

**Subject: Mandate of the Board of Trustees**Date Issued: **May 10, 2019**

Replaces Date: April 25, 2019

**1. ROLE**

The role of the Board of Trustees (the “Board”) is to provide governance and stewardship to Choice Properties Real Estate Investment Trust (“Choice Properties” or the “Trust”). This includes reviewing strategy, assigning responsibility to management for achievement of that strategy, establishing limitations on the authority delegated to management and overseeing performance against approved objectives. In fulfilling this role, the Board regularly reviews management’s strategic plans to ensure that they continue to be responsive to the changing business environment in which Choice Properties operates. The Board oversees Choice Properties’ approach to governance, succession planning, risk management activities, internal control over financial reporting, disclosure controls and procedures, and information systems. Through its oversight, the Board ensures that Choice Properties accurately and fairly reports financial and other information to unitholders, other stakeholders and the public. The Board is required to appoint officers. The Board satisfies itself as to the integrity of senior management, that Choice Properties engages in ethical and legal conduct and that senior management maintains a culture of integrity throughout Choice Properties.

**2. RESPONSIBILITIES**

To ensure that it fulfills its role, the Board, or any Committee so delegated by the Board, will:

**(a) Ensure Compliance with the Declaration of Trust**

- Exercise its powers and take whatever actions as may be necessary or desirable in order to carry out the provisions of the Declaration of Trust.
- Ensure that the exercise of such powers or the taking of such actions is not inconsistent with the provisions of the Declaration of Trust.

**(b) Review Performance and Approve Strategic Goals, Performance Objectives and Operational Policies**

Review and, if advisable, approve broad strategic objectives and values against which the performance of Choice Properties will be measured. In this regard, the Board will:

- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set strategic goals and objectives within this context.
- Monitor performance against both strategic goals and objectives of Choice Properties.
- Approve long-term strategies.
- Review and approve management’s strategic and operational plans so that they are consistent with long-term goals.

- Oversee the development, execution and fulfillment of the Trust’s strategic plans and the operational policies within which management will operate.
  - Approve acquisitions, sales of assets or units, and financing arrangements in accordance with the Approval Authority Framework.
  - Review and approve the Trust’s distribution policy and approve the timing and payment of distributions.
  - Set targets and budgets against which to measure executive performance and the performance of Choice Properties.
  - Satisfy itself of the appropriateness of all executive and colleague compensation matters and that a portion of executive compensation is linked appropriately to the performance of Choice Properties.
  - Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management.
- (c) Delegate Management Authority to the President and Chief Executive Officer
- Delegate to the President and Chief Executive Officer the authority to manage and supervise the business of Choice Properties, including making any decisions regarding Choice Properties’ ordinary course of business and operations that are not specifically reserved to the Board under the terms of that delegation of authority.
  - Determine what, if any, executive limitations may be required in the exercise of the authority delegated to management.
- (d) Monitor Financial Disclosure
- Oversee Choice Properties’ financial reporting and disclosure obligations in accordance with applicable law.
  - Approve Choice Properties’ financial statements, management’s discussion and analysis and related releases.
  - Oversee Choice Properties’ compliance with applicable audit, accounting and reporting requirements, including in the areas of internal control over financial reporting and disclosure controls and procedures.
- (e) Monitor Enterprise Risk Management Program
- Approve management’s approach to enterprise risk management and its mitigation practices, including the identification, assessment and mitigation of the principal risks with a view to the long-term viability of Choice Properties and achieving a proper balance between the risks incurred and the potential return for unitholders.
  - Satisfy itself as to the effective oversight of risk management of individual risks by the Board or by a Committee delegated by the Board, through the receipt of periodic reports from the Committee Chairs or management, as appropriate.
- (f) Approve Related Party Transactions
- Approve all proposed material related party transactions and any related party transactions that are not dealt with by a “special committee” of independent trustees pursuant to applicable securities legislation.

(g) Oversee Effective External Communications

- Satisfy itself that there is effective communication between the Board and Choice Properties' unitholders, other stakeholders and the public.
- At least annually, with the assistance of the Audit Committee, review and approve any material changes to Choice Properties' disclosure policy.

(h) Monitor Governance of Choice Properties

- Develop, and monitor compliance with, a set of governance principles and guidelines.
- Appoint a Lead Trustee who is independent to provide leadership to the Board and the independent trustees, including presiding over meetings or sessions of the non-management trustees and consulting with the Chair of the Board on any matters arising out of such sessions.
- Ensure that independent trustees hold regular meetings without the attendance of management or non-independent trustees.
- On the recommendation of the Governance, Compensation and Nominating Committee, approve the appointment of trustees or recommend the election of trustee nominees to the Board at the annual general meeting of unitholders.
- Review the Board's mandate on an annual basis and make appropriate revisions.
- Develop, adopt and regularly review position descriptions for the Chair of the Board, the Lead Trustee and the chair of each committee of the Board.
- Assess the effectiveness and performance of the Board and its committees as well as their individual members.
- Oversee significant compensation decisions for the trustees and for senior executive management.

(i) Monitor Sustainability Initiatives, Integrity and Ethics of Choice Properties

- Oversee actions taken by management to ensure that senior executives maintain a culture of integrity throughout Choice Properties.
- Adopt a written code of conduct which is applicable to employees, officers and trustees, and monitor compliance with the code.
- Receive and monitor periodic reports from the Governance, Compensation and Nominating Committee on policies and practices related to sustainability initiatives at Choice Properties.

### **3. COMPOSITION**

The Board shall be comprised of a majority of independent trustees. For this purpose, a trustee is independent if he or she would be independent within the meaning of the applicable Canadian securities laws, as the same may be amended from time to time. The Board is responsible for the composition and organization of the Board, including: the number, qualifications and remuneration of trustees; the number of Board meetings; quorum requirements; and meeting procedures. The Board shall ensure that due notice of meetings is provided as required by applicable law and the Declaration of Trust, subject to any exemptions or relief that may be granted from such requirements.

#### **4. COMMITTEES**

The Board may establish committees of the Board where required or prudent. The Board may delegate to such committees matters for which the Board is responsible, including the approval of Board and management compensation, the conduct of performance evaluations and oversight of internal controls, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities. The Board has established the following committees:

- the Audit Committee (comprised entirely of independent trustees); and
- the Governance, Compensation and Nominating Committee (comprised entirely of independent trustees).

The Board shall provide a forum for discussion and reporting of all matters considered by the committees. Circumstances may warrant the establishment of new committees, the disbanding of current committees or the reassignment of authority and responsibilities amongst committees. The authority and responsibilities of each committee are set out in a written mandate approved by the Board. At least annually, each mandate shall be reviewed by the respective committee and submitted to the Board for approval with such amendments as the committee proposes. Each Committee Chair shall provide a report to the Board on material matters considered by the Committee at the next regular Board meeting following such Committee's meeting.

#### **5. ORIENTATION AND CONTINUING EDUCATION**

With the Governance, Compensation and Nominating Committee, the Board shall ensure that all trustees receive a comprehensive orientation program and continuing education in connection with their role, responsibilities, the business of Choice Properties, and the skills they must use in their roles as trustees.

#### **6. EQUITY OWNERSHIP BY TRUSTEES**

The Board shall oversee trustees' compliance with Choice Properties' Equity Ownership Policy.

#### **7. RETENTION OF EXPERTS**

The Board may engage any professional advisors including legal, accounting or other experts, at the expense of the Trust, as it considers necessary to perform its duties.