



**BOARD MANDATE**

**Reviewed and Approved on March 27, 2019**

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## **1. General**

The board of trustees (the “Board”) has developed this mandate to help fulfill its responsibility to unitholders to oversee the management of the business and affairs of Plaza Retail REIT (the “Trust” or “Plaza”), in accordance with the provisions of Plaza’s declaration of trust (the “**Declaration of Trust**”), applicable law and stock exchange rules and requirements. This mandate is also intended to align the interests of trustees and management with those of the Trust’s unitholders.

The Corporate Governance and Compensation Committee will review and assess this mandate at least annually and suggest to the Board for approval such changes as the committee deems appropriate.

## **2. Board of Trustees**

### **(i) Independence**

A majority of trustees must qualify as “independent” within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, in accordance with the Declaration of Trust. The Board shall receive reports from the Corporate Governance and Compensation Committee regarding the independent status of each trustee and an evaluation that the majority of the Board’s trustees are independent.

### **(ii) Other Public Directorships**

The Board has determined that trustees can sit as directors for other public issuers where there is no inherent conflict of interest and where such other directorship does not unreasonably impact the availability and time such trustee can commit to the Trust. No resources of the Trust shall be used for such other directorships. Trustees shall follow the process for approval of public directorships approved by the Corporate Governance and Compensation Committee.

### **(iii) Tenure**

The limit of the tenure for newly appointed trustees will be three (3) years, with Board discretion to renew, subject to annual election by unitholders of the Trust. To facilitate succession planning and due to the valuable perspective of existing trustees into the operations of the Trust based on their experience, effective 2015, the Board determined this policy did not apply to then existing trustees.

### **(iv) Equity Ownership**

Independent trustees are required to make a minimum investment in the Trust equal to five (5) times the annual base Board retainer over a three (3) year period from the date of appointment.

**(v) Duties and Expectations**

The Board has determined that each trustee shall make every effort to ensure his or her regular attendance at all Board and committee meetings (where applicable) and that all trustees arrive well-informed and have had a reasonable opportunity for advance review of any materials to be discussed at such meetings.

**(vi) Number of Meetings**

The Trust has determined that the Board will meet a minimum of four (4) times in a calendar year, preferably by in-person meetings. Additional meetings shall be held as required or appropriate.

**3. Stewardship of the Trust**

The Board acknowledges responsibility for the stewardship of the Trust and has taken the below steps in this regard. The Board shall perform such other functions as are assigned to the Board in the Declaration of Trust and as it may from time to time determine.

**(i) Culture of Integrity and Code of Business Conduct & Ethics**

The Board believes in promoting a culture of integrity and ethical business conduct among the Trust's trustees, executive officers and employees.

- (1) The Board has developed a Code of Business Conduct and Ethics (the "**Code**") for the Trust. The Board, through the direction of the Corporate Governance and Compensation Committee, shall review on an annual basis and approve any changes required to the Code.
- (2) The Board will discuss any issues or situations arising under the Code, and will act diligently to resolve these situations, including the appointment of an *ad hoc* Board committee to deal with any issues.
- (3) The Trust has enacted "whistleblower" protections in the work place, including exclusive confidential email access to the Board's independent trustees serving on the Audit Committee by employees who have any concerns regarding questionable accounting, auditing or other matters described in the Code.
- (4) The Board, through the direction of the Corporate Governance and Compensation Committee as the nominating committee for the Trust, works diligently to nominate trustees who have a proven track record of ethical business conduct and a reputation of excellent business relations.

**(ii) Strategic Planning**

At least annually, the Board will discuss the strategic objectives of the Trust with management. This discussion will include, among other things, opportunities and risks of the business of the Trust. With respect to significant opportunities and risks affecting the Trust, the Board may impose such limits on the activities of the Trust as may be in the interests of Plaza and its

unitholders. Significant proposed changes to the Trust's strategy are expected to be brought to the attention of the Board by senior management.

**(iii) *Principal Business Risks***

The Board, in consultation with the Chief Executive Officer and/or Chief Financial Officer, shall identify, on at least an annual basis, the principal risks of the Trust's business and the implementation of appropriate systems to manage those risks. Significant risk management decisions are expected to be brought to the attention of the Board by senior management.

**(iv) *Hedging Trust Units***

Trustees are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of Trust units held by them, either directly or indirectly.

**(v) *Succession Planning***

The Board shall, through the direction of the Corporate Governance and Compensation Committee, annually review succession planning for the Trust's Chief Executive Officer and other Named Executive Officers (as herein defined).

**(vi) *Disclosure Policy***

The Board shall annually review and, upon recommendation of the Audit Committee, make any necessary amendments to the Trust's Disclosure Policy.

**(vii) *Internal Controls over Financial Reporting and Management Information Systems***

The Board, through direction of the Audit Committee, shall oversee the integrity and adequacy of the Trust's disclosure and internal controls and financial information systems.

**(viii) *Approach to Governance***

The Board is committed to good governance and as such has established the Corporate Governance and Compensation Committee to advise the Board on governance and compensation related issues. The Corporate Governance and Compensation Committee assists the Board in establishing the governance guidelines within which the Trust carries out its responsibilities, and with the Trust's overall approach to governance. The Board will, upon recommendation of the Corporate Governance and Compensation Committee, approve any necessary changes to the Corporate Governance and Compensation Committee charter.

**(ix) *Feedback by Stakeholders***

Any unitholder or other stakeholder wishing to provide feedback to the Board will be advised in the Trust's annual management information circular to send the communication in writing to Plaza's Investor Relations contact, who will deliver material communications to the Chair of the Board.

#### **4. Nomination of Trustees**

The Corporate Governance and Compensation Committee shall act as the nominating committee for the Trust, and will receive recommendations for nomination(s) from the Trust's executive officers or trustees to fill any vacancy that is anticipated or has arisen on the Board, using the following procedures:

- (1) The Corporate Governance and Compensation Committee will review the proposed name(s) and consider the skill set; reputation for business ethics; experience, expertise and background, geographical representation and other aspects of diversity; availability of service to the Trust; and the current and future needs of the Trust.
- (2) The Chair of the Board, the Chief Executive Officer and the Corporate Governance and Compensation Committee Chair will meet with candidate(s) who have expressed their willingness to sit on the Board. The Corporate Governance and Compensation Committee will, in accordance with the provisions of the Declaration of Trust, recommend the final candidates to the Board for approval and nomination for election by unitholders of the Trust.

#### **5. Position Descriptions**

The Board will, through the direction of the Corporate Governance and Compensation Committee, develop position descriptions for the Chair of the Board and the Chair of each Committee.

#### **6. Orientation and Continuing Education**

The Board believes that it is critical that trustees have an understanding of the Trust's business and have a reasonable familiarity with the Trust's day-to-day operations and key personnel. The Board also believes that new trustees should experience a proper and effective orientation process.

- (1) New trustees will meet with the Chair of the Board and the Chief Executive Officer to discuss the various aspects of the Trust's business. This will provide new trustees with an opportunity to ask any questions they may have on the nature and operations of the business. Each new trustee will also meet with the chair of each committee he or she will be joining. If the new trustee is joining the Audit Committee, he or she will meet with the Chief Financial Officer and the Trust's external auditor.
- (2) New trustees will be provided with a reference binder containing documents material to the Trust to provide an understanding of the underlying principles governing the Trust's operations as well as the role of the Board and its committees.
- (3) Each Board and committee has a standing agenda for each regularly scheduled meeting. Prior to each Board and committee meeting, a formal package will be distributed to all Board and committee members which will include the agenda and supporting documents that are used to educate and inform trustees of matters to be acted upon or discussed at the meeting.

- (4) The Chief Executive Officer advises the Board on a quarterly basis of deals under contract, projects under construction and projects owned and under development by the Trust. The Board is also provided, on a quarterly basis, with descriptions of all purchases, sales and financings related to the business approved by the Chair of the Board and the Chief Executive Officer and occurring within the previous quarter. The Chair of the Board and the Chief Executive Officer also informally keep Board members advised of any significant business deals being transacted between Board meetings.
- (5) The Board is regularly educated in new developments in corporate governance and financial reporting matters by the Corporate Governance and Compensation Committee, the Audit Committee, the Trust's auditor and certain other designated officers or employees of the Trust.

## **7. Board Committees**

The Board has established the Audit Committee to assist it in fulfilling its oversight responsibilities relating to (1) the financial reporting process, (2) systems of internal accounting and financial controls, (3) identifying and monitoring the management of principal risks that could affect the integrity of Plaza's financial reporting, (4) the appointment of and communication with the external auditor, including oversight of its work and monitoring its independence, (5) Plaza's compliance with legal and regulatory requirements with respect to financial reporting matters, and (6) any other responsibilities that may be delegated from time to time by the Board. For further information on the Audit Committee's mandate, please refer to the Audit Committee charter.

As previously noted, the Board has also established the Corporate Governance and Compensation Committee. For further information on its mandate, please refer to the Corporate Governance and Compensation Committee charter.

The Board may, in accordance with the Declaration of Trust, establish such further committees as it determines to be necessary or desirable for the purposes of properly governing the affairs of the Trust.

The functions of the Board may be delegated to its committees, subject the Declaration of Trust. The Board shall provide a forum for discussion and reporting of all matters considered by the committees.

## **8. Delegation of Authority for Investing and Financing**

The Board believes in delegating investing and financing authority to certain executive officers under the following parameters:

- (1) The Board has delegated the authority to the Chair of the Board and the Chief Executive Officer to purchase or sell properties and enter into financing arrangements for the Trust's existing and new properties (collectively, the "**Transactions**"), and to pass related resolutions thereto, provided the Transactions meet the following criteria:

- (a) developments, on completion, must earn a minimum cash yield (unlevered yield) equal to 100 basis points above the mortgage constant for a 10-year mortgage at prevailing rates over a 25-year amortization period;
  - (b) the value of any purchase or sale must not exceed three percent (3%) of the Trust's asset base based on its preceding published financial statements; and
  - (c) the value of any financing must not exceed three percent (3%) of the Trust's asset base based on its preceding published financial statements.
- (2) Any purchase, sale or financing not meeting the above criteria or any Transaction involving a related party must continue to be approved by the Board in accordance with the Declaration of Trust.
- (3) The Chair of the Board and Chief Executive Officer shall provide the Board with a report each quarter outlining the purchases, sales and financings that have been approved by them during that time period.

## **9. Board Assessments**

The Trust believes that the Board and its committees should be assessed on at least an annual basis to ensure they are performing effectively.

The Corporate Governance and Compensation Committee shall review with the Board the appropriate skills and characteristics required of Board members. In performing this function, the Corporate Governance and Compensation Committee will seek input from the Chair of the Board and shall take into consideration the characteristics of independence; reputation for business ethics; experience, expertise and background, geographical representation and other aspects of diversity; availability of service to the Trust of its trustees; and the opportunities, risks and strategic direction of the Trust. The Chair of the Board also assesses the contribution and competencies of individual trustees on a regular basis.

Annually, each Board member shall perform an assessment questionnaire containing his/her views regarding the structure, functionality, effectiveness and contribution of the Board and any committee during the previous year. Trustees are also asked to comment on their access to the Chief Executive Officer and Chair of the Board, the manner in which the Chair of the Board conducts Board meetings and their satisfaction with the frequency and amount of time for discussion among independent trustees without the presence of management, among other things. These forms will be reviewed annually by the Chair of Corporate Governance and Compensation Committee who will review the results and bring them to the Corporate Governance and Compensation Committee for discussion. If necessary, the Corporate Governance and Compensation Committee will bring forward to the Board any further action or recommendation resulting from the assessments.

## **10. Compensation**

The Board has appointed the Corporate Governance and Compensation Committee to annually review and approve compensation for Named Executive Officers (as defined in CSA Form 51-102F6) of the Trust, for recommendation of approval to the Board.



The Corporate Governance and Compensation Committee also annually reviews and approves the compensation of independent trustees, for recommendation of approval to the Board. The Trust has a current policy of paying its independent trustees the following compensation:

- (1) \$16,500.00 for annual trustees' fees;
- (2) \$12,500.00 annual fee for any trustee who acts as Chair of the Audit Committee;
- (3) \$7,500.00 annual fee for any trustee who acts as Chair of the Corporate Governance and Compensation Committee;
- (4) \$1,000.00 for in-person attendance at each Board or committee meeting;
- (5) \$750.00 for attendance at each Board or committee meeting via conference call;
- (6) \$750.00 allowance for travel in excess of two (2) hours; and
- (7) \$10,000 annual grant of deferred units pursuant to the Trust's Deferred Unit Plan.

The Trust also pays for reasonable out-of-pocket expenses of all trustees relating to meetings or Board business.