

### INTENT

This Policy applies to Melcor Real Estate Income Trust. The term “REIT” refers to Melcor REIT, and the term “Board” refers to the board of trustees for the REIT.

The intent of this policy is to provide procedures, guidelines and expectations to those individuals acting as Trustees for the REIT.

### Board of Trustees Information

Mandate of the Board – The board is responsible for the stewardship of our REIT. To carry out this role, the board oversees the conduct, direction, and results of the business. In turn, management is mandated to conduct the day-to-day business and affairs of the REIT and is responsible for implementing the board’s strategies, goals, and directions.

The board and its members act in the best interests of our REIT at all times, and the board’s actions reflect its responsibility to establish the proper business practices and appropriate ethical standards expected at Melcor REIT.

For more detailed information on the Board’s composition, responsibilities, position descriptions, and risk management refer the Board of Trustees Mandate published on SEDAR.

### Age and Term Limits

The Board has not established term limits. Although a term limit could result in greater turnover, thus providing more fresh ideas and viewpoints, it would mean the loss of trustees who have developed, over time, a depth of

insight into our operations that provides invaluable contributions to the board.

The Corporate Governance and Compensation Committee, in consultation with the Chairman and the CEO, will review each trustee’s continuation on the board once per year (as the alternative to term limits). Each trustee is given the opportunity to confirm his or her desire to continue as a member of the board.

Although, the board has not adopted a formal policy regarding retirement age for trustees, it believes that once a trustee reaches the age of 72, his or her continued service on the board should be reviewed by both the Corporate Governance and Compensation Committee and the board.

### Confidentiality of Information

Members of the Board of Trustees are required to keep confidential any financial details or other sensitive information they receive. This means paying strict attention to the security of Board records. In order for the Board to function properly, all parties must retain confidentiality and trust that no improper use will be made of the information received.

### Conflict Resolution

The Chairman will endeavor to ensure their respective members work cooperatively at all times, and if necessary, will address unacceptable behavior. At times, however, the Board may face issues that polarize members, such that consensus is impossible to achieve. Outside professionals can be consulted for their input to help resolve the concern.

### 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 to carry out its mandate, which shall occur at least once each quarter.

### Appointments & Committees

The Compensation and Corporate Governance Committee (the “Committee”) is a standing committee appointed by the Board. The Committee is responsible for overseeing and assessing the functioning of the board and ensuring the compliance with governance principles and standards.

The Committee is also responsible for reviewing and approving the compensation of all Executive Officers of the REIT, including general salary structure and short- and long-term incentive programs. The Committee also discusses personnel and human resources matters, including recruitment and management succession plans.

### Trustee Compensation

Compensation Philosophy and Approach – Trustees play a central role in enhancing shareholder value. Because of this, the trustee compensation program is designed to attract and retain highly qualified people to serve as Board members. The program is also designed to align the interests of the Trustees with those of the shareholders. Each year, the independent trustees of the Corporate Governance and Compensation Committee will review the adequacy and form of the trustee’s compensation to ensure that it is competitive and realistically reflects the risks and responsibilities of serving on Melcor’s Board.

Upon retirement or resignation from the board, a trustee is not entitled to and does not receive any form of retirement compensation.

The REIT does not compensate trustees or nominees who are employees of Melcor.

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

### Retainers

Annual Retainer – Annual retainers are the main form of compensation for trustees. Similar to a base salary, all trustees who sit as members of the Board qualify for the retainer as outlined in our fees guide (Appendix A).

### Meeting Fees

There are two types of meetings – scheduled quarterly board meetings and business operations meetings, scheduled on an ad-hoc basis. Meeting fees are in place to compensate trustees for their time spent during the meeting as well as the time taken to prepare to discuss business matters.

Scheduled Board Meetings – Trustees are required to discuss the progression of the REIT in achieving its mandated goals. Meeting fees will be as per the fee schedule (Appendix A). Where possible, the trustees are encouraged to attend scheduled meetings in person; if not, via teleconference is acceptable.

Business Operations Meetings – On occasion, and often by teleconference, ad-hoc meetings may be called to discuss and/or approve a business transaction. Dependent on the length and substance of the meeting the Chairman may arbitrarily adjust the fee paid to the Board of Trustees; to be determined on a case-by-case basis.

No meeting fees or retainers are paid by the REIT to Trustees who are Melcor nominees.

### Shareholding Requirements

Trustees are not required to own units in the REIT to be a board member. It is however, preferred that they share a vested interest in the direction and strategy of the organization as a whole.

### Expenses

Trustees are reimbursed for all 'reasonable' travel costs and out-of-pocket expenses upon the submission of a properly accounted expense claim form (Appendix B). All expense claims are to be reviewed and approved by the Chairman. Any expenses outside the details of this policy should be requested and approved prior to use or expense.

Edmonton-Based Trustees – If a Trustee is traveling during a regularly scheduled meeting or a meeting is called while a Trustee is traveling we would encourage them to attend by conference call. If it is felt that attendance

in person is required, the REIT will cover reasonable travel expenses using economy air travel.

Non-Edmonton-Based Trustees – If a Trustee resides permanently outside of Edmonton, the REIT will cover reasonable travel expenses using economy air travel or mileage as per the REIT's current policy to attend scheduled and special board meetings where required.

### Payroll Guidelines

Deductions – All fees, with the exception of approved expenses, will be subject to statutory deductions including but not limited to the appropriate federal and provincial tax, as well as CPP for employees under the age of 70 unless Melcor is provided a CPT-30 form.

Payment Cycle – Trustee's fees will be paid to all eligible trustees within the month following the end of each fiscal quarter by way of direct deposit.

## APPENDIX A: Fees Schedule

FEE Schedule								
Effective Date	Annual Retainer				Meeting Fees			
	Trustee	Committee Chairs			Board (Scheduled)	Board (Ad-Hoc)	Committee	Special Committee
		Audit	Governance	Special Committee				
May 1, 2013	15,000	10,000	5,000		1,500		1,500	-
Project 2.1	2,500			3,500				-
July 1, 2014	18,000	10,000	5,000		1,500		1,500	-
Project 2.2	4,500			3,500				1,500
March 2, 2015	18,000	10,000	5,000		1,500	750	1,500	-
Project 2.3	2,500			1,500				1,500