

**Subject: Governance, Compensation & Nominating Committee  
Mandate**

Date Issued: **April 25, 2018**

Replaces Date: **February 2017**

**1. RESPONSIBILITY**

The Governance, Compensation and Nominating Committee (the “**Committee**”) of Choice Properties Real Estate Investment Trust (“**Choice Properties**” or the “**Trust**”) is responsible for:

- identifying candidates qualified for election or appointment to the Board of Trustees (“**Board**”);
- determining the number of trustees and composition for each of the committees of the Board;
- assisting in educating trustees and assessing their performance on an ongoing basis;
- developing the approach to governance of Choice Properties and recommending to the Board governance principles to be followed by Choice Properties;
- discharging the Board’s responsibilities relating to compensation and benefits of the Choice Properties senior executives, including reviewing for approval to the Board the adoption of or any material change in any of the Choice Properties executive compensation plans;
- overseeing the succession planning for senior executives;
- provide oversight with respect to human resource matters and employee development;
- reporting to the unitholders on executive compensation; and
- performing the additional duties set out in this Mandate or otherwise delegated to the Committee by the Board.

**2. MEMBERS**

The Board must appoint a minimum of three trustees to be members of the Committee. The majority of the members of the Committee shall be independent.

For the purpose of this Mandate, 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.

**3. CHAIR**

Each year, the Board shall appoint one member to be Chair of the Committee who shall be an independent trustee. If, in any year, the Board does not appoint a Chair, the incumbent Chair shall continue in office until a successor is appointed. In accordance with the mandate of the Board, the Chair of the Committee shall act as Lead Trustee. The Board has adopted

and approved a position description for the Chair which sets out his or her role and responsibilities.

#### **4. TENURE**

Each member shall hold office until his or her term as a member of the Committee expires or is terminated.

#### **5. QUORUM, REMOVAL AND VACANCIES**

A majority of the Committee's members shall constitute a quorum. Any member may be removed and replaced at any time by the Board. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all powers so long as a quorum remains in office.

#### **6. DUTIES**

The Committee will have the duties set out below as well as any other duties that are specifically delegated to the Committee by the Board.

(a) Board Succession Plan

The Committee shall develop and maintain, as required, a Board succession plan.

The Committee will consider resignations received pursuant to the Trust's majority voting policy and make recommendations to the Board on whether or not such resignations should be accepted.

(b) Establish and Assess Trustee Qualifications and Independence

The Committee shall establish the qualification standards for trustees relating to, among other things, the competencies, skills and personal qualities that should be sought in candidates for Board membership, having in mind the skills and competencies the Board as a whole should possess. The Committee shall annually assess the competencies and skills of the Board.

The Committee shall conduct an annual assessment of the independence of each trustee with reference to the applicable Canadian corporate governance guidelines and securities law.

(c) Identify Candidates for Nomination as a Trustee

The Committee shall develop and recommend to the Board from time to time a list of candidates for Board election or appointment with a view to enhancing the independence and quality of nominees to be elected by the unitholders at the annual general meeting of unitholders, and with consideration to diversity of views, experiences, skill sets, gender and ethnicity, and to the Board's aspiration to reflect the diverse and changing demographics of the markets in which Choice Properties operates. The Committee should determine if each such candidate would be an independent trustee within the meaning of the relevant securities rules.

The Chair of the Committee, with the assistance of the Chairman of the Board and one or more other trustees appointed by the Board, should approach candidates for Board membership, to:

- explore the candidates' interest in joining the Board and seek their consent to act as a trustee;
- assess the candidates' skills and competencies; and
- confirm that interested candidates understand the role of a trustee and the contribution a trustee is expected to make to the Board, including the commitment of time and energy that Choice Properties expects of its trustees.

The Committee shall from time to time consider the appropriate size of the Board with a view to facilitating proper decision-making.

(d) Review of Annual Trustee Voting Results

The Committee will review and consider the voting results for each individual nominee trustee following the annual general meeting of unitholders. The Committee will consider any resignation submissions resulting from the voting at the annual general meeting of unitholders.

(e) Orientation and Continuing Education of Trustees

The Committee should take steps to satisfy itself that:

- new trustees are given a proper orientation to Choice Properties and to their responsibilities and duties as trustees; and
- Choice Properties provides appropriate continuing education opportunities for trustees.

(f) Recruit Trustees for Board Committees and Filling Vacancies

The Committee will recommend to the Board those trustees the Committee considers qualified for appointment to the Audit Committee, the Governance, Compensation and Nominating Committee, and other committees of the Board. Where a vacancy occurs at any time in the membership of any committee of the Board, the Committee will recommend to the Board a trustee to fill such vacancy.

(g) Performance Assessment of the Board, Board Committees and Individual Trustees

The Committee will review on an annual basis the effectiveness and performance of the Board, and all committees of the Board.

The Committee will evaluate trustees on an ongoing basis to assess their suitability for re-election.

(h) Develop Approach to Governance of Choice Properties

The Committee has the authority and responsibility to review Choice Properties' overall approach to governance and to make recommendations to the Board in this regard. Among other things, the Committee has the authority and responsibility to:

- develop or review the mandates of the Board and this Committee and recommend to the Board the adoption of or amendments to the mandates;
- consider and recommend the implementation of structures and procedures to ensure that the Board can function independently of management and without conflicts of interest, including scheduling, at regular intervals, meetings of the Board without management present;
- develop processes and protocol for dealing with related party transactions and conflicts of interest;
- monitor the relationship between officers and the Board, and recommend a process whereby the trustees will have access to, and have an effective relationship with, management of Choice Properties;
- at least annually, review the equity-based holdings of the trustees and senior executive officers relative to the established equity ownership policy;
- be available as a forum for addressing the concerns of individual trustees;
- work with the President and Chief Executive Officer and other members of management to ensure that Choice Properties has a healthy governance culture; and
- monitor developments in the area of governance and undertake other initiatives that may be desirable to maintain the highest standards of governance.

(i) Code of Conduct

The Committee shall monitor the effectiveness of the Choice Properties code of conduct (the “Code”) to confirm that it appropriately addresses, among other things, conflicts of interest, opportunities, confidentiality, fair dealing, protection and proper use of Choice Properties’ assets, compliance with applicable laws and the reporting of illegal or unethical behaviour, and also establish mechanisms to facilitate the effective operation of the Code and the granting of waivers of the Code. The Committee shall approve any material waivers of the Code that are sought by trustees or officers. It is acknowledged that the Audit Committee receives periodic reporting on any material matters arising from known or suspected violations of the Code as it relates to financial and accounting matters.

(j) Succession Planning

The Committee shall review Choice Properties’ organizational structure, consider succession planning for senior executives and recommend policies and principles for the selection and performance review of the senior executives including the President and Chief Executive Officer, as well as policies regarding succession in the event of an emergency or the departure of the President and Chief Executive Officer and for the appointment, training and monitoring of other senior executives.

(k) Incentive Compensation Plans and Equity-Based Plans

The Committee shall:

- make recommendations to the Board with respect to adoption and amendment of executive incentive compensation plans and equity-based plans;
- approve any employment inducement option awards or other equity compensation awards;

- approve all stock options granted under the Choice Properties stock option plan, including the entitlement, vesting, exercise price and all other matters relating to the plan; and
- approve all senior executive incentive bonus plans and all awards under such plans.

(l) Employment Agreements

The Committee shall review and approve the terms of employment of Choice Properties' named executive officers (NEOs) as disclosed in the Choice Properties proxy circular.

(m) Assessment and Compensation of the President and Chief Executive Officer

The Committee shall:

- together with the President and Chief Executive Officer, develop a position description for the President and Chief Executive Officer, setting out the President and Chief Executive Officer's authority and responsibilities;
- review and approve the goals and objectives that are relevant to the compensation of the President and Chief Executive Officer; and
- evaluate the performance of the President and Chief Executive Officer in meeting his or her goals and objectives.

When determining the long-term incentive component of the compensation of the President and Chief Executive Officer, the Committee shall consider Choice Properties' performance and relative unitholder return and the value of similar incentive awards granted to senior executives of comparable organizations.

(n) Compensation of Senior Executives

The Committee shall approve the compensation of the NEOs and may periodically assess the NEO compensation in light of the compensation paid to NEOs of comparable organizations. The Committee shall approve the executive compensation plans for senior executives.

(o) Compensation of Board Members

The Committee shall review, and recommend to the Board, the compensation to be paid to the trustees and to members and chairs of Board committees.

(p) Disclosure of Executive Compensation

The Committee shall be responsible for reviewing all public disclosure relating to executive compensation, including the Compensation Discussion and Analysis contained in the Choice Properties proxy circular.

## **7. REPORTING**

The Committee shall report to the Board on:

- the effectiveness of the Board and all committees of the Board, other than the Governance, Compensation and Nominating Committee;
- the approval of stock option grants under the Choice Properties stock option plan;

- the approval of all senior executive incentive bonus plans;
- the review and approval of the goals and objectives relevant to the compensation of the President and Chief Executive Officer;
- the approval of the compensation of the NEOs;
- the approval of the compensation plans for senior executives;
- any material benefits plan matters;
- the compensation to be paid to trustees and to the members and chairpersons of board committees;
- the preparation of the Choice Properties management proxy circular; and
- all other material matters dealt with by the Committee.

## **8. REVIEW AND DISCLOSURE**

This Mandate shall be reviewed by the Committee at least annually and be submitted to the Board for approval with such amendments as the Committee proposes.

This Mandate shall also be posted on the Choice Properties website.

## **9. FREQUENCY OF MEETINGS AND IN CAMERA SESSIONS**

The Committee shall meet as frequently as the Committee deems appropriate to accomplish its mandate. Following each regularly-scheduled meeting of the Committee, the Committee members shall meet in private session.

## **10. RETENTION OF EXPERTS**

The Committee may engage such special executive compensation, legal, accounting or other experts, without Board approval and at the expense of Choice Properties, as it considers necessary to perform its duties.