

**MELCOR REAL ESTATE INVESTMENT TRUST
COMPENSATION AND GOVERNANCE COMMITTEE MANDATE**

A. PURPOSE

1. At Melton Real Estate Investment Trust (the “**REIT**”), 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 (the “**Board**”) of the REIT and management of the REIT.
2. The purpose of the Compensation & Governance Committee (the “**Committee**”) of the Board is:
 - a) To provide a focus on governance that will enhance the REIT’s performance. The Committee assesses and makes recommendations regarding Board effectiveness, establishes and leads the process for identifying, recruiting, appointing, re-appointing and providing ongoing development for trustees and monitors their work performance; and
 - b) To assist the Board in fulfilling its obligations relating to compensation and establishing a plan of continuity and development of senior management; and
 - c) To establish policies and procedures designed to identify and mitigate risks associated with the REIT’s compensation policies and practices.

B. COMPOSITION AND OPERATIONS

1. The Committee shall be composed of not fewer than three trustees, a majority of whom shall be independent within the meaning of National Instrument 58-101 (as the same may be amended or replaced from time to time). Specifically, a trustee will be considered independent if he or she is free from any relationship that, in the view of the Board, could reasonably interfere with the exercise of his or her independent judgment as a member of the Committee.
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.
7. The Board shall appoint one of the members of the Committee as Committee Chair. The Chair of the Committee so appointed shall preside as Chair at Committee meetings. If the Chair is not present at any meeting of the Committee, the Committee, among the members present, shall choose the Chair of the meeting.
8. The secretary to the Committee will be either the Secretary of the REIT or his or her delegate.
9. The members of the Committee shall be appointed at the first meeting of the Board, following each Annual Meeting of unitholders of the REIT.
10. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a trustee. The Board may fill vacancies on the Committee by election from among its number. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office. Subject to the above, each member of the Committee shall hold office as such until the next Annual Meeting of Unitholders after his/her election.

C. DUTIES AND RESPONSIBILITIES

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

1. Developing a long-term plan for Board composition that takes into consideration the current strengths, skills and experience on the Board, retirement dates and the strategic direction of the REIT.
2. Developing recommendations regarding the essential and desired experiences, competencies, skills and personal qualities for potential trustees, taking into consideration the Board's short-term needs and long-term succession plans.
3. Reviewing and making recommendations to the Board concerning any change in the number of Trustees composing the Board;

4. Overseeing the recruitment and selection of candidates as trustees of the REIT, other than Melcor Development 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 any unitholders proposals and recommend to the Board the REIT's response to the proposals.
17. Review all annual executive compensation disclosure before it is publicly released.

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.