & Compensation Committee



Donald Lowry



Patrick Kirby



Ralph Young

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, 2014, the members of the CGCC are Messrs. Lowry, Kirby and Young, two of whom (Messrs. Lowry and Kirby) are independent trustees. Mr. Lowry serves as the Chair of the CGCC. On July 1, 2014, Mr. Kirby replaced Mr. Hunt on the committee.

The CGCC held two meetings in 2014 and held *in camera* sessions without the presence of REIT management during each meeting.

### 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,

A handwritten signature in black ink, appearing to read 'Lowry'.

Donald Lowry (Chair)

A handwritten signature in black ink, appearing to read 'Patrick Kirby'.

Patrick Kirby

A handwritten signature in black ink, appearing to read 'Ralph B. Young'.

Ralph B. Young

## 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 Development's 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 2, 2015.

## 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, 2014.

Copies of these documents and any other documents incorporated by reference, additional interim financial statements for periods subsequent to December 31, 2014 and additional copies of this Circular are available on request.

Please direct your request for materials to:

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

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

**By Fax:** 1-780-426-1796

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

### Board of Trustee Approval

The REIT's Board of Trustees has approved the content and the sending of this Management Information Circular to the unitholders.



**Jonathan W. Chia, CA**  
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 Guideline	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 – Executive Vice-Chairman of Melcor Developments</li> <li>• Ralph Young – Director and former CEO of Melcor Developments (retired July 2, 2013)</li> <li>• Brian Baker – CEO of Melcor Developments</li> </ul> <p>Melcor Developments Ltd., through an affiliate, holds an approximate 56.5% effective interest in the REIT through ownership of 14,618,878 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 12 of this Management Information 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 committee meetings. The Audit Committee also holds <i>in camera</i> sessions with the external auditors and management.</p> <p><b>FY2014 In Camera sessions:</b></p> <p>Board: ..... 5 of 5</p> <p>Audit Committee: ..... 4 of 4</p> <p>Compensation and Governance: ..... 2 of 2</p> <p>Investment Committee: ..... 1 of 1</p> <p>Special Committee 1: ..... 3 of 3</p> <p>Special Committee 2: ..... 7 of 7</p>

**Corporate Governance Guideline**

**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. Andrew Melton 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;
- chairing meetings of the Board in the absence of the Chairman;
- establishing, 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 Compensation & Governance Committee:
  - evaluates the operation and effectiveness of the Board annually;
  - 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 Meetings	Committee Meetings	Special Committee Meetings	% of Total Meetings
Andrew Melton	5/5	-	-	100%
Brian Baker	5/5	-	-	100%
Brian Hunt	5/5	6/6	10/10	100%
F. Patrick Kirby	5/5	-	10/10	100%
Donald Lowry	5/5	6/6	10/10	100%
Larry Pollock	5/5	5/5	10/10	100%
Ralph Young	4/5	2/2	-	86%

Corporate Governance Guideline	Comments
<b>Board of Trustees' Mandate</b>	
<p><i>Disclose the text of the Board of Trustees' mandate.</i></p>	<p>The Board has adopted a mandate (see Appendix A) which, amongst other matters, sets out the Board's principal responsibilities which are:</p> <ul style="list-style-type: none"> <li>• adoption of a corporate strategic planning process;</li> <li>• monitoring tactical progress;</li> <li>• managing risks and protecting unitholder value;</li> <li>• succession planning including appointing, developing and monitoring senior management;</li> <li>• internal corporate controls and management information systems;</li> <li>• reviewing and approving material transactions not in the ordinary course of business;</li> <li>• monitoring effectiveness of trustees; and</li> <li>• knowledge and understanding of the business and maintaining high levels of integrity in business conduct.</li> </ul>
<b>Position Descriptions</b>	
<p><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>	<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 Management Information Circular &amp; Appendix B to the 2014 Annual Information Form, filed on <a href="http://www.sedar.com">www.sedar.com</a> and incorporated by reference in this Circular.</p>
<p><i>Disclose whether or not the Board of Trustees and CEO have developed a written position description for the CEO.</i></p>	<p>The Board of Trustees has developed and approved a written description for the CEO.</p> <p>See Appendix D: Position Descriptions</p>
<b>Orientation &amp; Continuing Education</b>	
<p><i>Briefly describe what measures the Board of Trustees takes to orient new trustees regarding:</i></p>	
<p><i>(a) the role of the Board of Trustees, its committees and its trustees</i></p>	<p>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.</p>
<p><i>(b) the nature and operation of the issuer's business.</i></p>	<p>Arrangements are made for briefing sessions from appropriate senior personnel 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>

Corporate Governance Guideline	Comments
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<p><i>Briefly describe what measures the Board of Trustees takes to provide continuing education for its trustees.</i></p>	<p>Subject to Board approval, trustees may enroll in professional development courses at the REIT’s expense.</p> <p>No trustees were enrolled in professional development courses at the REIT’s expense in 2014.</p>
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Ethical Business Conduct	
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<p><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></p>	<p>The REIT has a Business Code of Conduct that is applicable to all trustees, officers and employees.</p>
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<p><i>(a) disclose how a person or company may obtain a copy of the code</i></p>	<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 19).</p>
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<p><i>(b) describe how the Board of Trustees monitors compliance with its code</i></p>	<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>
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<p><i>(c) 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></p>	<p>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.</p>
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<p><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></p>	<p>The REIT’s Business Code of Conduct outlines its conflict of interest guidelines.</p> <p>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.</p>
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<p><i>Describe any other steps the Board of Trustees takes to encourage and promote a culture of ethical business conduct.</i></p>	<p>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.</p>
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Nomination of Trustees	
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<p><i>Describe the process by which the Board of Trustees identifies new candidates for Board of Trustees nomination.</i></p>	<p>The Corporate Governance &amp; Compensation Committee is responsible for identifying new candidates for recommendation to the Board, other than Melcor’s 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.</p>
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Corporate Governance Guideline	Comments
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<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. Two of the three members of the Corporate Governance & Compensation Committee are independent.
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<i>If the Board of Trustees has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</i>	<p>The Corporate Governance &amp; Compensation Committee is responsible for trustee nominations.</p> <p>See Appendix B: Mandate of the Corporate Governance &amp; Compensation Committee and the Report of the Corporate Governance &amp; Compensation Committee on page 17 of this Circular for additional information.</p>
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Compensation	
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<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.
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<i>Disclose whether the compensation committee is composed entirely of independent trustees.</i>	The Corporate Governance & Compensation Committee is composed of 3 trustees, a majority of whom are independent.
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<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>
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Other Board Committees	
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<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, a majority of whom are independent. 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.
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Assessments	
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<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</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</p>
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**Corporate Governance Guideline****Comments**

*assessments are regularly conducted, describe the process used for the assessments.*

*If assessments are not regularly conducted, describe how the Board of Trustees satisfies itself that the Board of Trustees, its committees, and its individual trustees are performing effectively.*

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.

An assessment of each individual trustee is not performed.

**Trustee Term Limits and Other Mechanisms for Board Renewal**

*Disclose whether or not the issuer has adopted term limits for trustees*

The Board is responsible for recommending candidates for election to shareholders 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.

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, Board removals and Board additions are appropriate.

**Policies Regarding the Representation of Women on the Board**

*Disclose whether the issuer has adopted a written policy related to identifying and nominating women trustees.*

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 D), which recognizes employment equity and diversity as values that are important to the REIT. The Board annually evaluates potential nominees to the Board 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.

*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.*

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 to the Board 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 D: Employment Equity and Diversity Policy

*Disclose whether, and if so, how, the issuer considers the level of representation of women in executive officer positions when making executive officer appointments.*

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

Corporate Governance Guideline	Comments
	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 D: 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 D: 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 D: Employment Equity and Diversity Policy
<i>Disclose the number and proportion of trustees who are women.</i>	As at the date hereof, of the eight (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 does not have any employees.

## 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 Compensation & 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 and 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.
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.

### 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.
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.

### 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 therein 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.

## 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.

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## Lead Trustee

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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.

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## Corporate Governance & Compensation Committee Chair

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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.

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## Chief Executive Officer

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The 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 Executive Chairman, to represent the REIT before its stakeholders, including employees, customers, unitholders, the investment community, the industry and the public.

## 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, shareholders, 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.*